

**AGENDA FOR A MEETING OF THE TENDERS SUBCOMMITTEE TO BE HELD IN THE
MANUKAU ROOM AT WAITAKERE CENTRAL, 6 HENDERSON VALLEY ROAD,
HENDERSON, WAITAKERE, ON FRIDAY, 26 JUNE 2009,
COMMENCING AT 9.00 AM**

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1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) of the Local Government Official Information 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 Committee by resolution so decides; and
- (ii) the Chairman has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion and decision, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting.

The Committee may make a decision on a matter determined to be urgent.

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



3 CONFLICTS OF INTEREST

The Council has acknowledged in its Code of Conduct that Elected Members need to be vigilant to stand aside from decision making when a conflict arises between their role as a member of the Council and any private or other external interest they might have. This note is provided as a reminder to members to check that no such conflicts arise in relation to any items on this agenda.



4 CONFIRMATION OF MINUTES

Reconvened Minutes - Friday, 22 May 2009
Meeting Minutes - Friday, 12 June 2009

RECOMMENDATION

It is recommended that the Tenders Subcommittee resolve to:

Receive the minutes of the meetings of the Tenders Subcommittee held on Friday, 22 May 2009 and Friday, 12 June 2009, as circulated, and that they be taken as read and now be confirmed.



5 **CONTRACT NO. EW05061A - WATER SUPPLY, WASTEWATER AND STORMWATER DRAINAGE TERM MAINTENANCE CONTRACT: VARIATION FOR WATER SUPPLY PROGRAMMES**

EXECUTIVE SUMMARY

The purpose of this report is to seek approval from the Tenders Subcommittee for a variation to Contract No. EW05061A - Water Supply, Wastewater and Stormwater Drainage Term Maintenance Contract, held by Bilfinger Berger Services Limited to provide for additional water supply programmed works comprising Water Supply Asset Assessment and Repair and Water Quality Improvement Work.

RECOMMENDATIONS

It is recommended that the Tenders Subcommittee resolve to:

1. **Receive** the Contract No. EW05061A - Water Supply, Wastewater and Stormwater Drainage Term Maintenance Contract: Variation For Water Supply Programmes report.
2. **Approve** a variation to Contract No. EW05061A - Water Supply, Wastewater and Stormwater Drainage Term Maintenance Contract for water supply programme works comprising Water Supply Asset Assessment and Repair and Water Quality Improvement Work for \$956,400 excluding GST covering work during the period 1 July 2009 to 30 June 2010.
3. **Approve** that authority to issue the Variation Orders to Contract No. EW05061A - Water Supply, Wastewater and Stormwater Drainage Term Maintenance Contract for water supply programme works comprising Water Supply Asset Assessment and Repair and Water Quality Improvement Work be delegated to the Deputy Director: City Services.

BACKGROUND

1. Council awarded a five year term maintenance contract to Bilfinger Berger Services Limited for water supply, wastewater and stormwater drainage, commencing 1 July 2007.
2. The water supply asset assessment and repair work, and water quality improvement works were not included in the Term Maintenance Contract, the main reason being that the extent and expenditure of these programmes will vary over the contract period, and it was not considered prudent to include such a significant, potentially variable programme of work within the Term Maintenance Contract. However, since the commencement of the Term Maintenance Contract, Bilfinger Berger Services Limited have set up a specialist maintenance team for this work, using long serving maintenance staff, and this is now recognized as an efficient means of carrying out this work. A variation to the Term Maintenance Contract was approved by the Tenders Subcommittee on 19 December 2008 for these water supply programmes for the Annual Plan 2008/2009. The Tenders Subcommittee resolved as follows:

“The Tenders Subcommittee resolved to:

1. **Receive** the Contract No. EW05061A - Water Supply, Wastewater And Stormwater Drainage Term Maintenance Contract: Variations For Application Of Cost Fluctuations And Water Supply Programmes report.
2. **Approve** a variation to Contract No. EW05061A - Water Supply, Wastewater And Stormwater Drainage Term Maintenance Contract for payment of escalated annual costs to the contract value totalling \$259,973 excluding GST.

