



Waitakere City Council
Te Taiao o Waitakere

NOTICE OF MEETING

TENDERS SUBCOMMITTEE

I hereby give notice that a meeting of the Tenders Subcommittee will be held on:-

DATE: Friday, 14 November 2008 **TIME:** 9.00 am

MEETING ROOM: Manukau Room

VENUE: Waitakere Central, 6 Henderson Valley Road, Henderson, Waitakere

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

7 November 2008

Carmen Fernandes
COMMITTEE SECRETARY

Telephone (09) 836 8000 extn 8887

MEMBERSHIP:

Councillors RI Clow (Chairman)
 JM Clews, QSO, JP (Deputy Chairman)
 WW Flaunty, QSM, JP

Chief Executive Officer
Director: City Services
Director: Corporate and Business Services
Director: Community Wellbeing
Director: Strategic Planning
Director: Public Affairs
Director: Finance

Mayor RA Harvey, QSO, JP (ex officio)
Deputy Mayor PA Hulse (ex officio)

(Quorum 3 members - one of whom must be a Councillor)

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(Meeting Room could be subject to change)

(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 A MEETING OF THE TENDERS SUBCOMMITTEE TO BE HELD IN THE
MANUKAU ROOM AT WAITAKERE CENTRAL, 6 HENDERSON VALLEY ROAD,
HENDERSON, WAITAKERE, ON FRIDAY, 14 NOVEMBER 2008,
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

Meeting Minutes – Friday, 31 October 2008

RECOMMENDATION

It is recommended that the Tenders Subcommittee resolve to:

Receive the minutes of the meeting of the Tenders Subcommittee held on Friday, 31 October 2008, as circulated, and that they be taken as read and now be confirmed.



5 CONTRACT NO. SD08013G - RETAIL ELECTRICITY SUPPLY

GLOSSARY

Time of Use	(TOU)
Non-Time of Use	(Non-TOU)

EXECUTIVE SUMMARY

The purpose of this report is to seek approval from the Tenders Subcommittee to commence the process for tendering the retail electricity supply contract for the period of April 2009 – April 2014, with an option of a further 2 year extension.

The report also seeks approval that only electricity retailers supplying the Auckland region be invited to tender for Contract No. SD08013G – Retail Electricity Supply.

RECOMMENDATIONS

It is recommended that the Tenders Subcommittee resolve to:

1. **Receive** the Contract No. SD08013G - Retail Electricity Supply report.
2. **Approve** that only electricity retailers supplying the Auckland region be invited to tender for Contract No. SD08013G – Retail Electricity Supply for the periods of both 2-years and 3-years with an option of extension of a further 2 years.
3. **Agree** that the results of the tender evaluation process for Contract No. SD08013G – Retail Electricity Supply be reported back to the Tenders Subcommittee.

BACKGROUND

1. The Council's actual electricity load is below in Table 1 for September 2007 – August 2008 (this timeframe is to provide the electricity retailers with the most current kilowatt hour data).

Category	Kilowatt hours (kWh) per Annum	12 Month Actual Cost	Accounts
Street Lighting	6,543,433	\$1,949,000	3
Time of Use	7,561,054	\$971,918	8
Non-Time of Use	2,344,888	\$344,610	227
Residential	71,908	\$25,719	58
Total	16,521,283	\$3,291,247	296

Table 1 12 Month Electricity Load

2. This contract is for the retail supply of electricity to the Council. The line charges are determined by Vector and are outside this contract as the prices are set each April by Vector. The split between retail and line charges for electricity are approximately 50 percent each except for street lighting as the split has risen to retail charges 35 percent and line charges 65 percent.
3. The current electricity contract is for a period of 2+2 years (total of four years). This was selected due to the beneficial pricing reflected through the weighted attributes evaluation and considered alongside the non-price attributes.
4. To enable new contracts to be in place prior to the current contract expiry date, it will be necessary to award contracts no later than 28 February 2009.

