

NOTICE OF MEETING

TENDERS SUBCOMMITTEE

I hereby give notice that an Ordinary Meeting of the Tenders Subcommittee will be held on:-

DATE: **Friday** **27 June 2003** **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.

20 June 2003



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: Strategy & Development

Director: Quality Assurance

Director: Finance

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, 27 JUNE 2003,
COMMENCING AT 9.00 AM.**

TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE NO.</u>
1	APOLOGIES	1
2	URGENT BUSINESS	1
3	CONFIRMATION OF MINUTES	1
4	GEMS SERVER REPLACEMENT - DATABASE UPGRADE (CONTRACT NO. IM02065A)	2
5	SUPPLY OF ECO-SOURCED TREES AND SHRUBS FOR PROJECT TWIN STREAMS	3
6	AFTER HOURS NOISE CONTROL - CONTRACT NO. FS 03002A	5
7	CONTRACT NO. AC02506A - WAITAKERE DOMAIN & KAY ROAD LEACHATE CARTAGE	9
8	TELECOM NEW ZEALAND CONTRACT NO. IM02034A	13
9	CONTRACT NO. TA03504B - STREETLIGHT MAINTENANCE 2003/2005	14
10	REPORT TITLE: CONTRACT NO TA03502B – CESSPIT CLEANING 2003/2004	19
11	CONTRACT NO. TA03505B - UNSEALED ROADS MAINTENANCE 2003/2004	23

**AGENDA FOR AN ORDINARY MEETING OF THE TENDERS SUBCOMMITTEE
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WAITAKERE CITY, ON FRIDAY, 27 JUNE 2003,
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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 - 13 June 2003

RECOMMENDATION

That the minutes of the Ordinary Meeting of the Tenders Subcommittee held on Friday, 13 June 2003, as circulated, be taken as read and now be confirmed.



4 **GEMS SERVER REPLACEMENT - DATABASE UPGRADE (CONTRACT NO. IM02065A)**

PURPOSE OF THE REPORT

This reports seeks the Tenders Subcommittee's approval to accept a quotation from IBM New Zealand Limited for an Informix database software upgrade for the GEMS system. It is proposed that no tender will be held as there is no other software provider in the current New Zealand market that is able to supply this specific software product to Council.

BACKGROUND

Council needs to replace the existing GEMS Server hardware platform in the near future, as it will shortly be unsupported by Sun Microsystems. This would expose Council to an unacceptable level of risk to the organisation's single most critical information systems platform.

As the production server in question is getting towards the end of its useful life, the probability of a major hardware failure is becoming a more significant risk, and Council could be seen to be negligent if steps were not taken to minimise exposure to this risk. A project is underway to address this, and a report concerning replacement of the hardware platform will be submitted in due course.

One aspect of this upgrade programme is concerned with the need to upgrade the Informix relational database platform within which Council's GEMS data resides, to a version compatible with the replacement hardware platform.

Negotiations with IBM have resulted in Council securing a favourable level of discount for this upgrade, contingent on placement of a purchase order prior to 1 July 2003.

ISSUE

There remains some uncertainty as to whether the proposed combination of hardware and supporting software products that underpin the GEMS application will result in a configuration that GEAC (the suppliers of the GEMS application itself) are able to provide support for. Given this confirmation has not yet been received a 30 day 'right of return' has been negotiated with IBM for the database upgrade.

It should be noted that this situation may involve Council entering into a contract which is then rescinded, by mutual agreement within the 30 day 'right of return' period.

On this basis it will be recommended that the subcommittee approve the proposal without going to tender, under the provisions of section 247E of the Local Government Act 1974, noting that in order to satisfy the requirements of section 247E, the reasons for not going to tender are hereby recorded in writing. It is further noted that the provisions of section 247E of the Local Government Act 1974 apply up until 1 July 2003.

RESOURCES

The contract value of the upgrade is \$121,300.00 plus GST, but it should be noted that this includes the first year software maintenance costs, which in the current environment cost Council \$98,700.00 plus GST.

Funding for this contract will be made available from the 2002/2003 Annual Plan, under the Information Management Infrastructure Capital Budget.

RECOMMENDATIONS

1. That the information be received.
2. That, in accordance with section 247E of the Local Government Act 1974, no tender be called for the Gems Server Replacement - Database Upgrade Contract No. IM02065A on the basis that there is only one software provider in the current New Zealand market that is able to supply this specific Informix Database software product to Council.
3. That Contract No. IM02065A (Gems Server Replacement - Database Upgrade) for the supply and support of the Informix Database Software be awarded to IBM New Zealand Limited for \$121,300.00 plus \$15,162.50 GST, totalling \$136,462.50.
4. That the commitment against the 2002/2003 Annual Plan for \$121,300.00 plus \$15,162.50 GST, totalling \$136,462.50 be approved.
5. That the Director: Corporate & Civic Services be delegated authority to enter into the contract on behalf of Council.

Report prepared by: Mark Lovell, ITS Operations Manager (Acting).



5 SUPPLY OF ECO-SOURCED TREES AND SHRUBS FOR PROJECT TWIN STREAMS

PURPOSE OF THE REPORT

The purpose of this report is to seek permission to tender for a four-year contract, with options for extension, for the supply of eco-sourced trees and shrubs for Project Twin Streams.

BACKGROUND

Project Twin Streams is an initiative by Waitakere City Council to restore the riparian margins and improve the stream ecology and water quality along the Oratia Stream, Waikumete Stream, Opanuku Stream, Henderson Creek and the Swanson Stream.

The purpose of the project is:

“to develop and implement a comprehensive management strategy and works programme to mitigate adverse effects in the Oratia and Opanuku Streams (known as the Twin Streams).”

The adverse effects noted include:

- Adverse affects on the ecology of the Oratia and Opanuku Streams;
- Flooding;
- Erosion;
- Deterioration of water quality.

The Council has considered a number of options to address these adverse effects and is to proceed with a combination of the following:

- Riparian corridor restoration;
- Vegetation clearance and re-planting;
- Mimicking of existing run-off behaviour; and
- Protection of restoration of ecosystems;
- Enhanced stormwater management.

Council has applied to Infrastructure Auckland for funding of \$8.7 million for stormwater quality improvements on the lower Oratia Stream. This application will be considered at the Infrastructure Auckland Board meeting in June 2003. The application includes \$3.9 million for riparian restoration over a five year period.

