

**AGENDA FOR A MEETING OF THE TENDERS SUBCOMMITTEE TO BE HELD IN THE
CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN, WAITAKERE CITY,
ON FRIDAY, 5 MAY 2006, 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 Chairperson 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 CONFIRMATION OF MINUTES

Meeting Minutes - Friday, 21 April 2006

RECOMMENDATION

That the minutes of the Meeting of the Tenders Subcommittee held on Friday, 21 April 2006, as circulated, be taken as read and now be confirmed.



4 **CONTRACT NO. IM05151A - COMPUTER HARDWARE REFRESH PROJECT 2006**

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract No. IM05151A - Computer Hardware Refresh Project 2006.

BACKGROUND

Council on leases all of its PC's, Monitors and Laptops with PC's and monitors having a useful life of three (3) years and laptops a useful life of 2 years. A replacement programme is run on an annual basis and includes a selection of equipment that falls into the category of hardware reaching the end of its lease and useful life as described above. A Request for Proposal was advertised to resellers for the supply of Computer hardware as the Manufacturers only market through resellers. Once this hardware is purchased, it is onsold to Council's preferred leasing company and leased back under Council's existing lease contract.

SCOPE OF WORK

The scope for this contract is to gain a fixed price quote for a specified selection of hardware or for an equivalent hardware solution.

TENDERS RECEIVED

Tenders were publicly advertised and four (4) tenders were received by the closing date of 3 April 2006. These are summarised in Table 1 below:

TENDERER	MANUFACTURER	OFFICE	TENDER PRICE (excl. GST)
Soft Source Limited	Dell/Toshiba	Auckland	\$ 379,531
Datacom Systems Limited	HP/Toshiba	Auckland	\$ 411,818
ATL Systems NZ Limited	HP/Toshiba	Auckland	\$ 424,470
Fujitsu NZ Limited	HP/Toshiba	Auckland	\$ 411,571

Table 1 - Summary of Tender Prices

TENDER EVALUATION

The responses were not measured by a non-price attribute evaluation table as the only consideration given was for the fixed price tendered. All other considerations were equal being warranty and support staff capability.

The response from Soft Source was for an alternative hardware solution other than the one specified in the tender. After considering all the responses the alternative solution is considered acceptable and the pricing is significantly lower than the other responses.

It should also be noted that Soft Source will be undertaking the "imaging" that is required for this project at no cost to Council. Imaging is the process of creating access to all Council's applications within each PC. This rationalises the configuring and build process for each PC and lap top. Only ATL Systems gave a similar offering, however, their response for the hardware was the most expensive and therefore they were not given further consideration. It is estimated that the 'imaging' cost saving is in the order of \$3,000.

Given that Soft Source Limited is recommended for this supply contract, it is necessary that it be approved to be used for maintenance and for any one-off purchases of computer equipment and related consumables through the period from now until the next annual hardware refresh project is undertaken in 2007.

SUMMARY

After giving due consideration to all of the responses, the Soft Source response for an alternative solution is deemed to be the most acceptable.

SOURCE OF FUNDING

The value of this contract is \$379,531 plus GST and the funding is allowed for in the Annual Plan 2005/2006 and in the Long Term Council Community Plan on an ongoing basis.

RECOMMENDATIONS

1. That the Contract No. IM05151A - Computer Hardware Refresh Project 2006 report be received.
2. That the tender from Soft Source Limited for Contract No. IM05151A - Computer Hardware Refresh Project 2006 in the sum of \$379,531 plus GST be accepted.
3. That authority be given for Soft Source Limited to be Council's preferred Supplier for maintenance and future Computer Hardware and associated consumables until the time of the next annual hardware refresh project in 2007.
4. That authority to enter into Contract No. IM05151A - Computer Hardware Refresh Project 2006 on behalf of Council be delegated to the Director: Corporate & Civic Services.

Report prepared by: Steve McIntosh, Technical Infrastructure Manager.



5 ROAD EMERGENCY, SPECIAL WORKS AND ROAD DRAINAGE 2006/2007

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to combine two existing emergency response contracts due for completion in June 2006 into one new contract and then carry out negotiations with two preferred service providers Fulton Hogan and Techscape Limited for this contract. The contract will combine the existing contracts for:

1. Road Emergency and Special Works; and
2. Road Drainage Maintenance.

This will create a new combined contract called: "Road Emergency, Special Works and Road Drainage" for an initial period of two years plus an additional one year extension based on the contractors performance.