SCOPE OF WORK

5. The scope of works includes the following:
 - Provision of retail electricity supply, with a preference towards lower levels of greenhouse gas emissions associated with the generation;
 - Pricing per kilowatt hour for retail supply of electricity for Time of Use (TOU) sites, Non-Time of Use (non-TOU) sites, Street Lighting (unmetered) and Residential electricity supply;
 - Pricing per kilowatt hour for Emission Trading Scheme carbon charges for Time of Use (TOU) sites, Non-Time of Use (non-TOU) sites, Street Lighting (unmetered) and Residential electricity supply;
 - Electricity meter supply;
 - Invoice processes where electricity meter is supplied by Stream Information for TOU sites;
 - Export pricing per kilowatt hours for TOU and non-TOU sites;
 - Forwarding line charges from Vector with no additional charges; and
 - Provision of electronic data file for EnergyPro energy management software of invoicing details.

6. The purpose of the tender is as follows:
 - To identify electricity retailers with a preference towards lower levels of greenhouse gas emissions associated with the generation of electricity supplied.
 - To identify benefit for pricing as a result of the contract period of either 2 or 3 years with the possibility of extending the contract for another 2 years after the initial period depending on agreement from the Council and the supplier.
 - To understand the impact on pricing of the Emissions Trading Scheme on electricity prices after 1 January 2010 when stationary energy enters the Emissions Trading Scheme.
 - To identify possible electricity retailers that can meet the price transparency and additional information requirements of the Council.

7. The tender will be prepared and managed in accordance with Waitakere City Council's *Procurement Manual* for all matters except that the tender will be forwarded to all electricity retailers supplying the Auckland region rather than a public tender process. This will encourage a fuller response for information required through the weighted attributes process used by the Council and the lack of response by the majority of electricity retailers to the non-price attributes. This is usually the most difficult part of the tender process to get the electricity retailers to comply with.

8. The weighted attributes methodology is utilised to provide weighting in the evaluation for non-price attributes such as sustainable business practices and method of generation of electricity (coal, gas, thermal, hydro, wind).

9. The tender process will begin in mid-November 2008, and the tender process completed in time to award contracts by 28 February 2009.

10. The contract will be tendered based on pricing for either a 2+2 years (ie 2-years with an option to extend for another 2 years) or 3+2 (3-year term with an option to extend for another 2 years). It is common in the electricity market to tender for more than one contract period and pricing offered by submitters is usually different for each period.

DECISION MAKING

11. The outcomes of the tender will be evaluated and reported back to the Tenders Subcommittee for approval.

SOURCE OF FUNDING

12. Funding has been provided in the draft Long Term Council Community Plan 2009-2019 in the following budgets Transport Assets, Property, Parks and Open Spaces, Civil Defence, Leisure, EcoWater, Animal Welfare, Testing Station, Libraries, Information Management, Parking Services, Solid Waste, and Waikumete Cemetery.

IMPLEMENTATION ISSUES

13. Gaining full information from electricity retailers for the non-price attributes for the tender process creates significant challenges. The process to ensure full compliance by the electricity retailers with the tender process is to use the energy consultant who assists the Council with energy management programmes to deliver the tender directly to the electricity retailers that supply the Auckland region. The energy consultant encourages the electricity retailers to comply with the non-price attribute information requirements so that their tender can be considered. This process is to ensure that Council has a competitive tender process with more than 1 tender able to be considered.

Report prepared by: Michelle Dawson, Corporate Sustainability Manager.



6 CONTRACT NO. IM04119A – NEW ZEALAND POST CONTRACT – APPROVAL TO EXTEND CONTRACT

EXECUTIVE SUMMARY

The purpose of this report is to seek approval from the Tenders Subcommittee to extend Contract No. IM04119A – New Zealand Post Contract for 24 months, to 30 November 2010.