Up to 300,000 plants will be required for the Lower Oratia Stream Project.

ISSUES

The number of native eco-sourced plants needed for this project will not be readily available. Considerable time will be required for seed collection and propagation with the appropriate sized plants to be available at scheduled times. To supply such large quantities of native eco-sourced trees and shrubs means a long term contract is required. A longer term of four years, with options for extension, is necessary for this contract as the activities will be carried out over a period of four or more years.

Council staff will liaise with and keep in communication with the supplier throughout the contract in order to ensure that the successful contractor maintains the agreed plant supply schedule. Should the contractor not perform, early termination provisions will be available to Council in the proposed contract.

FUNDING

Letting a four-year contract would involve committing future year's budgets. The estimated budget provisions required are:

Financial Year	Estimated Budget Required
2003/2004	\$100,000
2004/2005	\$200,000
2005/2006	\$200,000
2007/2008	\$100,000

A budget of \$6 million has been provided in the Draft 2003/2004 Annual Plan for Stormwater Capital Works Programme. Funding for this project will be generated by developer contributions and Infrastructure Auckland.

CONCLUSION

The ability to tender and to let a four-year contract will enable Council to have greater certainty in the supply of eco-sourced trees and shrubs for Project Twin Streams. Without a long term contract it is unlikely that sufficient eco-sourced plants will be available when required.

RECOMMENDATIONS

1. That the information be received.

2. That approval be given to invite tenders for a four-year contract, with option for extension to five years, for the supply of eco-sourced trees and shrubs for Project Twin Streams.

Report prepared by: Tony Miguel, Group Manager, Asset Management.



6 **AFTER HOURS NOISE CONTROL - CONTRACT NO. FS 03002A**

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract No. FS 03002A - After Hours Noise Control.

BACKGROUND

The successful tenderer will be required to provide enforcement officers to respond to and resolve, after hours noise complaints received by Council's Call Centre, including responsibility for the seizure of noise emitting devices, the disconnection of faulty alarm systems causing excessive noise and the gathering of evidence for the issue of noise infringement notices by Council. The contract will commence on 1 July 2003 and run for a period of 12 months until 1 July 2004, with a potential right of renewal for 12 months through to 1 July 2005 subject to the satisfactory performance of the contractor and agreement on rates.

The current incumbent supplier of after hours noise control services, Armourguard Security Limited, has a proven track record with Council.

The performance by Armourguard Security limited is considered to be outstanding when compared to previous contractors.

TENDERS RECEIVED

Tenders were publicly advertised on Saturday 17 May 2003 and Monday 19 May 2003. Two tenders were received by the closing date of Tuesday 27 May 2003. These are summarised in Table 1 below:

TENDERER	REGIONAL OFFICE	TENDER PRICE (excl. GST)
Armourguard Security Limited	Auckland	\$173,933.00
Ace Security Limited	Auckland	\$176,500.00
Pre-tender contract estimate		\$190,593.00

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".

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

Tender Evaluation	Attributes	Relevant Experience	Track Record	Technical Skills	Management Skills	Methodology	Price		Total Weight
	Weight	20	20	15	5	10	30		100
Tenderer	Tender Sum	Grades							Index
Armourguard Security Ltd	\$173,933.00	80	85	80	85	80	59		75
Ace Security Ltd	\$176,500.00	70	70	75	80	80	57		68
Engineers Estimate	\$190,593.00								

Table 2 - Summary of Tender Evaluation

The tender prices outlined above are only a guide to the likely total cost to Council, as the contractor will be paid on a per call-out, per-seizure and per alarm disconnection basis.

For the purpose of comparison, and in accordance with the tender document, the tender prices are based on an estimated quantity of 5091 noise complaints attended, 43 seizures of equipment and 32 alarm disconnections per year. These estimated quantities are based on current trends in complaints received, however in practise there is no way of accurately forecasting how many noise related call-outs will actually occur.

Armourguard Security limited is ranked the highest for this contract and has a proven track record with Waitakere City Council. They are well resourced for this contract in terms of trained and experienced staff with solid understanding of relevant legislation, customer service and tested communication procedures and management control.

Armourguard Security Limited currently provides similar noise control services to: Auckland City Council, North Shore City Council, Papakura District Council, Rotorua District Council, and Waitakere City Council. Reference checks confirmed that Armourguard Security Limited is competent and reliable in the professional delivery of timely customer-focussed noise enforcement services.

It is noted that Ace Security Limited has no experience in the actual provision of noise control services as required by this contract and would require a significant period of time from the award of contract to ensure resources and processes were in place prior to the commencement of noise enforcement duties. Ace Security staff would need to be trained in noise control legislation and procedures.

Reference checks on Ace Security Limited were very positive, however they were primarily based on alarm monitoring/response and static security patrol duties. Noise enforcement duties are significantly different to the scope of services currently provided by Ace Security Limited and whilst the company is dedicated to meet the challenges of this contract it would involve a steep learning curve.

TAGS, ERRORS OR OMISSIONS

There were no tags, errors or omissions contained within the tender submitted by Ace Security limited.

There were no tags contained in the tender submitted by Armourguard Security Limited, however it did contain some errors and omissions.

The key errors identified in the tender submitted by Armourguard Security Limited related to an incorrect calculation of GST to the tender sum and an arithmetic error in the addition of the tender sum to GST. The key omission identified in the tender submitted by Armourguard Security Limited related to an omission to quote a price for locksmith services.

Armourguard Security Limited have confirmed their calculation error for GST and arithmetic error, and adjusted the tendered rates for the seizure of equipment to allow for the addition of a rate for locksmith services so the that tender sum remained unchanged.

CREDIT CHECK

A credit check dated 13 June 2003 revealed no adverse information.

SUMMARY

The results of the tender evaluation as summarised in Table 2 shows that the tender submitted by Armourguard Security Limited achieved the highest index of 75. This tender is also the lowest priced tender.

Armourguard Security Limited is a stable company with relevant experience and a very good track record in the provision of after hours noise control services for Waitakere City. They have the resources and management skills required to meet required performance standards.