BACKGROUND

Because it is proposed to not tender the programmed work, this report is also to comply with the Council's Procurement Procedures and satisfy the requirements of section 247E of the Local Government Act 1974, as read with Section 309 of the Local Government Act 2002.

This work receives subsidy from Land Transport New Zealand and as such must meet the policies and procedure set by this organisation. Land Transport New Zealand allows negotiating with service provider because the work involved in both existing contracts is an emergency response to ensure road is open to safe traffic at all times. The work regularly involves undefinable and unquantifiable work where delays in agreeing costs at each event would be detrimental to the urgent reinstatement of the road. Through pre-negotiating a contract with allowance for such works, critical delays can be avoided. Land Transport NZ regularly undertake a formal audit of Council's adherence to their Competitive Pricing Procedures. They are aware of our past procuring of a Contractor by this method and agree that such a method is acceptable even though it is outside the requirements of the competitive pricing procedures as defined by Land Transport New Zealand.

This work forms part of Council's asset maintenance programme as provided for in the 2006/2007 Annual Plan and specifically the following activities:

- emergency maintenance of slips on the road reserve;
- removal of trees and debris on the road reserve;
- emergency response to road flooding issues;
- emergency response to drain/cesspit flooding and blockages;
- provision of traffic management for any dangerous situation that may occur in the road reserve; and
- provision for new minor works items for roadside drainage and other physical works which may be requested by Council, but not covered under other maintenance and renewal contracts.

In the past this work has been carried out through two separate contracts. Both these contracts are similar, in that they require urgent response in short times to emergency events for the protection of public safety and maintaining that at one lane of road is open to traffic at all times. This is a performance measure required by Land Transport New Zealand. The combination of these contracts should provide efficiency gains, with cheaper rates expected across the total work items. This will ensure that the optimum rates are achieved for what was previously two contracts.

ISSUES

Council's Procurement Procedures allows use of sole supplier where a number of factors are present. For this particular contract the following factors can be considered:

- The two proposed contractors are located within Waitakere City and therefore are able to provide quick and efficient response to any emergency event;
- The two proposed contractors have carried out this contract to a good standard in the past;
- Most of the contract works are "urgent" and the nature of the problem is often not apparent until the site is reached. It can often be related to problems with the main stormwater lines and as Techscape Limited maintains the stormwater network on behalf of Council and it will be able to resolve drainage problems rather than have two separate contractors attending the same site;

- Because most of the works are “emergency” or “urgent” there is no guarantee of the quantum of work;
- Fulton Hogan and Techscope Limited have an intimate knowledge of Council’s drainage systems and roading network; and
- Techscope Limited have maintained competitive rates for this contract over the past five years when benchmarked against labour and plant rates in other open tendered contracts.

Land Transport New Zealand advises that since the work is for public safety to keep the road open and trafficable and the nature of the work being to provide first response to events, then the Competitive Pricing Procedures conditions do not apply to these contracts. Thus Council can negotiate a contract outside the Competitive Pricing Procedure requirement.

Term of the Contract

The contract is proposed to run for a period of two (2) years with the possibility of a one (1) year extension based on contractor performance.

Performance

The proposed contract will include performance measurement through a variety of key performance indicators that are to be measured under the contract. The accurate measurement of key performance indicators is completed using on-site inspections and from records of the contractors work time frames.

The Key Performance Indicators that will be incorporated into the contract include the following:

- Response and Completion times for requests;
- Quality Control of response work;
- Productivity and Effectiveness;
- Reinstatement of work;
- Customer Service Complaints;
- Accurate reporting of required data;
- Environmental compliance;
- Health and safety;
- Innovative solutions.

RESOURCES

Based on the expenditure over the past two years of these two contracts the value of the new contract annually will be as set out in the table below.

Road Emergency and Special Works component	\$350,000
Road Drainage Maintenance component	\$200,000
Annual New Contract Total (to be negotiated)	\$550,000

The total contract cost is within the funding provided in the draft 2006/2016 Long Term Council Community Plan.

CONCLUSION

Fulton Hogan and Techscape Limited are companies specialising in asset management, construction and maintenance of local authority assets. Techscape currently provides a 24 hour emergency service to Council for emergencies arising from road, water, and drainage facilities. During the past five years it has carried out this type of work to a good standard. Fulton Hogan currently provide a 24 hour emergency service to Transit New Zealand for emergencies arising on the motorways in the Northern sector of the motorways and have been engaged by North Shore City Council for the past 5 years to provide emergency response to similar events arising from road, water, drainage facilities.