3. *Approve a variation to Contract No. EW05061A - Water Supply, Wastewater And Stormwater Drainage Term Maintenance Contract for water supply programme works comprising Water Supply Asset Assessment and Repair, Water Quality Improvement Work, and compliance with the Health (Drinking Water) Amendment Act 2007 for \$950,000 excluding GST.*
4. *Approve that authority to issue the Variation Orders to Contract No. EW05061A - Water Supply, Wastewater And Stormwater Drainage Term Maintenance Contract for payment of escalated annual costs to the contract value, and for water supply programme works comprising Water Supply Asset Assessment and Repair, Water Quality Improvement Work, and review of compliance with the Health (Drinking Water) Amendment Act 2007 be delegated to the Deputy Director: City Services.”*

2159/2008

DECISION MAKING

Water Supply Asset Assessment and Repair Programme and Water Quality Improvement Work

3. Over half of Council's water supply assets are more than 25 years old. Council has a watermain renewal programme in place to replace aging and faulty watermains. However, faults occur in the water network on a relatively random basis right across the City, and for every watermain fault, valves and hydrants must be operated in order to effect the repair and to reinstate the water supply to an acceptable standard.
4. Of the 2,533 fittings (valves and hydrants) inspected to date in 2008/2009, 26.2% of the fittings were not fully operable and 4.7% were a condition rating of five, needing replacement. This highlights the importance of this programme, which needs to be continued in order to complete the first round for the entire City.
5. The main reasons that Bilfinger Berger Services Limited should continue this work are that:
 - It is problematic to have another contractor working on the water supply network on such a scale as there can be confusion over who is responsible for any water supply quality or supply issues which may arise. By using the term maintenance contractor there is sole accountability for the work;
 - There are benefits to Council if Bilfinger Berger Services Limited staff carry out this work, as these staff are available to deal with work overload when multiple water main bursts occur during the peak summer months, and this results in ensuring that level of service to customers is maintained;
 - The staff involved have a proven track record in carrying out this work; and
 - It is beneficial to Council that Bilfinger Berger Services Limited maintenance staff increase their knowledge of the network, as this assists in an emergency response situation.
6. The water supply maintenance staff who have been involved in the asset inspection and repair work, and water quality improvement work over the past six years have developed expertise in water supply asset assessment, valve and hydrant repair work and water quality improvement work. In order to fully utilise this capability, and to address the issues raised above, it is proposed that this programme be continued, utilising Bilfinger Berger Services Limited's available resources.

SCOPE OF WORK

Water Supply Asset Assessment and Repair Programme and Water Quality Improvement Work

7. The scope of the work is to include the following:
- site validation of GIS plans;
 - additional valve and hydrant maintenance, as for many years routine maintenance has been limited to minor cleaning and painting work, and many of the valves and hydrants have not been exercised;
 - condition rating of assets to optimise future upgrading requirements, including minor repairs to extend the life of the assets; and
 - addressing water quality issues, at the interfaces of pressure zone boundaries.
8. Accordingly, Bilfinger Berger Services Limited has submitted a proposal to include water supply asset assessment work, flushing point installation work, and valve and hydrant repair work. It is proposed that the work be carried out as a variation to Contract No. EW05061A, the Term Maintenance Contract. A detailed schedule of quantities and rates for the work (comprising 70 items) has been developed based on the cost of work over the past year. The rates offered have been benchmarked against existing rates in the Term Maintenance Contract and other recently tendered contracts, and the proposed rates are competitive.
- AI-A2* 9. The works programme for 2009/2010 comprises the operation and condition rating of valves and hydrants, including checking and updating the GIS as-built records of the assets in the northern area of the city attached at page A1, Asset Assessment programme. The repair work is to carry out repairs (or replacement) of an estimated 1,345 valves and 748 hydrants in the Te Atatu, Glendene and Green Bay areas as attached at page A2. Rehabilitation programme. The flushing point installation work is a citywide staged programme to improve water quality near the boundaries of the water supply zones.