Furthermore, subject to the satisfactory performance of the Contractor at the due date for completion of this contract on 1 July 2004, and subject to mutual agreement on rates, it is recommended that the contract be renewed for a further period of 12 months. It is therefore recommended that commitment to the 2004/2005 financial year be approved. This recommendation is made on the basis that Armourguard Security Limited have shown themselves to be both highly competitive and competent in the provision of after hours noise control services and that a commitment to a longer term relationship with a high achieving organisation would be beneficial to the City.

As part of City Services vision "Quality and Health and Safety is 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

The estimated job costs are outlined below and are based on:

- the rates tendered;
- estimated quantities of 5091 Requests For Service, 43 Seizures of equipment and 32 Alarm Disconnections within the 12-month period of this contract.

EXCL. GST

Tender sum - Armourguard Security Limited \$173,933.00

Total Estimated Job Cost \$173,933.00

SOURCE OF FUNDING

Budget Description (from Annual Budget line item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Contract Payments	37-5730-38600-280	\$187,000.00	Nil	\$173,933.00	\$9067.00

RECOMMENDATIONS

1. That the information be received.
2. That the tender from Armourguard Security Limited for Contract No. FS 03002A - After Hours Noise Control in the sum of \$173,933.00 plus \$21,741.00 GST, totalling \$195,675.00 be accepted.
3. That authority to enter into Contract No. FS 03002A - After Hours Noise Control on behalf of Council be delegated to the Director: City Services.
4. That subject to the approval of the Director: City Services, a commitment against the 2003/2004 financial year, for a 12-month contract to a maximum value of 195,675.00 inclusive of GST be approved.
5. That authority be given to the Director: City Services to extend the contract for a further 12 months, subject to the satisfactory performance of the contractor and mutual agreement on rates to apply to the extended term of contract.

Report prepared by: Alan Ahmu, Team Manager Environmental Compliance.



7 CONTRACT NO. AC02506A - WAITAKERE DOMAIN & KAY ROAD LEACHATE CARTAGE

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract No. AC02506A - Waitakere Domain & Kay Road Leachate Cartage.

BACKGROUND

As a result of their historical usage as balefill sites, Waitakere Domain and Kay Road Balefills have an ongoing problem of leachate generation and runoff. The current leachate cartage contract for Waitakere Domain and silt removal from Kay Road Balefills is due to expire on 30 June 2003 and is in need of renewal.

Silt accumulation within the leachate chamber at Kay Rd has historically been removed on a weekly basis but was reviewed to a frequency on monthly basis for the new contract.

SCOPE OF WORK

The scope of works for Waitakere Domain involves removal of leachate from the leachate chamber on a daily basis. The collected leachate is to be carted to and disposed of in a trade waste manhole at the Refuse Transfer Station (The Concourse, Henderson).

At Kay Rd Balefill, the scope of works has been altered from that required by the current contract. The current contract requires silt to be removed from Kay Rd on a weekly basis. However, silt accumulation within the leachate chamber has been reducing and is now to be removed on a monthly basis within this contract. The silt is to be disposed of in the same manner as leachate collected from Waitakere Domain.

TENDERS RECEIVED

Tenders were publicly advertised with four sets of documents being uplifted. Three tenders were received by the closing date of 3 June 2003. However, one tender was later withdrawn due to errors identified by the Tenderer in their submission. The tenders are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE (excl. GST) Option A	TENDER PRICE (excl. GST) Option B
Burnetts Septic Tank Cleaning	274 Old North Rd, Kumeu.	Tender Withdrawn	Tender Withdrawn
Renall Pumps	51 Kay Rd, Swanson	\$36,908.00	\$ 64,592.00
Onyx Group Limited	8 Alfred Street, Auckland	\$68,200.00	\$106,200.00
Pre-tender contract estimate		\$48,400.00	\$ 96,800.00

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".

Multiple pricing options were provided, with Option A being a contract for 12 months and Option B a 24 months contract. The option for a longer term contract was made available as an incentive for tenderers to provide lower priced tenders, thus financially benefiting the Council.

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

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number xxxx
									Total Weights
	Weights	5	5	5	5	5	5	70	100
Tenderer	Tender Sum	Grades							INDEX
Renall Pumps	\$36,908.00	70	55	50	45	45	75	80	73
Onyx	\$68,200.00	75	60	60	65	65	70	20	34
Med.n Tender Price	\$52,554.00								

* Attribute grading as defined by Transit NZ in their CPP Tender Evaluation Manual Effective 1 March 1997

Table 2a - Summary of Tender Evaluation for Option A

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number xxxx
									Total Weights
	Weights	5	5	5	5	5	5	70	100
Tenderer	Tender Sum	Grades							INDEX
Renall Pumps	\$64,592.00	70	55	50	45	45	75	74	69
Onyx	\$106,200.00	75	60	60	65	65	70	26	38
Med.n Tender Price	\$85,396.00								

* Attribute grading as defined by Transit NZ in their CPP Tender Evaluation Manual Effective 1 March 1997

Table 2b - Summary of Tender Evaluation for Option B

Note that Onyx are the incumbents and Renall the subcontractor for the current leachate cartage contract.

Renall Pumps

Renall Pumps provided the lowest tender. Renall Pumps has almost 20 years experience within the liquid waste disposal business. They have been described by referees as highly efficient and workman like. As the subcontractor for the current leachate cartage contract, Renall Pumps has comprehensive site knowledge and several years of experience specifically relating to the works required for this contract. Only one truck has been listed as being available for contract works, although in the event of truck breakdown provisions have been made to hire a replacement truck. Renall Pumps have limited management experience and no staff hold formal management qualifications. The company also lacks personnel with extensive health and safety qualifications. However, Renall Pumps has been described as having very good health and safety and hazard identification procedures by referees. Renall Pumps is based in Kay Rd, in close proximity to both Waitakere Domain and Kay Road Balefills, hence, they are in an ideal position to respond immediately in the event of an emergency callout.

Onyx Group Limited

Onyx had the highest priced tender. Onyx has over 25 years of experience in the liquid waste disposal industry, albeit under various other company names in the past. Being the Contractor for the current leachate cartage contract, Onyx has prior experience and procedures and systems already in place specific to this contract. The company is well managed, with an organised staff structure and support. Onyx has a comprehensive health and safety procedure and takes proactive measures in this area. The company is very well resourced and has access to several backup trucks if required in the event of truck breakdown or machinery failure.