Negotiating a contract with Fulton Hogan and Techscape Limited is recommended because it is the best arrangement of obtaining a contract for the Road Emergency, Special Works and Road Drainage work. Negotiating rates with the two providers will lead to financial savings to council ensuring optimum rates are obtained.

It is expected that there will be several logistical and efficiency benefits for Council when combining two existing contracts and entering a contract with a sole supplier.

RECOMMENDATIONS

1. That the Road Emergency, Special Works and Road Drainage Maintenance 2006/2007 report be received.
2. That based on the reasons recorded in the agenda report approval be given to combine the two existing contracts due for completion in June 2006 into one Road Emergency, Special Works and Road Drainage 2006/2007 contract for these works for a term of two years plus one year extension.
3. That a commitment of \$550,000 for the 2006/2007 year and a commitment of \$550,000 to both the 2007/2008 and the 2008/2009 years within the draft Long Term Council Community Plan be approved.
4. That approval be granted to enter in a negotiated contract - Road Emergency, Special Works and Road Drainage 2006/2007 – with Fulton Hogan and Techscape Limited to an annual value of \$550,000 plus \$68,750 GST totalling \$618,750, and the outcome of negotiations be reported back to the Tenders Subcommittee for approval.

Report prepared by: Brent Piggott, Senior Transport Engineer.



6 **CONTRACT NO. IM05146A - NETWORK EQUIPMENT REPLACEMENT PROJECT 2006**

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract No. IM05146A – Network Equipment Replacement Project 2006.

BACKGROUND

Council's network equipment for telephony and computer connectivity is due for replacement in 2006 and was scheduled to coincide with the move to Waitakere Central. A Request for Proposal was advertised to resellers for the supply of network equipment as the manufacturers only market through resellers.

SCOPE OF WORK

The scope for this contract is the supply of a specified selection of network equipment or for an equivalent network equipment solution.

TENDERS RECEIVED

Tenders were publicly advertised and four (4) tenders were received by the closing date of 11 April 2006. These are summarised in Table 1 below:

TENDERER	MANUFACTURER	OFFICE	TENDER PRICE (excl. GST)
Datacraft NZ Limited	Cisco	Auckland	\$ 227,035
Telecom New Zealand	Cisco	Auckland	\$ 227,350
Datacom Systems Ltd	Cisco	Auckland	\$ 238,997
ComNET Limited	Cisco	Auckland	\$ 275,870

Table 1 - Summary of Tender Prices

TENDER EVALUATION

Datacom Systems Limited and ComNET Limited were non-compliant due to the fact they are not Cisco Gold Certified Partners as required for this tender. The reason for specifying Cisco Gold Certified Partners as a requirement is to ensure that the successful tender has an acceptable level of skilled engineers to maintain and support this crucial network equipment.

The other two respondents, Datacraft NZ Limited and Telecom New Zealand are both Cisco Gold Certified Partners and equal for warranty, maintenance and support making the only consideration the fixed price tendered. Datacraft NZ Limited are marginally cheaper on price.

Given that Datacraft NZ Limited is recommended for this supply contract and being a Cisco Gold Certified Partner, it will be advantageous for Council to also approve them to be used for support, maintenance and any one-off purchases of network equipment and related consumables through the period from now until the next network equipment refresh project is to be undertaken in 2009.

SUMMARY

After giving due consideration to the tenders received, the Datacraft response is considered and is preferred.

SOURCE OF FUNDING

The value of this contract is \$227,035 plus GST and the funding is allowed for in the 2005/2006 Annual Plan. Provision for maintenance and support expenditure not covered by warranty is provided for in operational Information Management budgets in the Long Term Council Community Plan.

RECOMMENDATIONS

1. That the Contract No. IM05146A – Network Equipment Replacement Project 2006 report be received.
2. That the tender from Datacraft NZ Limited for Contract No. IM05146A – Network Equipment Replacement Project 2006 in the sum of \$227,035 plus GST be accepted.
3. That authority be given for Datacraft NZ Limited to be Council's preferred supplier for maintenance, support and future network equipment and associated peripherals until the time of the next network equipment refresh project in 2009.
4. That authority to enter into Contract No. IM05146A – Network Equipment Replacement Project 2006 on behalf of Council be delegated to the Director: Corporate & Civic Services.

Report prepared by: Steve McIntosh, Technical Infrastructure Manager.

