



NOTICE OF MEETING

TENDERS SUBCOMMITTEE

I hereby give notice that an Ordinary Meeting will be held on:-

DATE: **Friday** **18 January 2002** **TIME:** **9.00 am**

VENUE: **Civic Centre, 6 Waipareira Avenue, Lincoln, Waitakere City**

to consider the business as set out herein and to take any necessary action connected therewith.

15 January 2002

Sharon Simiona
COMMITTEE SECRETARY

Telephone (09) 836 8000 extn 8820

MEMBERSHIP:

Councillors JM Clews, QSO, JP (Chairperson)
 GB Presland (Deputy Chairperson)

Chief Executive

Director: City Services

Director: Corporate & Civic Services

Director: Strategic Projects

Director: Strategic Group

Director: Finance

Director: City Enterprises

Maori Issues Manager

Mayor, Bob Harvey, QSO, JP (ex officio)

Deputy Mayor, CA Stone (ex officio)

(Quorum 4 members)

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(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**AGENDA FOR AN ORDINARY MEETING OF THE TENDERS SUBCOMMITTEE
TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,
WAITAKERE CITY, ON FRIDAY, 18 JANUARY 2002,
COMMENCING AT 9.00 AM.**

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1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) and (7A) of the Local Government Official Information Act and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the item is a minor matter; and
- (ii) the Chairperson has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting; and
- (iii) the Committee resolves to deal with the item.

No resolution, decision, or recommendation may be made in respect of the item except to refer the item to a subsequent meeting for further discussion.

NOTE: Urgent Business need not be dealt with now and may be delayed until later in the meeting.



3 CONFIRMATION OF MINUTES

Ordinary - Friday, 21 December 2001

RECOMMENDATION

That the minutes of the Ordinary Meeting of the Tenders Subcommittee held on Friday, 21 December 2001, as circulated, be taken as read and now be confirmed.



4 VIRTUAL PRIVATE NETWORK - CONTRACT IM0102

PURPOSE OF THE REPORT

This report seeks approval to award the contract for the supply and installation of infrastructure to deploy a 'Virtual Private Network' enabling secure remote access to Council's Information Systems via the public Internet.

BACKGROUND

The Information Management Operations department maintains an environment to support remote access to Council's Information Systems, via dial up over the public switched telephone network, into a dedicated Remote Access Server. This system is configured to support 12 concurrent connections at a maximum of 56kbps, which in terms of both speed and numbers of users is proving insufficient to accommodate the growing needs of council officers and elected members.

In order to best meet these emerging needs, a 'Request for Proposal' was issued inviting selected systems integrators to propose a solution to meet both the business and technical requirements as identified.

RESPONSES RECEIVED

Reseller	Office
ATL Systems NZ Limited	128 Kyber Pass Road, Newmarket
Datacom Systems Limited	106 Vincent Street, Auckland
DMZ Global Limited	Level 4, KPMG Building, 7-9 Princes Street, Auckland
Kaon Technologies Limited	Unit 6, 7 Torrens Road, East Tamaki
Telecom NZ Limited	8 Hereford Street, Auckland

Table 1 - Summary of Responses

PROPOSAL EVALUATION

Proposals were evaluated generally in accordance with the "Weighted Attributes Price Method" contained in Transfund New Zealand's "Manual of Competitive Pricing Procedures".

Due to the nature of this work and the IT industry generally, the proposals received were in a variety of forms and pricing configuration. These included two outsource options. In order to allow for valid comparisons of cost to Council, a range of assumptions have been made:

- The system will have a three year life.
- Cost comparisons have been done on the basis of three year total cost of ownership.
- Capital purchases will be fully depreciated over this three year period.
- An allowance has been made for an annual internal labour cost for system maintenance for the non-outsource options.
- End user telecommunications costs have been excluded from all comparisons.

Thus the **project costs** table below does not reflect the proposal sum, but rather the estimated total cost of ownership of the system for three years. It is noted that the **job costs** differ from the project costs, as the latter figure reflects the costs in getting the VPN established as opposed to the 3 year total cost of ownership.

PROJECT COSTS

VPN Based on 150 Users	Attributes	Relevant Experience & Track Record	Technical Skills and Appropriate Resources	Approach to Implementation	Support and Maintenance	Match to Requirements	Price	Contract Number IM0102
	Weights	10	5	5	5	35	40	100
	3 year TCO	Grade						INDEX
Kaon Technologies Ltd	\$346,000	80	83	72	70	74	76	76
Datacom Systems Ltd	\$312,099	60	63	41	47	60	84	68
ATL Systems NZ Ltd	\$594,521	59	72	34	50	59	24	44
DMZ Global Ltd *	\$897,768	48	10	10	37	35	-41	3
Telecom NZ Ltd *	-	46	10	25	18	18	Fail	Fail

* Vendor proposed outsourced solution.