Burnetts Septic Tank Cleaning

Initially, Burnetts was the lowest priced tender, however, their tender was withdrawn due to an error in their tender price.

TAGS, ERRORS OR OMISSIONS

Burnetts had an error in their submitted tender price, resulting in the withdrawal of their tender.

In the Methodology section of their tender, Onyx outlined that collection from Kay Road would be on a weekly basis, whereas monthly collections are specified for this site in the scope of works. However, the resolution of this issue would not have affected the tender ranking, and it was not considered further.

CREDIT CHECK

A Credit check for Owen Renall trading as Renall Pumps dated 11 June 2003 revealed no adverse information.

DISCUSSION OF CONTRACT TERM

As discussed earlier, two pricing options were provided, being Option A - 12 months term and Option B - 24 months term. Based on the tender provided by Renall Pumps, Option B - 24 months term is the preferred option due to:

- cost savings from lower rates provided for a longer term contract;
- cost savings as re-tendering of the contract is not required in the 2004/2005 financial year;
- no perceived risk as Renall Pumps is the sub-contractor undertaking works for the current leachate cartage contract.

SUMMARY

The results of the tender evaluation for Option B, as summarised in Table 2b shows that the tender submitted by Renall Pumps achieved the highest index of 69. This tender is also the lowest priced tender.

Renall Pumps has vast experience in the liquid waste disposal industry, including several years experience working as subcontractor for the current leachate cartage contract. Although lacking in formal management and health and safety qualifications, referees have described Renall Pumps as having good management and being highly proactive with their health and safety procedures. With only one vacuum truck, Renall have limited resources for the contract works. However, provisions have been made to hire a backup truck in case of truck breakdown. Waitakere Domain leachate chamber has approximately 3-4 days capacity storage in the event of an emergency, so this single usage/backup arrangement is not seen as a major risk.

As part of City Services vision "Quality and Health and Safety is 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 - (Owen Robert Renall trading as Renall Pumps)	\$64,592.00
Contingency	\$ 6,500.00
Other [Consultancy Services Fees + Disbursements]	\$ 1,500.00
Total Job Cost (\$36,296 per year)	<u>\$72,592.00</u>

SOURCE OF FUNDING (2003/2004)

Budget Description (from Annual Budget line item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Leachate Management	46-6510-40590-280	\$58,000.00	\$0.00	\$36,296.00	\$21,704.00

RECOMMENDATIONS

1. That the information be received.
2. That the tender from Owen Robert Renall trading as Renall Pumps for Contract No. AC02506A - Waitakere Domain & Kay Road Leachate Cartage, in the sum of \$64,592.00 plus \$8,074.00 GST, totalling \$72,666.00 for Option B - 24 months ending 30 June 2005 be accepted.
3. That the commitment of \$36,296.00 plus \$4,537.00 GST, totalling \$40,833.00 from the 2003/2004 financial year to the Contract No. AC02506A - Waitakere Domain & Kay Road Leachate Cartage, be approved.
4. That the commitment of \$36,296.00 plus \$4,537.00 GST, totalling \$40,833.00 from the 2004/2005 financial year to the Contract No. AC02506A - Waitakere Domain & Kay Road Leachate Cartage, be approved.
5. That authority to enter into Contract No. AC02506A - Waitakere Domain & Kay Road Leachate Cartage, on behalf of Council be delegated to the Director: City Services.
6. That a copy of this report be forwarded to the Kay Road Balefill Site Management Committee for their information.

Report prepared by: Anil Karan, Project Co-ordinator (Consultancy Services).



8 **TELECOM NEW ZEALAND CONTRACT NO. IM02034A**

PURPOSE OF THE REPORT

The purpose of this report is to seek the Tenders Subcommittee's approval and authority to extend the existing contract with Telecom New Zealand by a further four months through to 31 October 2003 and, to issue a selective tender to the main Telecommunications organisations that are able to provide adequate services for voice, mobile and data services.

BACKGROUND

Council has extended its telecommunications contract with Telecom for a total of 24 months (once in June 2001 and then again in June 2002, both for 12 month periods).

These extensions have been based on good benchmarking to ensure fair and reasonable rates and a possible joint telecommunications tender with other Councils.

Unfortunately, the joint telecommunications tender did not materialise but reviews undertaken by independent utility consultants, confirm that our past rates were competitive, fair and reasonable.

Based on current benchmarking and the most recent review by utility consultants, it is believed to be in the Council's best interest to test the market for its telecommunication services by issuing a selective tender.

ISSUES

From discussions with utility consultants, it has been recognized that the council's telecommunication requirements can only be adequately addressed by the main telecommunication organisations i.e. Telecom New Zealand, Vodafone New Zealand and Telstra Clear Ltd. It is for this reason, a selective tender is recommended.

In order to allow time for the tender process to occur, an extension of the existing contract is required. A period of four months should be sufficient.

RESOURCES

Based on our current years spend, it is anticipated that Council's spend for voice, mobile and data services will be in the order of \$890,000 for which provision has been made in the 2003/2004 Annual Plan.

CONCLUSION

To enable a selective tender process to be undertaken, an extension of the current telecommunications contract for another four months is sought.

RECOMMENDATIONS

1. That the information be received.
2. That the existing telecommunications contract with Telecom New Zealand be extended through to 31 October 2003

3. That Council's contract for the provision of Telecommunication Services be issued for tender by way of selected tender process to the following organisations:
- Telecom New Zealand Limited;
 - Vodafone New Zealand Limited;
 - Telstra Clear Limited; and
 - Any other telecommunication organisation that the IM Manager deems to be applicable.

Report prepared by: Sandra Boyes, Administration Team Leader, Information Management.



9 CONTRACT NO. TA03504B - STREETLIGHT MAINTENANCE 2003/2005

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract No. TA03504.B Streetlight Maintenance 2003/2005.

SCOPE OF WORK

This contract is for the maintenance of streetlights on public roads within Waitakere City. The work includes but is not limited to:

- maintenance of existing streetlights;
- regular patrols to locate faults;
- twenty four hours, seven days a week reception services for customer service requests;
- supply and erect new streetlights and components; and
- updating Council's database and asset management software

The tender has been advertised with two options:

- Option 1 allows for a 12 month contract with provision to extend for a further 12 months; and
- Option 2 allows for a 24 month contract with provision to extend for a further 12 months.