CONTRACTOR'S PERFORMANCE

10. An Asset Inspection and Repair programme commenced in 2003 and since then a team of trained and experienced staff has been developed, and the programme has been very successful. The asset condition assessment has been completed in fifteen of seventeen water supply pressure zones, and repairs have been completed in eight zones. To date in 2008/2009 the following was achieved for a total cost of \$565,914 (excluding GST):
- 2,533 valves and hydrants were inspected (13.7% of the 18,507 total fittings in the City);
 - 406 hydrants were repaired;
 - 53 hydrants were replaced;
 - 352 sluice valves were repaired;
 - 344 peet valves were repaired; and
 - 34 peet valves were replaced.

CREDIT CHECK

11. Council has other major contracts with Bilfinger Berger Services Limited including the Term Maintenance Contract for Water Supply, Wastewater and Stormwater Drainage. Previous credit checks on Bilfinger Berger Services Limited have been satisfactory. A current credit check is not considered necessary.

JOB COSTS

12. The total value of the water supply programmes proposed for 2009/2010 is as follows:

Description of work	Amount of the Variation Order	SAP Code	Allocation from the SAP codes for 2009/2010
Contract Management and Auditing	\$138,000.00	8AMEW-07-269 7490	\$38,000.00 \$100,000.00
Asset Condition Assessment	\$18,400.00	7490	\$18,400.00
Valves Routine Maintenance and Replacement	\$420,000.00	8AMEW-07-249 7450	\$300,000.00 \$120,000.00
Hydrants Routine Maintenance and Replacement	\$260,000.00	8AMEW-07-240 7450	\$150,000.00 \$110,000.00
Drinking Water Quality Improvements. Installation of critical flushing points	\$120,000.00	8AMEW-07-269	\$120,000.00
Total	\$956,400.00		\$956,400.00

SOURCE OF FUNDING

13. The funds necessary for the water supply programme works are outlined below.

Budget description (from Annual Plan line item)	SAP Code	Budget Amount	Committed to other projects	Allocation to this project	Unallocated balance
Water Supply Programme Works 2009/2010					
Network Inspection Programme (Asset Condition Assessment)	7490	180,000	30,000	118,400	31,600
Valves and Hydrant Replacement	8AMEW-07-249	300,000	0	300,000	Nil
Valve and Hydrant Routine Maintenance	7450	300,000	65,000	230,000	5,000

Budget description (from Annual Plan line item)	SAP Code	Budget Amount	Committed to other projects	Allocation to this project	Unallocated balance
Drinking Water Quality Improvements	8AMEW-07-269	200,000	0	158,000	42,000
Term Maintenance Contract - renewals	8AMEW-07-240	1,142,000	471,000	150,000	521,000
	TOTAL	2,122,000	566,000	956,400	599,600

14. There is no provision for contingency expenditure in the above figures.

IMPLEMENTATION ISSUED

15. There are no expected implementation issues associated with this report.

AUCKLAND COUNCIL TRANSITION ISSUES

16. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constraint the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Richard Taylor, Assets & Network Manager.



6 CONTRACT NO. EW09012D - PROJECT TWIN STREAMS COMMUNITY CONTRACT - GLEN EDEN 2009 - 2012

GLOSSARY

Project Twin Streams (PTS)
Ecomatters Environment Trust (Ecomatters)

EXECUTIVE SUMMARY

The purpose of this report is to seek approval from the Tenders Subcommittee to award Contract No. EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012.

Approval for a three year contract (renewable on a 2 +1 basis) is being sought.

The contract period starts 1 July 2009 and ends 30 June 2012.

This contract is for engaging the local community in the rehabilitation of the riparian margin along the Waikumete Stream while at the same time raising community awareness of the wider vision of Project Twin Streams (PTS).

