

SUPPLEMENT

Tenders Subcommittee

**Friday, 17 April 2009
Commencing at 9.00 am**

AMENDED REPORT

**Item 7: Contract No. SW09001A -
Manufacture And Supply Of
Official Council Refuse Bags**

**SUPPLEMENT TO A MEETING OF THE TENDERS SUBCOMMITTEE TO BE HELD IN
THE CIVIC BUILDING, 6 HENDERSON VALLEY ROAD, HENDERSON,
WAITAKERE, ON FRIDAY, 17 APRIL 2009,
COMMENCING AT 9.00 AM**

**7 CONTRACT NO. SW09001A - MANUFACTURE AND SUPPLY OF OFFICIAL
COUNCIL REFUSE BAGS**

EXECUTIVE SUMMARY

The purpose of this report is to seek approval from the Tenders Subcommittee to award Contract No. SW09001A - Manufacture And Supply of Official Council Refuse Bags.

RECOMMENDATIONS

It is recommended that the Tenders Subcommittee resolve to:

1. **Receive** the Contract No. SW09001A - Manufacture And Supply of Official Council Refuse Bags report.
2. **Approve** that, subject to a satisfactory credit check, the tender from Hi-Tech Packaging Limited for Contract No. SW09001A - Manufacture And Supply of Official Council Refuse Bags in the sum of \$139.47 per 1000 bags plus \$17.43 GST, totalling \$156.90 per 1000 bags be accepted.
3. **Approve** the commitment of \$470,707 excluding GST to the draft Annual Plan 2009/2010 for Contract No. SW09001A - Manufacture And Supply of Official Council Refuse Bags.
4. **Approve** the commitment of \$470,707, excluding GST and cost escalation, to the draft Annual Plan 2010/2011 for Contract No. SW09001A - Manufacture And Supply of Official Council Refuse Bags.
5. **Approve** that authority to enter into Contract No. SW09001A - Manufacture And Supply of Official Council Refuse Bags on behalf of the Council be delegated to the Group Manager: Service Management.
6. **Agree** that future renewals for Contract No. SW09001A - Manufacture And Supply of Official Council Refuse Bags under the 1 + 1 + 1 right of renewal provisions are to be reported back to the Council for approval.

BACKGROUND

1. As the current contract for the manufacture, supply, warehousing, marketing and distribution of official Council refuse bags expires on 30 June 2009, the City has invited public tenders from interested parties. Tenderers were requested to submit prices for contract term options of two years (with rights of renewal on a 1 + 1 + 1 basis) and five years. However, due to the changes pending in regional governance it was determined to evaluate tenders only for the 2+1+1+1 option.
2. The refuse collection has been 'user pays' since 1 July 1999. The contractor retains the cost of manufacture and distribution of refuse bags from bag sales and returns the balance to the Council.

SCOPE OF WORK

3. The scope of work includes the manufacture, supply and warehousing of official Council refuse bags and marketing and distribution of the bags to all potential resellers and retailers.
4. The contractor must ensure that a continuous supply of official Council refuse bags is available to the City and resellers and retailers servicing the City and its consumers. The contractor required to ensure that the bags meet specified standards with continually testing and monitoring of the manufacturing process and components used. The contractor is required to negotiate with retailers and resellers for appropriate shelf or checkout space for marketing and displaying the official council refuse bags and ensuring stock levels are maintained.

TENDERS RECEIVED

5. Tenders were publicly advertised on Tenderlink and New Zealand Herald. Three tenders were received by the closing date of 17 March 2009. These are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE (excl. GST)
Hi-Tech Packaging Limited	70 Central Park Drive Henderson	\$139.47/1000 bags
Elldex Packaging Group	8 Antares Place Albany	\$189.75/1000 bags
Pacrite Industries Limited	220 Bush Road Albany	\$204.80/1000 bags
Pre-tender contract estimate (based on most up-to-date tender rate)		\$142.67/1000 bags
Budget estimate		\$144.70/1000 bags

Table 1 - Summary of Tender Prices

TAGS, ERRORS OR OMISSIONS

6. The tender submitted by Elldex Packaging Group contained a number of tags within their non-price attribute submission. As Elldex Packaging Group were not the preferred tenderer after applying the tender evaluation methodology these tags have not been pursued further.
7. There were no other errors or omissions in the other tenders.

TENDER EVALUATION

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

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

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number SW09001A
									Total Weights
	Weights	5	5	20	0	5	15	50	100
Tenderer	Tender Sum				Grades				INDEX
Hi-Tech Packaging Limited	\$139.47	70	65	75	70	75	65	52	61
Elldex Packaging Group	\$189.75	90	85	65	90	85	85	17	47
Pacrite Industries Limited	\$204.80	60	55	70	80	80	75	6	38
Engineer's Estimate	\$ 142.67								

Table 2 - Summary of Tender Evaluation

10. Hi -Tech Packaging Limited has indicated in their tender that they have a 10 - 12 week lead time for importing the first consignment of bags. Council will buy any remaining stock of bags from the current supplier at end of June in order to ensure continuity of supply.
11. Scores for the non-price attributes were determined on the basis of information provided in each tender, on the information gathered from the referees nominated by the tenderers and on any recent Council experience with the tenderers.
12. The results of the tender evaluation as summarised in Table 2 shows that the tender submitted by Hi-Tech Packaging Limited achieved the highest index of 61. This tender is also the lowest priced tender.
13. Hi-Tech Packaging Limited has been supplying refuse bags to a number of councils through their contractors since 1999. Currently, they supply bags to Metropolitan Waste Limited (since 2000), Tauranga City Council and Western Bay District Council (through Waste Management Limited since 2006), Thames District Council and Hauraki District Councils (through Street Smart since 2006) and Central Hawkes Bay District Council (since 2003).
14. Reference checks made on a selection of clients indicated a well-resourced, well-managed and capable contractor.
15. The lowest tender is 2% below the pre-tender contract estimate.
16. As part of Council's contracting process "Quality, Health and Safety and Environmental compliance 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.

CREDIT CHECK

17. A credit check on Hi-Tech Packaging Limited has been requested.

JOB COSTS

18.		excl. GST
	Tender sum - (Hi-Tech Packaging Limited)	\$470,707

	Total Job Cost	\$470,707

SOURCE OF FUNDING

19. The contract is based on a user pays system, with Council recovering the total cost of waste collection, transportation and disposal services from the sale of refuse bags. The budget and contract value is based on an estimate of 3,374,971 refuse bags. This is slightly less than the average sold during the past three years and takes into account a higher level of recycling activity resulting in a lesser number of bags being used by households. Source of funding is shown in Table 3 below:

Budget Description (from annual budget line item) Annual Plan 2009/2010 and 2010/2011	Codes	Budget	Committed to other projects	Allocation to this project	Unallocated balance	Potential surplus
Refuse bag sales	3550	488,358	Nil	470,707	17,651	17,651
	Total			\$470,707		

Table 3 - Source of Funding

IMPLEMENTATION ISSUES

20. Hi-Tech Packaging Limited have indicated that they a need decision as early as 17 April 2009 to allow sufficient time for production and sea freight of the product in order to be ready to commence supply under the contract from 1 July 2009.
21. There are no other implementation issues expected with this contract.

Report prepared by: Ben Somaratne, Solid Waste Engineer.