TENDERS RECEIVED

Tenders were publicly advertised with seven sets of documents being uplifted. Four tenders were received by the closing date of Tuesday, 20 May 2003. These are summarised in Table 1 below:

TENDERER	REG OFFICE	Option 1 – Tender Price (excl GST)	Option 2 – Tender Price (excl GST)
Networx Power Limited	Albany	Disqualified	
CSL Traffic Limited	Albany	\$ 301,991.78	\$ 560,622.50
Alstom New Zealand Limited	Otara	\$ 296,255.00	\$590,019.00
Electrix Limited	Mt Wellington	\$ 398,846.45	\$ 786,901.20
Pre-tender contract estimate		\$ 308,720.39	\$ 596,194.06

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".

The "two envelope process" as described in Section 2.7 of the above manual was followed. Under this method, only the first tender envelope is opened and the non-price attributes evaluated for all tenders before the second envelope containing the tender price is opened, and the tender prices duly included in the evaluation.

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 \$30,000 for Option 1, and \$58,000 for Option 2.

The tender of Alstom New Zealand Limited. contains clarification regarding their pricing of scheduled items 6.1 to 6.13. The intention of the tender is that these items include for the removal and disposal of old light units and replacement with new light units. The clarification explains that Alstom New Zealand Limited. has only allowed for the removal and disposal of the old light unit in items 6.1 to 6.13 and that the cost of the replacement light unit will be at the rates supplied for scheduled items 8.1 to 8.13. To enable an equitable tender evaluation the value of the tag has been calculated by adding the rates for items 8.1 to 8.13 to the tendered rate for items 6.1 to 6.13 respectively. The additional cost has been added to the submitted tender sum giving Alstom New Zealand Limited. an amended tender sum for purposes of evaluation of \$354,276.00 for Option 1 and \$706,061 for Option 2.

A summary of the evaluation of the two options is shown in Table 2A and 2B below:

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number TA03504B
									Total Weights
	Weights	6	5	5	4	6	4	70	100
Tenderer	Tender Sum	Grades							INDEX
Networkx Power Limited		40	35	35	45	35	35		Disqualified
CSL Traffic Limited	\$271,991.78	65	65	70	75	75	70	66	67
Alstom New Zealand Limited	\$324,276.00	80	65	75	75	80	80	50	58
Electrix Limited	\$368,846.45	75	65	60	75	65	65	36	46
Med.n Tender Price	\$324,276.00								

* Attribute grading as defined by Transit New Zealand in their CPP Tender Evaluation Manual Effective 1 March 1997

Table 2A - Summary of Tender Evaluation for Option 1 - 12 Month Contract Period

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number TA03504B
									Total Weights
	Weights	6	5	5	4	6	4	70	100
Tenderer	Tender Sum	Grades							INDEX
Networkx Power Limited		40	35	35	45	35	35		Disqualified
CSL Traffic Limited	\$502,622.50	65	65	70	75	75	70	72	72
Alstom New Zealand Limited	\$648,061.00	80	65	75	75	80	80	50	58
Electrix Limited	\$728,901.20	75	65	60	75	65	65	38	47
Med.n Tender Price	\$648,061.00								

* Attribute grading as defined by Transit New Zealand in their CPP Tender Evaluation Manual Effective 1 March 1997

Table 2B - Summary of Tender Evaluation for Option 2 - 24 Month Contract Period

For the 12 months option, CSL Traffic Limited score the highest index with 67 and are also the lowest priced conforming tenderer.

For the 24 months option, CSL Traffic Limited score the highest index with 72 and are also the lowest priced conforming tenderer.

CSL Traffic Limited's attribute scores for resources and management skills are very good and the scores for the other attributes are above the average. CSL Traffic Limited has good experience with traffic signal design, streetlight works and construction works in Waitakere City and other Councils in the Auckland region.

CSL Traffic Limited has good experience and track record of working within Waitakere City and this is reflected in their scores.

Both Alstom New Zealand Limited and Electrix Limited submitted higher prices for both Option 1 and Option 2 than those submitted by CSL Traffic Limited.

Networkx Power Limited scored poorly in all attributes due to the lack information provided in their tender submission. The information supplied did not relate to a contract of this nature except for their proposed site inspector, a very small component of the contract. Consequently Networkx Power Limited were disqualified from tendering at the attribute stage and as required their price envelope was returned unopened.

TAGS, ERRORS OR OMISSIONS

There are no tags in the tender submitted by CSL Traffic Limited. However, CSL Traffic Limited have made an arithmetic error within their schedule of rates. They have been notified of this, and they have confirmed that their tender is to remain at the tender sum and the schedule will be adjusted accordingly.

The tender of Alstom New Zealand Limited. contains clarification regarding their method of pricing scheduled items 6.1 to 6.13. This has been resolved during tender evaluation. Their tender also includes many tags regarding amendments to the General and Special Conditions of Contract. These tags constitute a change to the tender invitation and are therefore not acceptable. Alstom New Zealand Limited have been contacted to remove the tags from their tender but as yet have not done so. Given the ranking scores this is not expected to affect the outcome of the tender process.

There are no tags, errors or omissions in the tender submitted by Electrix Limited.

CREDIT CHECK

A credit check on CSL Traffic Limited has been requested.

SUMMARY

The tender evaluation for Option 1 as summarised in Table 2A shows that the tender submitted by CSL Traffic Limited achieved the highest index of 67. This is also the lowest priced tender.

The tender evaluation for Option 2 as summarised in Table 2B shows that the tender submitted by CSL Traffic Limited achieved the highest index of 72. This is also the lowest priced tender.

CSL Traffic Limited's tender for Option 1 provides a cost to Council of \$25,165.98 per month.

CSL Traffic Limited's tender for Option 2 provides a cost to Council of \$23,359.27 per month.

Both options are within the Council's budget allocated to this contract.

There is a direct saving of \$43,361.06 to be gained in accepting Option 2 rather than Option 1. Additional savings will also be made in the cost of re-tendering, approximately \$5,000, and of inflation, approximately \$7,550 (based on an inflation rate of 2.5 % per annum). This gives a total cost saving of approximately \$56,000 in accepting Option 2 for a 24 month contract rather than Option 1 for a 12 month contract. Further savings of a similar magnitude would be achieved if the 12 month extension is granted at the end of the initial contract period.