TAGS, ERRORS OR OMISSIONS

Telecom NZ Limited failed to provide sufficiently detailed pricing information to allow for an accurate project cost comparison, and failed to comply on non price attributes, so its proposal is deemed to be non-compliant; its non-price scores are included above for information only.

SUMMARY

Kaon Technologies Limited comes out slightly ahead of Datacom Systems Limited in the weighted attributes evaluation. Both are existing suppliers to Council, with the former being our existing Internet Service Provider, and the latter having the management and maintenance contract for our wide area data network, as well as being incumbent suppliers of PC hardware, and Facilities Managing Waitakere Public Libraries IT Systems.

Kaon has scored more highly on non price attributes, as is does have more specialist knowledge in the VPN area, and its response to the request for proposal demonstrates a clear understanding of our business requirements and existing systems, proposes a quality solution using equipment from reputable manufacturers, and will integrate tightly into our environment, with a reasonable minimum of additional internal support required.

Accordingly, it is proposed that Kaon Technologies Limited be awarded the contract to supply and install the VPN.

JOB COSTS

The job costs as tabled below represent those costs involved in establishing the VPN platform, and for the first year's maintenance costs for the associated hardware and software. Excluded are telecommunications costs, and ongoing internal labour costs both of which will be covered by existing operational budgets.

Hardware and Software	\$86,300	
Installation and Training	\$6,400	
Internal labour cost	\$3,200	
Annual maintenance (year 1)	\$12,100	
Total	\$108,000	Ex GST

SOURCE OF FINANCE

This project will be funded from the 2001/02 Information Management Infrastructure capital budget.

RECOMMENDATIONS

1. That the information be received.
2. That in the 2001/02 Financial Year a contract be awarded to Kaon Technologies Limited for the supply and installation of a Virtual Private Network (Contract IM0102) in the sum of \$104,800 plus \$13,100 GST, totalling \$117,900.
3. That the Director: Corporate & Civic Services be empowered to enter into the contract on behalf of Council.

Report prepared by: Simon Leigh, IT Operations Manager.



5 PK02001.1 - HAROLD MOODY STREAM BANK STABILISATION

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract PK02001.1 - Harold Moody Stream Bank Stabilisation.

BACKGROUND

This contract forms part of Council's parks asset creation programme as provided for in the 2001/2002 Annual Plan. Funding from Infrastructure Auckland has been approved for this project and will cover 50% of the project costs.

SCOPE OF WORK

The contract work involves earthworks, piling and planting to stabilise a section of stream bank in Harold Moody Park.

TENDERS RECEIVED

Tenders were publicly advertised with six sets of documents being uplifted. Four tenders were received by the closing date of 19 November 2001. These are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE (excl. GST)
Nick Liefing Contractors Limited		\$61,000.00
Alpha Civil Limited		\$66,850.00
ICB Construction Limited		\$74,200.00
Asset Construction Limited		\$81,100.00
Pre-tender Contract Estimate		\$60,000.00

Table 1 - Summary of Tender Prices

TENDER EVALUATION

In accordance with the conditions of tendering, tenders were evaluated in line with the Weighted Attribute Method contained in Transfund New Zealand's "Competitive Pricing Procedures Manual".

These procedures require that where the tender includes Provisional Sums (work valued by the Principal and placed within the Schedule of Prices) they are deducted from the Tender Sum prior to evaluating each tender.

In this contract the value of Provisional Sums is \$8,000.

A summary of the evaluation results is shown in Table 2:

Tender Evaluation	Attributes	Exper.	Track Record	Tech Skills	Re-source	Man-agement	Method	Price	Total Weight
	Weight	5	10	5	5	5	15	55	100
Tenderer	Tender Sum	Grades							Index
Alpha Civil Limited	\$58,850.00	75	75	70	70	70	70	56	63
Nick Liefing Contractors Limited	\$55,000.00	65	55	50	55	50	45	62	57
ICB Construction Limited	\$66,200.00	75	80	80	65	75	75	44	58
Asset Construction Limited	\$73,100.00	55	55	50	50	50	50	33	41
Median Tender Price	\$62,525.00								

Table 2 - Summary of Tender Evaluation

The methodology statement contained in the tender submission from Nick Liefing Contractors Limited was inadequate. Further information was sought but the information subsequently provided was not comprehensive and as such the attribute has been scored below average.

Additional site supervision would be required to adequately supervise the pile drilling methodology proposed by Nick Liefing Contractors Limited. The additional cost of this supervision is estimated to be \$2,000. This cost has been added to the tendered sum from Nick Liefing Contractors Limited for evaluation purposes.