RECOMMENDATIONS

It is recommended that the Tenders Subcommittee resolve to:

1. **Receive** the Contract No. IM04119A – New Zealand Post Contract- Approval to Extend Contract report.
2. **Approve** that authority to extend Contract No. IM04119A - New Zealand Post Contract be extended in the sum of \$576,000 excluding GST for the period December 2008 to 30 November 2010.
3. **Approve** the commitment of \$288,000 excluding GST to the draft Annual Plan 2009/2010 for Contract No. IM04119A - New Zealand Post Contract for the period of 12 months.

4. **Approve** the commitment of \$120,000 excluding GST to the draft Annual Plan 2010/2011 for Contract No. IM04119A - New Zealand Post Contract for the period of 5 months.
5. **Approve** that authority to extend Contract No. IM04119A – New Zealand Post for a further period of 24 months on behalf of Council be delegated to the Director: Corporate and Business Services subject to contractor's performance.

BACKGROUND

1. Council's existing contract with New Zealand Post is for volume post and also includes business reply, free post and permit post.

DECISION MAKING

2. There are a number of small to medium size organisations that offer a range of services from mail sorting to courier and street delivery services. However, in the main these organisations do not have access to P.O. Boxes, Private Bags, rural delivery, overseas mail, and do not process return mail.
3. New Zealand Post has confirmed in writing that they are willing to carry out the contract for a further 24 months.

CONTRACTOR'S PERFORMANCE

4. An evaluation of New Zealand Post's performance to date contains the following features whereby they:
 - have developed a good working relationship with relevant Council staff;
 - are a well resourced company;
 - respond quickly to customer requests; and
 - have a strong focus on health and safety.

CREDIT CHECK

5. No credit check has been requested on New Zealand Post as the organisation is a State Owned Enterprise.

JOB COSTS

6. Excl. GST	
Contract sum 2008/2009	\$168,000.00
Contract sum 2009/2010	\$288,000.00
Contract sum 2010/2011	<u>\$120,000.00</u>
Total Job Cost	\$576,000.00

SOURCE OF FUNDING

7. Source of funding is shown in Table 1 below:

Budget Description	Cost Element	Budget
Postal Services 2008/2009 Annual Plan	1860-71710	\$168,000

Budget Description	Cost Element	Budget
Postal Services Draft Annual Plan 2009/2010	1860-71710	\$288,000
New Zealand Postal Services Draft Annual Plan 2010/2011	1860-71710	\$120,000
	Total	\$576,000

Table 1 – Source of Funding

IMPLEMENTATION ISSUES

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

Report prepared by: Hugh Smith Information Manager.



7 CONTRACT NO. EW08015D – WASTEWATER RENEWALS IN MINI CATCHMENT 18 AREA 2 AND UPGRADE MINI CATCHMENT 19 NEW LYNN TRUNK SEWER

GLOSSARY

Mini Catchment	(MC)
Horizontal Earth Drilling Limited	(HEDL)
Pipeworks Rehabilitation Solutions Limited	(PRSL)
H&H Contractors Limited	(HHCL)
New Zealand Transport Agency's Competitive Pricing Procedures Manual	(NZTACPPM)

EXECUTIVE SUMMARY

The purpose of this report is to seek approval from the Tenders Subcommittee to award Contract No. EW08015D – Wastewater Renewals in Mini Catchment (MC) 18 Area 2 and Upgrade MC 19 New Lynn Trunk Sewer.

RECOMMENDATIONS

It is recommended that the Tenders Subcommittee resolve to:

- Receive** the Contract No. EW08015D – Wastewater Renewals in Mini Catchment 18 Area 2 and Upgrade Mini Catchment 19 New Lynn Trunk Sewer report.
- Approve** that the alternative tender from Pipeworks Rehabilitation Solutions Limited for Contract No. EW08015D – Wastewater Renewals in Mini Catchment 18 Area 2 and Upgrade Mini Catchment 19 New Lynn Trunk Sewer in the sum of \$1,182,765.00 plus \$147,845.63 GST, totalling \$1,330,610.63 be accepted.
- Approve** that authority to enter into Contract No. EW08015D – Wastewater Renewals in Mini Catchment 18 Area 2 and Upgrade Mini Catchment 19 New Lynn Trunk Sewer on behalf of Council be delegated to the Group Manager: Project Services.