Thus it is recommended that Option 2 be accepted. Any savings achieved in the budget could be used to provide energy efficient street lights.

As part of City Services vision "Quality and Health and Safety is 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 - (CSL Traffic Limited)	\$ 560,622.50
Contingency	\$ 57,300.00
Engineering & Supervision	\$ 54,580.00

Total Job Cost \$ 672,502.50

SOURCE OF FUNDING

Budget Description (From Annual Budget line item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Streetlight Maintenance	46-7158-24580	\$309,000	Nil	\$309,000	NIL
Streetlight Professional Services	46-7158-24360	\$25,000	Nil	\$25,000	NIL
Streetlight Power	46-7158-24590	\$749,000	Nil	\$2,300	\$746,700
	2003/2004		Nil	\$336,300	
	2004/2005			\$336,300	
Total	2003/2005			\$672,600	

RECOMMENDATIONS

1. That the information be received.
2. That subject to a satisfactory credit check the tender from CSL Traffic Limited for Contract No. TA03504B - Streetlight Maintenance 2003/2005 Option 2 in the sum of \$560,622.50 plus \$70,077.80 GST, totalling \$630,700.30 be accepted.
3. That authority to enter into Contract No. TA03504B - Streetlight Maintenance 2003/2005 on behalf of Council be delegated to the Director: City Services.
4. That commitment to the 2004/2005 financial year of \$280,311.25 for Contract No. TA03504B - Streetlight Maintenance 2003/2005 plus GST be approved.
5. That authority to extend Contract No. TA03504B - Streetlight Maintenance 2003/2005 for an additional twelve months period to end on 30th June 2006 based on the satisfactory performance of the contractor be delegated to the Director: City Services.
6. That subject to the contract is being extended for an additional period of twelve months, commitment to the 2005/2006 financial year of \$280,311.25 for Contract No. TA03504B - Streetlight Maintenance 2003/2005 plus GST be approved.

Report prepared by: Hussam Abdul-Rassol, Senior Transport Engineer.



10 REPORT TITLE: CONTRACT NO TA03502B - CESSPIT CLEANING 2003/2004

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract No. TA03502B - Cesspit Cleaning 2003/2004.

BACKGROUND

This contract replaces the existing cesspit cleaning maintenance contract, due to expire on 30 June 2003.

SCOPE OF WORK

This maintenance contract provides for the routine cleaning of cesspits and for the additional cleaning of troublesome cesspits as required within Waitakere City.

Tenders were invited for two options as follows:

- Option 1 allows for a contract completion date of 30 June 2004 (12 months); and
- Option 2 for a contract completion date of 30 June 2006 (36 months). Both options provide for a 12 month extension solely at Council's discretion based on the satisfactory performance of the Contractor.

TENDERS RECEIVED

Tenders were publicly advertised with eleven sets of documents being uplifted. Seven tenders were received by the closing date of 6 May 2003. These are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE OPTION 1 (excl. GST)	TENDER PRICE OPTION 2 (excl. GST)
Industrial Services Trading Trust, trading as InterClean.	East Tamaki	\$131,600.00	\$378,375.00
Liquid Waste Disposal Ltd	Wiri	\$204,415.00	\$600,000.00
Richard N Wymer Ltd	Hamilton	\$247,525.00	\$740,895.00
Vacuum Loading Ltd	Beach Haven	\$262,025.00	\$781,245.00
Excell Corporation Ltd	Greenmount	\$263,962.50	\$713,187.50
HP Reihana Ltd	Mangere	\$360,305.00	\$1,073,415.00
Works Infrastructure Ltd	Wellington	\$502,010.00	\$1,447,800.00
Pre-tender contract estimate		\$227,675.00	\$681,625.00

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".

The "two envelope process" as described in Section 2.7 of the above manual was followed. Under this method, only the first tender envelope is opened and the non-price attributes evaluated for all tenders before the second envelope containing the tender price is opened, and the tender prices duly included in the evaluation.

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

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number TA03502B Option 1
									Total Weights
	Weights	5	10	5	5	3	2	70	100
Tenderer	Tender Sum	Grades							INDEX
Industrial Services Trading Trust, trading as Interclean	\$131,600.00	75	50	50	65	65	70	98	87
Liquid Waste Disposal Systems Ltd	\$204,415.00	75	58	73	65	60	70	70	68
Richard N Wymer Ltd	\$247,525.00	78	75	73	70	73	63	53	59
Vacuum Loading Ltd	\$262,025.00	75	78	73	73	73	73	47	56
Excell Corporation Ltd	\$263,962.50	73	65	65	70	70	70	46	53
Works Infrastructure Ltd	\$502,010.00	73	60	65	70	65	65	-47	-13
HP Reihana Ltd	\$360,305.00	75	43	45	70	30	30	N/A	N/A
Med.n Tender Price	\$254,775.00								

Table 2A - Summary of Tender Evaluation (Option 1)

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method.	Price	Contract Number TA03502B Option 2
									Total Weights
	Weights	5	10	5	5	3	2	70	100
Tenderer	Tender Sum	Grades							INDEX
Industrial Services Trading Trust, trading as Interclean	\$378,375.00	75	50	50	65	65	70	98	86
Liquid Waste Disposal Systems Ltd	\$600,000.00	75	58	73	65	60	70	67	67
Excell Corporation Ltd	\$713,187.50	73	65	65	70	70	70	52	57
Richard N Wymer Ltd	\$740,895.00	78	75	73	70	73	63	48	56
Vacuum Loading Ltd	\$781,245.00	75	78	73	73	73	73	43	52
Works Infrastructure Ltd	\$1,447,800.00	73	60	65	70	65	65	-49	-15
HP Reihana Ltd	\$1,073,415.00	75	43	45	70	30	30	N/A	N/A
Med.n Tender Price	\$727,041.25								

Table 2B - Summary of Tender Evaluation (Option 2)

The tender submitted by HP Reihana Ltd received low attribute scores as their tender provided very little information relevant to the particular attribute. This tenderer was asked to furnish additional supporting information, however, the re-submitted information was still insufficient to enable their tender to be considered. In accordance with the Weighted Attribute Method contained in Transfund New Zealand's "Competitive Pricing Procedures Manual", any tender receiving a score of 35 or less is excluded from the evaluation process and cannot be considered.