RECOMMENDATIONS

It is recommended that the Tenders Subcommittee resolve to:

1. **Receive** the Contract No. EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012 report.
2. **Approve** subject to resolution 8 below, that the tender from Ecomatters Environment Trust for Contract No. EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012 in the sum of \$610,000.00 plus \$76,250.00 GST, totalling \$686,250.00 be accepted.
3. **Approve** subject to resolution 8 below, the commitment of \$250,000 excluding GST as provided in the draft Annual Plan 2009/2010 for Contract No. EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012.
4. **Approve** subject to resolution 8 below, the commitment of \$180,000 excluding GST for the 2010/2011 financial year for Contract No. EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012.
5. **Approve** subject to resolution 8 below, the commitment of \$180,000 excluding GST for the 2011/2012 financial year for Contract No. EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012.
6. **Approve** subject to resolution 8 below, that authority to enter into Contract No. EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012 for the period 1 July 2009 to 30 June 2012 on behalf of Council be delegated to the Deputy Director: City Services.
7. **Agree** subject to resolution 8 below, that future renewals of Contract No. EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012 under the 2 + 1 right of renewal provision be reported back to the Council for approval.
8. **Agree** that the resolutions 2-7 above for Contract No EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012 be subject to final confirmation by the Auckland Transition Agency.

BACKGROUND

1. PTS aims to restore five streams in the Huruwuru Creek and Henderson Creek catchments through storm water management and rehabilitation of the stream riparian margins.
2. Key to the success and sustainability of this project is the public involvement and participation in the revegetation programme organised through community contract organisations.
3. Ecomatters Environment Trust (Ecomatters) has held a community contract for the Waikumete Stream since September 2006. They work on this project in partnership with Glen Eden Primary School where the PTS Community Coordinator for Glen Eden has an office.
4. As a PTS contract organisation Ecomatters has made outstanding progress in organising public planting events in the Waikumete Stream area, and engaging local residents, schools, groups and businesses in this work.
5. The timeframe for completion of PTS is 30 June 2012.

6. PTS has regional funding of \$39.5 million over ten years from 2002 to 2012, which is held by Auckland Regional Holdings Ltd (formerly Infrastructure Auckland).

7. On 1 May 2009:

“The Tenders Subcommittee resolved to

1 **Receive** the Contract No. EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012 report.

2 **Approve** that the Deputy Director: City Services invite Ecomatters Environment Trust to tender for Contract No. EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012 for a total period of three years from 1 July 2009 to 30 June 2012.

3. **Approve** that the results of the tender evaluation process for Contract No. EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012 be reported back to the Tenders Subcommittee for approval.”

625/2009

SCOPE OF WORK

8. Using a community development approach Ecomatters will provide the following works:

- Undertake weeding, planting and maintenance of the Waikumete Stream as outlined in the Waikumete Stream rehabilitation planting plan;
- Plan and organise at least two public community events per year to engage the wider community in weeding, planting and maintenance;
- Build the capacity of the local residents and groups including the business sector in the Glen Eden area to participate in PTS and take guardianship of parts of these streams;
- Identify and develop opportunities, methods and resources to increase community understanding of the causes and effects of riparian degradation and ways to change behaviour to mitigate the effects;
- Assist with monitoring and evaluation of the environmental, social, cultural and economic aspects of the project; and
- Establish a sustainable structure for the long term implementation of this project in the Waikumete Stream area.

9. The PTS Glen Eden area is a complex one and this contract was one of the last community contracts to be signed. Therefore they are almost two years behind the earlier contracts.

10. In order to achieve the PTS goals over the next three years in terms of stream restoration and community participation and ensure the long-term sustainability of the project, PTS Glen Eden proposes to employ additional staff to support their current Community Coordinator who is already working at capacity.

11. Ecomatters has successfully applied \$200,000 from the Sustainable Management Fund for enhancing riparian restoration and continuing the work programme for PTS beyond the currently funded areas including the large number of tributaries off Waikumete Stream. This presents a significant opportunity to enhance and support the current PTS restoration programme.

12. In order to maximise this opportunity a further contribution from the Council of \$50,000 from the Stream Upgrading budget in the draft Annual Plan 2009/2010 is proposed towards riparian planting and improving storm water quality. This additional work is incorporated within the contract scope and the contribution forms part of the contract sum for the 2009/2010 year.
13. The contract includes tangible project deliverable timeframes and key performance indicators to be measured under the contract.