BACKGROUND

1. Council has an objective to reduce flows in the wastewater network by 25% through the Infiltration and Inflow Control Programme. The New Lynn wastewater catchment is the first catchment to be assessed under this programme and rehabilitation work has already been carried out on public drains in MC2, MC4, MC5, MC6, MC7, MC8, MC9, MC15, MC19 and MC21.
2. The rehabilitation of MC18 is the next project on the priority list. The existing manholes and public sewer pipes in the area are in poor condition and require rehabilitation.

SCOPE OF WORK

3. The scope of work includes the installation of approximately 2,280 metres of new wastewater pipeline using directional drilling, structural lining, open trenching and pipe bursting techniques, construction and rehabilitation of 64 manholes, replacement of 74 service connections, video inspection of 150 private drains, flushing and video inspection of the completed lines.

TENDERS RECEIVED

4. Tenders were publicly advertised in Tenderlink with twenty nine (29) sets of documents being uplifted.
5. Six (6) tenders were received by the closing date of 21 October 2008. Two (2) of the tenders were alternative tenders. The tenders are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE (excl. GST)	
		Conforming	Alternative
H & H Contractors Limited	12A Culperry Road, Glen Eden, Waitakere	\$1,174,843.00	\$1,134,673.00
Horizontal Earth Drilling Limited	55 Watea Road, Torbay, North Shore	\$1,256,169.00	
PipeWorks Rehabilitation Solutions Limited	18 Gabador Place, Mt Wellington, Auckland	\$1,287,890.00	\$1,182,765.00
Advanced Pipeline Services Limited	146 Nielsen Street, Onehunga, Auckland	\$1,347,194.00	
Pre-tender contract estimate		\$1,405,105.00	

Table 1 - Summary of Tender Prices

TAGS, ERRORS OR OMISSIONS

6. The tender from Horizontal Earth Drilling Limited (HEDL) contained several minor omissions and a summation error resulting in the tender sum being \$53,000 lower than the true total. When advised of the error the tenderer elected to withdraw their tender.
7. The conforming and alternative tenders from PipeWorks Rehabilitation Solutions Limited (PRSL) had tags and omissions. PRSL withdrew the tags and provided satisfactory clarification for the omissions. In the alternative tender several items of work were indicated as being included in the pricing of other items. When

requested the tenderer clarified the amount allowed for these items and confirmed their tender price in writing.

8. The conforming and alternative tenders from H&H Contractors Limited (HHCL) had tags and omissions. HHCL withdrew the tags and provided clarification. In the alternative tender several items of work were indicated as being included in the pricing of other items. When requested the tenderer clarified the amount allowed for these items and confirmed their tender price in writing.
9. There were no tags, errors or omissions in the tender submitted by Advanced Pipeline Services Limited.

TENDER EVALUATION

10. In accordance with the conditions of tendering, tenders were evaluated in line with the Weighted Attribute Method contained in New Zealand Transport Agency's Competitive Pricing Procedures Manual (NZTACPPM).
11. As HEDL withdrew their tender it has not been included in the evaluations.
12. A summary of the evaluation results for the conforming tenders is shown in Table 2 below:

Tender Evaluation	Attributes	Exper	Track Record	Tech Skill	Resour	Manag Skill	Method	Price	Contract No EW0815D
									Total Weights
Weights		10	10	5	10	10	5	50	100
Tenderer	Tender Sum	Grade s							INDEX
H&H Contractors Limited	\$1,174,843.00	65	70	65	70	65	50	59	62
PipeWorks Rehabilitation Solutions Limited	\$1,287,890.00	85	70	80	85	85	85	50	66
Advanced Pipeline Services Limited	\$1,347,194.00	90	85	80	90	80	85	45	65
Median Tender Price	\$1,287,890.00								