In consideration of the tenders, a comparison of the weighted attribute indices in Table 2A and Table 2B demonstrates that Industrial Services Trading Trust, trading as Interclean, ranked highest in both options. They also have the lowest tender for both options.

An evaluation of their submitted rates indicates a cost savings of \$5,475 per annum for a 36-month contract. Furthermore, there would be savings in professional services fees in the order of \$4,500 per annum as a result of the contract not requiring re-tendering each year.

The lowest confirmed tenderer formerly known as Interclean Industrial Services Ltd, has previously carried out cesspit cleaning and road sweeping for Waitakere City Council. There were quality issues on these contracts at the time. However, referee checks on current and recent works indicate that this tenderer has been performing cesspit cleaning satisfactorily with no cause for concern.

It should be noted that the rate for routine cleaning of each cesspit (the main component of work) for this tender is 45% lower than the Engineer's Estimate for the same item. A tender clarification meeting was held to address previous quality issues and to confirm their tendered rates. They have confirmed their tender sum for both options and confirmed their understanding of the scope of works. They have also acknowledged previous performance issues and advised that they have re-focused on delivering quality work. They have also upgraded their plant and machinery and have developed a more professional approach to contract works.

It is recommended that Option 1 contract be awarded and, on the satisfactory performance of this tenderer, and at the discretion of Waitakere City Council, a further 12-month extension to the contract be offered. This has been allowed for in the Tender.

As this tenderer is a trading trust, a contract can only be entered into with the trustee, in this case Bradford Trust Limited. The contract is therefore with Bradford Trust Limited as trustee of Industrial Services Trading Trust, trading as Interclean.

TAGS, ERRORS OR OMISSIONS

There were no tags or omissions in any of the tenders.

The Option 1 tender submitted by Vacuum Loading Ltd contained a \$10.00 addition error in the tender sum. The Option 2 tender submitted by Liquid Waste Disposal Ltd contained a \$100 addition error in the tender sum. These errors were not addressed with the tenderers, as they do not affect the outcome of the tender process.

CREDIT CHECK

A credit check dated 20 May 2003 revealed no adverse information.

SUMMARY

The results of the tender evaluation as summarised in Table 2A and 2B shows that the tender submitted by Industrial Services Trading Trust, trading as InterClean achieved the highest index in both options. This tender is also the lowest priced tender for both options.

Industrial Services Trading Trust, trading as InterClean is a specialist stormwater and wastewater systems cleaning company, carrying out cesspit and soakhole cleaning and road sweeping works for other Local Authorities either as principal contractor or engaged on a sub-contract basis.

JOB COSTS

EXCL. GST

Tender sum - (Industrial Services Trading Trust, trading as InterClean -option 1)	\$131,600.00
Contingency	\$ 5,000.00
Professional Services & Supervision	\$ 16,500.00
	\$153,100.00
Total Job Cost	\$153,100.00

SOURCE OF FUNDING

Budget description 2003/2004 Annual Plan	Codes	Budget	Committed to other projects	Allocation to this project	Unallocated balance
Street Cleaning- subsidised	46-7126-24430-280	55,000	10,000	40,500	4,500
Street Cleaning- non subsidised	46-7178-24770-280	350,000	238,000	95,000	17,000
Council Properties- Cesspit Cleaning	Various response maintenance codes	560	0	560	0
Parks/car parks non subsidised	75-9861-31570-280	135,000	130,000	1,360	3,640
Professional Services- street cleaning subsidised	46-7126-24360-132	8,500	3,500	5,000	0
Professional Services- street cleaning non subsidised	46-7178-24360-132	25,000	0	11,500	13,500
	Subtotal			153,920	
2004/2005 Annual Plan (subject to approval of contract extension)				154,000	
	Total			307,020	

RECOMMENDATIONS

1. That the information be received.
2. That the tender for Option 1 (12 month contract) from Bradford Trust Limited as trustee of Industrial Services Trading Trust, trading as InterClean for Contract No. TA03502B - Cesspit Cleaning 2003/2004 in the sum of \$131,600.00 plus \$16,450.00 GST, totalling \$148,050.00 be accepted.
3. That the commitment to the 2004/2005 financial year for Contract No. TA03502B - Cesspit Cleaning 2003/2004 totalling \$ 154,000.00 plus GST be approved.
4. That authority to enter into Contract No. TA03502B - Cesspit Cleaning 2003/2004 on behalf of Council be delegated to the Director: City Services.
5. That authority to extend Contract No. TA03502B- Cesspit Cleaning 2003/2004 for an additional one year to end on 30 June 2005 based on the satisfactory performance by the contractor be delegated to the Director: City Services.

Report prepared by: Ara Ovanessoff, Principal Transportation Engineer.



11 CONTRACT NO. TA03505B - UNSEALED ROADS MAINTENANCE 2003/2004

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract No. TA 03505B - Unsealed Roads Maintenance 2003/2004.

BACKGROUND

Waitakere City Council currently has approximately 38.5km of unsealed roads that require routine maintenance. The existing contract is due to expire on 30 June 2003.

SCOPE OF WORK

The Unsealed Roads Maintenance contract provides for the monitoring of unsealed surface maintenance of Council's unsealed roads and unsealed car parks on a citywide basis. It also includes the cleaning of the adjacent surface water channels and culverts.

Tenders were invited for two options as follows:

- Option 1 allows for a Contract Completion Date of 30 June 2004; and
- Option 2 for a Contract Completion Date of 30 June 2005. Both options provide for a 12-month extension solely at Council's discretion based on the satisfactory performance of the Contractor.

TENDERS RECEIVED

Tenders were publicly advertised with four sets of documents being uplifted. Three tenders were received by the closing date of 27 May 2003. These are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE OPTION 1 (excl. GST)	TENDER PRICE OPTION 2 (excl. GST)
Fulton Hogan Ltd	Christchurch	\$289,574.49	\$569,916.06
HEB Contractors Ltd	Drury	\$364,888.36	\$729,776.73
Works Infrastructure Ltd	Wellington	\$382,877.00	\$765,754.00
Pre-tender contract estimate		\$315,550.00	\$630,100.00

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".