TENDERS RECEIVED

14. Ecomatters was invited to tender for Contract No. EW09012D - Project Twin Streams Community Contract - Glen Eden 2009 - 2012 for a three year period as shown in Table 1.

TENDERER	REG OFFICE	TENDER PRICE (excl. GST)
Ecomatters Environment Trust	The Old Stationmasters House 4 Olympic Place New Lynn, Waitakere City	\$610,000
Pre-tender contract estimate		\$450,000

Table 1 - Summary of Tender Prices

15. The tender price submitted by Ecomatters is for the sum of \$610,000.
16. This sum consists of:
 - \$250,000 plus GST for the 2009/2010 financial year
 - \$180,000 plus GST for the 2010/2011 financial year
 - \$180,000 plus GST for the 2011/2012 financial year

TAGS, ERRORS OR OMISSIONS

17. No tags, errors or omissions were included in the tender.

TENDER EVALUATION

18. The approved procurement option of a sole invited tender from Ecomatters was benchmarked against similar works. The price submitted by Ecomatters is above the pre-tender estimate, but this estimate was based on their current contract price, and therefore allows for the current level of staff and outcomes. Recent discussions and planning have led to the conclusion that this is insufficient to complete the Waikumete Stream restoration programme within the timeframe; therefore an extra staff member is proposed. This will maximise the engagement with residents and neighbourhoods to complete the riparian restoration and will therefore be a worthwhile investment in the long-term sustainability of the project. The tender price of \$610,000 is therefore deemed acceptable given the increased scope of work and is within budget.

CREDIT CHECK

19. Credit check on Ecomatters dated 2 April 2009 revealed no adverse information.

JOB COSTS

20.		excl. GST
	Tender sum - Ecomatters Environment Trust	\$610,000.00
	Contingency	\$ 61,000.00
	Engineering and Supervision	Nil

	Total Job Cost	\$671,000.00

SOURCE OF FUNDING

21. Source of funding is shown in Table 2.1 - 2.3 below:

Budget Description (from Annual Budget line item) Annual Plan 2009/2010	Codes	Budget	Committed to other projects	Allocation to this project	Unallocated balance
Project Twin Streams	8AMEW-07/191/02/01/02	\$4,733,000	\$4,513,000	\$220,000	-
Stream Upgrading	72508AMEW-07/154	\$330,000	\$280,000	\$55,000	
	Total	\$5,063,000	\$4,793,000	\$275,000	-

Table 2.1 - Funding source to be committed for the 2009/2010 financial year

Budget Description (from Annual Budget line item) Financial Year 2010/2011	Codes	Budget	Committed to other projects	Allocation to this project	Unallocated balance
Project Twin Streams	8AMEW-07/191/02/01/02	\$2,740,000	\$2,542,000	\$198,000	-
	Total	\$2,740,000	\$2,542,000	\$198,000	-

Table 2.2 - Funding source to be committed for the 2010/2011 financial year

Budget Description (from Annual Budget line item) Financial year 2011/2012	Codes	Budget	Committed to other projects	Allocation to this project	Unallocated balance
Project Twin Streams	8AMEW-07/191/02/01/02	\$1,365,000	\$1,167,000	\$198,000	-
	Total	\$1,365,000	\$1,167,000	\$198,000	-

Table 2.3 - Funding source to be committed for the 2011/2012 financial year

22. The engagement of community organisations to achieve the outcomes and deliverables of PTS is a direct cost associated to the project and as such is fully recoverable from the Auckland Regional Holdings grant.
23. Funding of \$4.733 million for Project Twin Streams and \$330,000 for Stream Upgrading has been provided in the draft Annual Plan 2009/2010.

IMPLEMENTATION ISSUES

24. No implementation issues are anticipated from this contract.

AUCKLAND COUNCIL TRANSITION ISSUES

25. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 imposes restrictions on Waitakere City Council's decision making capabilities in respect of:
- Section 31(4)(b) - to adopt or amend a Long Term Council Community Plan or to adopt an Annual Plan;
 - Section 31(4)(i) - to enter into any contract (other than an employment agreement) -
 - (i) that imposes, or will continue to impose, any obligation on the existing local authority after 30 June 2011; and
 - (ii) the consideration for which is, or is equivalent to, \$20,000 or more.