Table 2 – Summary of Tender Evaluation

13. A summary of the evaluation results of the alternative tenders is shown in Table 3 below which evaluates the highest scoring conforming tender against the alternative tenders:

Tender Evaluation	Attributes	Exper.	Track	Tech.	Resour.	Manag.	Method	Price	Contract No EW0815D
			Record	Skill		Skill			Total Weights
	Weights	10	10	5	10	10	5	50	100
Tenderer	Tender Sum	Grades							INDEX
PipeWorks Rehabilitation Solutions Limited - Conforming Tender	\$1,287,890.00	85	70	80	85	85	85	50	66
H&H Contractors Limited - Alternative Tender	\$1,134,673.00	70	70	65	70	65	50	62	64
PipeWorks Rehabilitation Solutions Limited - Alternative Tender	\$1,182,765.00	85	70	80	85	85	85	58	70
Median Tender Price	\$1,287,890.00								

Table 3 - Summary of Tender Evaluation – Alternative Tenders with the Highest Index Conforming Tender

14. Scores for the non-price attributes were determined on the basis of information provided in each tender, on the information gathered from the referees nominated by the tenderers and on any recent Council experience with the tenderers.
15. HHCL submitted an alternative tender that was evaluated in accordance with Section 2.8 of the NZTACPPM. The tender is alternative primarily in the methodology that is proposed. The “Ribloc Expanda Spirally Wound” structural lining technique is proposed on the pipe bursting and slip lining sections. Their proposal has been carefully evaluated and the sections identified for structural lining deemed suitable. The proposal was also reviewed and accepted by EcoWater.
16. PRSL submitted an alternative tender that was evaluated in accordance with Section 2.8 of the NZTACPPM. The tender is alternative primarily in the methodology that is proposed. “Cured in Place Pipe” structural lining is proposed on the pipe bursting and slip lining sections. Their proposal has been carefully evaluated and the sections identified for structural lining deemed suitable. The proposal was also reviewed and accepted by EcoWater.
17. The results of the tender evaluation as summarized in Table 3 show that the alternative tender by PRSL has scored the highest overall index of seventy (70). The tendered price is approximately 16% lower than the pre-tender contract estimate.
18. The alternative tender from PRSL is considered to give the best value outcome.
19. PRSL has the necessary expertise and resources to satisfactorily carry out the works.

20. As part of Council's contracting process "Quality, Health and Safety and Environmental compliance are not negotiable" – all contractors have had this focus clearly reinforced through the contract documents and this will be strongly reiterated at the subsequent pre-start meeting and imposed during the contract period.

CREDIT CHECK

21. A credit check dated 29 October 2008 on PRSL revealed no adverse information.

JOB COSTS

22. Excl. GST	
Tender sum – PRSL - alternative tender	\$1,182,765.00
Contingency	\$ 118,276.50
Engineering and Supervision	<u>\$ 118,276.50</u>
Total Job Cost	\$1,419,318.00

SOURCE OF FUNDING

23. Source of funding is shown in Table 4 below:

Budget Description (from Annual Budget line item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
WW Renewals I/I Programme	8AMEW-08-027	\$3,700,000.00	\$1,671,516.00	\$761,718.00	\$1,266,766.00
Network Upgrades	8AMEW-08-065	\$460,000.00	\$50,400.00	\$409,600.00	0
Watercare Storage	8AMEW-07-014	\$248,000.00	0	\$248,000.00	0

Table 4 – Source of Funding

IMPLEMENTATION ISSUES

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

Report prepared by: Neville Colling, Contracts Engineer – Water Projects.



PUBLIC EXCLUDED MATTER

8 CONTRACT NO. CCIM08345A – TECH REFRESH 2007 – COMPUTER LEASE RENEWAL – APPROVAL TO EXTEND

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, namely Contract No. CCIM08345A – Tech Refresh 2007 – Computer Lease Renewal – Approval to Extend.

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. CCIM08345A – Tech Refresh 2007 – Computer Lease Renewal – Approval to Extend	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 contain information which if released could affect the Council's negotiations.*