TAGS, ERRORS OR OMISSIONS

Nick Liefing Contractors Limited failed to complete one of the questions contained in the Health & Safety Questionnaire. The contractor was requested to rectify this omission but failed to do so. Nick Liefing Contractors Limited was also requested to confirm that its tender price included drilling of piles if necessary. The contractor failed to respond.

The tender submission from Alpha Civil Limited contained a tag pertaining to grouting of piles and type of equipment identified for the contract work. This tag has been evaluated and is considered to be acceptable to Council.

The tender submission from ICB Construction Limited contained a tag pertaining to grouting of piles. Whilst this tag would not be acceptable to Council the tenderer has not been requested to remove the tag as it would have no impact on the outcome of the tender evaluation process.

There were no other tags, errors or omissions.

CREDIT CHECK

A credit check on Alpha Civil Limited dated 19 December 2001 revealed no adverse information.

SUMMARY

The results of the tender evaluation as summarised in Table 2 shows that the tender submitted by Alpha Civil Limited achieved the highest index of 63. This tender is also the second lowest priced tender. Chapter 2.7 of the Competitive Pricing Procedures Manual requires that tendering authorities shall only enter into a contract for the tender that scores the highest overall index. Therefore it is recommended that the contract be awarded to Alpha Civil Limited.

As part of City Services vision "Quality, Health and Safety are not negotiable" all contractors have had this focus clearly reinforced through the contract documents and this will be strongly reiterated at the subsequent pre-start meeting and imposed during the contract period.

JOB COSTS

	Excl. GST
Tender sum - Alpha Civil Limited	\$66,850
Contingency	\$7,000
Engineering and Supervision	\$19,400
Consents, QA	\$5,000

Total Job Cost	\$98,250

SOURCE OF FUNDING

Budget Description (from Annual Budget Line Item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Harold Moody Reserve Slip Restoration	75-9825-43720	\$120,000	\$40,000	\$49,125	\$30,875
Infrastructure Auckland Funding	N/A	N/A	NA	\$49,125	N/A
TOTAL				\$98,250	

RECOMMENDATIONS

1. That the information be received.
2. That the tender from Alpha Civil Limited for Contract PK02001.1 - Harold Moody Stream Bank Stabilisation in the sum of \$66,850.00 plus \$8,356.25 GST, totalling \$75,206.25 be accepted.
3. That the tender for Contract PK02001.1 - Harold Moody Stream Bank Stabilisation be awarded to other than the lowest priced tender, because the weighted attributes tender evaluation method requires the tendering authority to enter into a contract only with the tenderer that scores the highest overall index.
4. That authority to enter into Contract PK02001.1 - Harold Moody Stream Bank Stabilisation on behalf of Council be delegated to the Director: City Services.

Report Prepared by: Peter Sewell, Parks Asset and Contracts Engineer.



Tenders Subcommittee

**Friday, 18 January 2002
Commencing at 9.00 am**

**Additional Information for
Members Pertaining to**

**Item 4: Virtual Private Network -
Contract IM0102**

**In Response to Questions Raised
by Cr Presland**

VIRTUAL PRIVATE NETWORK - CONTRACT IM0102 (ADDENDUM)

PURPOSE OF THE REPORT

This addendum has been prepared as additional information for the Tenders Subcommittee and pertains to item 4 of the agenda for the Tenders Subcommittee meeting to be held on Friday, 18 January 2002, in response to questions posed by Cr Presland.

Question 1: Current Usage of the Dial Up Lines

Answer: Currently 132 users are set up with dial up access. These users are broken down by class as follows:

User Classification	Number
Elected Members	1
Contractors (eg. RFS)	19
Officers remotely located (eg. Aquatic Centre)	10
Officers working from home (typically after hours)	102

During the last six months of 2001, usage was as follows:

Month	Unique Logins	Unique Users	Average Logins Per User
July	927	84	11
August	1091	82	13
September	1104	76	15
October	1360	78	17
November	1171	75	16
December	942	74	13
Averages	1099	78	14

Some individuals use the system to a much greater extent than others. Summary statistics are as follows:

No. of Unique Logins Per User (Jul - Dec)	Unique Logins	% By Unique User	Average Logins By Unique User
0 - 20	2352	79	6
21 - 50	2410	16	32
51+	1753	5	70

There are 12 lines configured for dial up, which limits the number of concurrent users. Peak utilisation figures indicate that this is marginal, as there are times when all 12 are in use.

Question 2: Potential Numbers of Users of the VPN (Virtual Private Network)

Answer: In terms of the contract under discussion, the potential number is 150 users. This is arbitrary and could be further extended as required by purchase of additional VPN client licenses, and by increasing the size of our corporate internet connection.