Report prepared by: Meredith Youngson, Social Programme Coordinator, Project Twin Streams.



7 CONTRACT NO. IM06174A - PREFERRED SUPPLIER AGREEMENT FOR COUNCIL'S MICROSOFT G2006 LICENSING - APPROVAL TO EXTEND

EXECUTIVE SUMMARY

The purpose of this report is to seek approval from the Tenders Subcommittee to extend Contract No. IM06174A - Preferred Supplier Agreement for Council's Microsoft G2006 Licensing for 16 months, to 31 October 2010.

RECOMMENDATIONS

It is recommended that the Tenders Subcommittee resolve to:

1. **Receive** the Contract No. IM06174A - Preferred Supplier Agreement for Council's Microsoft G2006 Licensing - Approval to Extend report.
2. **Approve** that the Contract No. IM06174A - Preferred Supplier Agreement for Council's Microsoft G2006 Licensing as awarded to Fujitsu NZ Limited be extended in the sum of \$586,000 excluding GST for the period 1 July 2009 to 31 October 2010.
3. **Approve** the commitment of \$430,000 excluding GST as provided in the draft Annual Plan 2009/2010 for Contract No. IM06174A - Preferred Supplier Agreement for Council's Microsoft G2006 Licensing.
4. **Approve** the commitment of \$156,000 excluding GST to the 2010/2011 financial year for Contract No. IM06174A - Preferred Supplier Agreement for Council's Microsoft G2006 Licensing.
5. **Approve** that authority to extend Contract No. IM06174A - Preferred Supplier Agreement for Council's Microsoft G2006 Licensing for the period 1 July 2009 to 31 October 2010 on behalf of the Council be delegated to the Director: Corporate and Business Services.

BACKGROUND

1. Council uses Microsoft products as part of Council's core computing infrastructure.
2. The government negotiated contract between Microsoft NZ Limited and the States Services Commission expires on 30 June 2009. The negotiations for a new 3 year contract have concluded with the result of no new agreement being reached.
3. Council has been advised by the States Services Commission to make their own arrangements with regard to licensing for Microsoft products past 30 June 2009.
4. Microsoft has offered all the councils' in the Auckland region an option to extend the existing contract through until 31 October 2010. This needs to be accepted before 30 June 2009.
5. As Microsoft does not deal directly with customers, a reseller needs to be appointed and as a result of a tender process in 2006, Fujitsu NZ Limited was awarded the tender as Council's appointed reseller.
6. The Tenders Subcommittee approved the award of Contract No. IM06174A - Preferred Supplier Agreement for Council's Microsoft G2006 Licensing to Fujitsu NZ Limited at a Tenders Subcommittee meeting held on 22 September 2006 with the following recommendations:

- “1. That the Contract No. IM06174A - Preferred Supplier Agreement for Council's Microsoft G2006 Licensing report be received.*
- 2. That the Contract No. IM06174A - Preferred Supplier Agreement for Council's Microsoft G2006 Licensing be approved without going to competitive tender on the basis that Microsoft Corporation is the only acceptable provider of the required comprehensive solution to Council's server, desktop and laptop software licensing requirements.*
- 3. That Fujitsu NZ Limited be awarded the three-year preferred supplier contract (Contract No. IM06174A) as Microsoft certified 'Large Account Reseller' for the supply of Microsoft software licensing under the Microsoft G2006 Agreement.*
- 4. That the Director: Corporate & Civic Services be delegated authority to enter into the preferred supplier contract with Fujitsu NZ Limited and the Microsoft G2006 Agreement on behalf of Council.*
- 5. That the Contract No. IM06174A - Preferred Supplier Agreement for Council's Microsoft G2006 Licensing Agenda report and associated resolutions remain confidential until such time as the reasons for confidentiality no longer exist.”*

1800/2006

DECISION MAKING

7. As the Auckland Council will be functioning from 1 November 2010 the renewal of the current contract through to 31 October 2010 would be most suitable for Council.
8. Prior to the contract being issued to Fujitsu NZ Limited on 22 September 2006 a full and complete tender process was undertaken.