The "two envelope process" as described in Section 2.7 of the above manual was followed. Under this method, only the first tender envelope is opened and the non-price attributes evaluated for all tenders before the second envelope containing the tender price is opened, and the tender prices duly included in the evaluation.

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

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour.	Manag. Skill	Method	Price	Contract Number TA03505B (Option 1)
									Total Weights
	Weights	5	8	5	5	5	2	70	100
Tenderer	Tender Sum	Grades							INDEX
Fulton Hogan Ltd	\$289,574.49	75	80	80	80	78	85	71	73
HEB Contractors Ltd	\$364,888.36	70	75	80	80	70	80	50	58
Works Infrastructure Ltd	\$382,877.00	80	65	78	80	55	80	45	53
Med.n Tender Price	\$364,888.36								

Table 2A - Summary of Tender Evaluation (Option 1)

Tender Evaluation	Attributes	Exper.	Track Record	Tech. Skill	Resour	Manag. Skill	Method.	Price	Contract Number TA03505B (Option 2)
									Total Weights
	Weights	5	8	5	5	5	2	70	100
Tenderer	Tender Sum	Grades							INDEX
Fulton Hogan Ltd	\$569,916.06	75	80	80	80	78	85	72	74
HEB Contractors Ltd	\$729,776.73	70	75	80	80	70	80	50	58
Works Infrastructure Ltd	\$765,754.00	80	65	78	80	55	80	45	53
Med.n Tender Price	\$729,776.73								

Table 2B - Summary of Tender Evaluation (Option 2)

A comparison of the weighted attribute indices in Table 2A and Table 2B demonstrates that Fulton Hogan Limited ranked highest in both options. They also have the lowest tender for both options.

An evaluation of the submitted rates indicates a 1.6% cost savings for a 24-month contract over a 12-month contract (\$9,233 savings over 24 months). There would be further savings in professional services fees in the order of \$4,500 and probable savings of inflation of approximately \$7,200 (based on a rate of 2.5% per annum) as a result of the contract not requiring re-tendering in 12 months time. The total savings are approximately \$20,933 over 24 months.

It is recommended that the tender for Option 2 be awarded and, on the satisfactory performance of this tenderer, and at the discretion of Waitakere City Council, a further 12 month extension to the contract be offered. This has been allowed for in the Tender.

TAGS, ERRORS OR OMISSIONS

There were no tags, errors or omissions identified in the tenders.

CREDIT CHECK

A credit check dated 28 May 2003 revealed Fulton Hogan Ltd has a high risk of paying in a severely delinquent manner (90+ days past terms). However, there has been no debt recovery action recorded in the past 3 years. This slowness of payment can be the result of disputes over invoices, merchandise etc and does not imply a cash-flow problem.

A letter has been received from Fulton Hogan Limited revealing that the company is in a very strong financial position with a record June-year profit of \$41.2 million and was chosen as the New Zealand Company of the Year 2002. Fulton Hogan has contacted Dun and Bradstreet to update/amend its database.

The credit check reveals no other adverse information and in view of the very substantial financial backing of the company, is considered to be of no concern.

SUMMARY

The results of the tender evaluation as summarised in Table 2A and Table 2B show that the tender submitted by Fulton Hogan Limited achieved the highest index of 73 for Option 1 and 74 for Option 2. This tender is also the lowest priced tender for both options.

Fulton Hogan Ltd is a civil engineering contracting company that was founded in 1933 and has been operating in Auckland since 1989.

Fulton Hogan Ltd is responsible for the general road maintenance works for 24 Local Authorities, including Auckland and North Shore City Councils and approximately 40% of Transit New Zealand's roading network nationwide. They have also carried out resealing works for Waitakere City Council, most recently in the 2001/2002 financial year to Council's satisfaction.

Reference checks made on a selection of clients indicated a well-resourced, well-managed and capable Contractor.

As part of City Services vision "Quality and Health and Safety is 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 - Fulton Hogan Ltd (Option 2)	\$569,916.06
Contingency	\$ 20,000.00
Engineering and Supervision	\$ 31,500.00

Total Job Cost	\$621,416.06
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SOURCE OF FINANCE

Budget description (from Ann Plan line item) 2003/2004 Annual Plan	Codes	Budget	Committed to other projects	Allocation to this project	Unallocated balance
Subsidised General	46-7118-24370- 280	80,580	Nil	80,000	580
Maintenance (Grading) (Metalling)	46-7118-24380- 280	108,120	Nil	105,000	3,120
Surface Water Channels- rural	46-7118-24320- 280	110,000	50,000	60,000	Nil
Culverts and cesspits- rural	75-9860-39220- 280	72,000	Nil	35,000	35,000
Parks (car park reseals)	75-9861-31570- 280	135,000	Nil	15,000	120,000
Professional Services	46-7118-24360- 132	105,000	Nil	15,600	89,400
2003/2004	Subtotal			310,600	
2004/2005 Annual Plan	Subtotal			310,900	
2005/2006 Annual Plan (only on approval of contract extension)	Subtotal			317,000*	
	Total			938,500	

* Includes provisions for cost fluctuation adjustment as provided for in the Contract.

RECOMMENDATIONS

1. That the information be received.
2. That the tender for Option 2 (24 month contract) from Fulton Hogan Ltd for Contract No. TA03505B - Unsealed Roads Maintenance 2003/2004 in the sum of \$569,916.06 plus \$71,239.51 GST, totalling \$ 641,155.57 be accepted.
3. That the commitment of \$310,900 and \$317,000 to the 2004/2005 and 2005/2006 financial years respectively for Contract No. TA03505B - Unsealed Roads Maintenance 2003/2004, totalling \$627,900 plus GST, be approved.
4. That authority to enter into Contract No. TA03505B - Unsealed Roads Maintenance 2003/2004 on behalf of Council be delegated to the Director: City Services.
5. That authority to extend Contract No. TA03505B - Unsealed Roads Maintenance 2003/2004 for an additional 12 month period ending on 30 June 2006 based on the satisfactory performance by the contractor be delegated to the Director: City Services.

Report prepared by: Ara Ovanessoff, Principal Transportation Engineer.