Potentially every officer and elected member, as well as existing and future contractors and other business partners could use the VPN.

Question 3: Who Will Have Access

Answer: The main business driver behind this project is providing high speed remote access for elected members - this will be rolled out to all councillors (using council supplied equipment where requested - hence the survey recently undertaken), and to those community board members who both desire it, and have adequate PC equipment of their own.

Once this initial phase has been successfully completed, we will migrate existing dial-up users over to the new VPN platform.

Question 4: What Information Will They Have Access to Which is Not Available Currently By Accessing the Site

Answer: If by 'the site', you mean www.waitakere.govt.nz, a considerable amount more:

What individual users can gain access to once connected to the council network via the VPN is controlled by systems completely separate and independent from the VPN.

The VPN itself is a purely a mechanism to provide a secure means of remote access to a gateway into council's network. In comparison with the current remote access platform, the proposed solution will be much more secure, manageable and scalable, and more cost effective from a price/performance standpoint.

In terms of information access, users will be able to access any data or applications their network login allows them access to irrespective of whether are logged onto the network locally, or accessing it remotely. Depending on individual user access rights, this can encompass applications such as e-mail, MS Office productivity tools, GEMS, GIS and other corporate database applications, as well as access to personal and shared corporate data (H: & I: drive).

Question 5: What Can the Proposed VPN Do Which Software Such as Symantec's PCAnywhere Cannot Do

Answer: It isn't really possible to do a straight comparison:

PCAnywhere is based on using a dial up connection across the Public Switched Telephone Network, enabling one PC to control another, and use the applications and data which that PC has access to. There is also a server based version, which essentially allows many PCs to dial up a single host PC and control aspects of it's operation, but it isn't particularly robust, and doesn't scale to the sorts of user numbers we are talking about in a manageable fashion.

Limitations are:

- It is not particularly secure.
- It is limited to using dial up technology, which limits the speeds to 56kbps (more like 44kbps in the 'real' world, given the typical performance of Telecom's voice circuits). The VPN will potentially be up to 10 times faster.
- It does not scale up in a way that is manageable - it would be a good solution for eight users, but not 150 or more.

Where the direct comparison falls apart is that, as mentioned above, the VPN is purely providing a means of access. Where it differs from dial up technology (as is currently in use, and used by PCAnywhere) is:

- It uses the Public Internet as a transport (securely - see below). This means users aren't geographically constrained in terms of where they get access from; reliable connections to the internet are available as a local call from most parts of the world, whereas experience shows that trying to get remote dial up access from offshore by getting a decent international dial up connection is in practical terms a marginal proposition.
- It is much more secure, as the solution we are proposing sets up a highly secure 'tunnel' from the client PC to the VPN access router. To date, the 'triple DES encryption standard we intend using remains unbroken. Breaking into a telephone line, and decoding a modem signal is a trivial matter in comparison.
- A number of client access methods are supported, and these remain independent of our 'back end' server infrastructure. Access methods we intend providing support for are:
 - Dial up (albeit to the ISP of your choice, anywhere in the world, rather than direct to WCC as at present);
 - ADSL (Telecom JetStream - high speed internet access);
 - Ihug's 'Ultra' High speed satellite based internet access (for those users wanting high speed access, but living outside areas where ADSL is available).

The other part of the comparison with PCAnywhere involves looking at the server side, ie. presenting remote users with access to the specific applications and data to which they are entitled to have access. This is currently delivered using a product called Citrix MetaFrame, which is an add on to our NT server environment, and can be viewed as being a bit like the server part of PCAnywhere, but much more powerful and extensible.

MetaFrame is managed as part of our overall server environment, and is tightly integrated into the network, such that as a user you are defined as having access to certain resources, and further, you either have remote access to these, or not. MetaFrame provides the delivery mechanism in that it optimises what actually needs to be transported across the remote access infrastructure (what ever that might be - dial up, VPN &c).

One of the key limitations with the current environment is speed of remote printing, which with dial-up, is so slow as to be useless in practical terms, despite the data compression applied by MetaFrame. In order for remote users to be able to practically print documents at a reasonable speed (Agendas, for example), high speed remote access pretty much becomes mandatory - hence the need to be able to support technologies such as ADSL, which we can only deliver using VPN technology.

So, the VPN and MetaFrame combined, provide the equivalent of the functionality that PCAnywhere provides, but rather than just for a single user, in a way that meets the needs of the enterprise, taking into account all the issues of unit cost efficiency, scalability, manageability and security.

Prepared by: Simion Leigh, Operations Manager, Information Management.