9. Microsoft products are part of Council's core computing infrastructure. Provision has been made in the draft Annual Plan 2009/2010 and the 2010/2011 financial year.
10. The extension to the contract is comparable to all other reseller rates as Microsoft has released the rates for the next three years. It is also favourable for Council to extend to 31 October 2010 when the new Auckland Council can renegotiate a new contract.
11. The total accumulation of this contract and contract extensions approved, and now sought, showing the cost of the contract sum to date are shown in Table 1 below:

Year 2007	Year 1 contract amount	\$430,000.00
Year 2008	Year 2 contract amount	\$470,000.00
Year 2009	Year 3 contract amount	\$510,000.00
Year 2010	Extension 1 (1 year)	\$430,000.00
Year 2011	Extension 2 (4 months)	\$156,000.00
		\$1,996,000.00

Table 1 - Total accumulative amount

12. Fujitsu NZ Limited has confirmed in writing that they are willing to carry out the contract for a 16 further months.

CONTRACTOR'S PERFORMANCE

13. An evaluation of Fujitsu NZ Limited's performance to date contains the following features:
 - During the course of the contractor relationship with the Council, there have been no performance related issues;
 - Fujitsu NZ Limited will be undertaking to manage the Microsoft Licensing during the period from 1 July 2009 through to 31 October 2010. After this period a new contract will be negotiated between the new Auckland Council and a reseller;
 - Fujitsu NZ Limited have developed a good working relationship with relevant Council staff;
 - Fujitsu NZ Limited are a well resourced company;
 - Fujitsu NZ Limited respond quickly to customer complaints;
 - Fujitsu NZ Limited have a strong focus on health and safety; and
 - Fujitsu NZ Limited 's workmanship is generally to a very good standard.

CREDIT CHECK

14. A credit check on Fujitsu NZ Limited dated 10 June 2009 revealed no adverse information.

JOB COSTS

15.		excl. GST
	Contract sum (16 months) - Fujitsu NZ Limited	\$586,000.00

	Total Job Cost	\$586,000.00

SOURCE OF FUNDING

16. Source of funding for 2009/2010 is shown in Table 2 below:

Draft Annual Plan 2009/2010	Codes	Budget	Committed to other projects	Allocation to this project	Unallocated balance	Potential surplus
Microsoft Licenses	1860 - 72110	\$798,000.00		\$430,000.00	\$0.00	\$368,000.00
	Total			\$430,000.00		

Table 2 - Source of Funding

17. Source of funding for 2010/2011 is shown in Table 3 below:

2010/2011 Financial Year	Codes	Budget (Four months of annual budget from 2010/2011 Draft LTCCP.	Committed to other projects	Allocation to this project (Four months)	Unallocated balance	Potential surplus
Microsoft Licenses	1860 - 72110	\$258,498.00		\$156,000.00	\$0.00	\$102,498.00
	Total			\$156,000.00		

Table 3 - Source of Funding

IMPLEMENTATION ISSUES

18. There are no expected implementation issues with this contract.

AUCKLAND COUNCIL TRANSITION ISSUES

19. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Steve McIntosh, Information Services Manager.



PUBLIC EXCLUDED MATTER

8 CONTRACT NO. IM08330A - ENTERPRISE BACKUP SOLUTION

This item will be considered in the Confidential Supplement of the agenda, and has been circulated to members separately with this agenda.

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following part of the proceedings of this meeting, Contract No. IM08330A - Enterprise Backup Solution.

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution in relation of the matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of the matter to be considered.	Reason for passing this resolution in relation to the matter.	Ground(s) under Section 48(1)(a) for the passing of this resolution.
Contract No. IM08330A - Enterprise Backup Solution	The withholding of information is necessary in order to: <ul style="list-style-type: none">• enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 7(2)(i) of that Act which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public as follows:

- *This report contains information which if released could affect Council's negotiations.*

