

11.2 Acquisition of garbage compaction units (RFQ 10088)

This is information seeking Council direction.

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File Reference:	Nil
Attachments:	1. Evaluation Summary (2 pages)

1 Executive summary

1.1 Topic

This report is seeking Council approval for the purchase of two robotic arm collection vehicles (RACVs) as part of the 2010–11 Plant Replacement Schedule and in accordance with Request for Quote (RFQ) 10088.

1.2 Context

A non-confidential report has been included on the agenda item 8.8 providing details in relation to the proposed replacement of two RACVs.

The pricing was received through an RFQ process and assessed through our Tenders and Contract Management System (TCMS) on RFQ 10088 and in accordance with the contracts, tenders and purchasing policy, adopted by Council on 17 August 2010.

1.3 Suggested outcome

The acquisition of two RACVs garbage compaction units.

2 Recommendation(s)

1. **That under the provision of Section 90(2) of the Local Government Act 1999 an order be made that the public be excluded from attendance at the meeting in order to consider in confidence this item.**
2. **That the Council is satisfied that it is necessary that the public be excluded to enable them to consider the report at the meeting on the following grounds:**
 - a. **Section 90(3)(k) tenders for the supply of goods, the provision of service or the carrying out of works**
 - b. **that accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.**
3. **That the quotation proposed by North East Isuzu Adelaide SA for two Isuzu FVZ 1400 cab chassis fitted with two MacDonald Johnston GEN V 22m³ side loading compactor bodies at a combined cost of \$645,130 plus GST (total \$709,643) be accepted.**

- 4. That the existing units being replaced are presented at auction with a reserve set equal to the trade offered by the dealer. If a better value is not realised at auction, that the trade offered by the dealer be accepted.**
- 5. That the matter of the Acquisition of garbage compaction units (RFQ 10088) having been considered in confidence under Section 90(3)(k) of the Local Government Act 1999 an order be made under the provisions of Section 91(7) and (9) of the Local Government Act 1999 that the Acquisition of garbage compaction units (RFQ 10088) report and the minutes relating to discussion of the subject matter be kept confidential until the tendered goods have been purchased.**

Key factors

3 Discussion

3.1 Current units

The City of Onkaparinga currently operates 14 waste compaction units with bodies built by MacDonald Johnston Engineering and they have proven to be both reliable and effective with appropriate maintenance programs, parts supply and service provision.

With regard to RACV cab chassis, we currently operate six Hino, one Acco and six Isuzu units (most recent purchases). We have experienced very good results with these vehicles and have found the Isuzu cab chassis to be reliable and effective with good parts supply and well supported service provision.

3.2 Procurement process

This process was undertaken through Local Government Corporate Services (LGCS) which access the Local Government National Procurement Network managed by Local Buy (under Contract No BUS 190-0509).

Local Buy is an organisation that was established in 2001, by the Local Government Association of Queensland (LGAQ), to provide comprehensive, value adding procurement services to councils and government entities. It is now open to 450 councils across Australia, including those in South Australia through the LGCS.

The contract provides:

- no cost to access and all due diligence undertaken as part of the agreement with Local Buy
- purchase of vehicles through local dealer facilitating local spend
- access to national pricing regardless of volume
- LGCS/Local Buy contractual arrangements exempt council from having to undertake the tender process—substantial savings in cost and time
- LGCS/Local Buy contractual arrangements are robust and fully compliant with the requirements of the *Local Government Act*

- to purchase directly from a LGCS/Local Buy Arrangement - via direct negotiation or a Request for Quotation (RFQ) process.

The contracts, tenders and purchasing policy, adopted by Council on 17 August 2010, includes:

7.2 Standing exemptions

Use of approved standing exemptions means that purchases can be made without seeking quotations or tenders by use of eligible standing exemption contracts including those which are administered by the following:

- *G6 Purchasing Group*
- *Procurement Australia*
- *South Australian Government*
- *Local Government Corporate Services*

An RFQ was submitted to LGCS. Isuzu, Hino and Iveco were invited to quote for the supply of two RACVs with the alternative of MacDonald Johnston or Superior Pak bodies.

These two RACV body manufacturers are the only ones to have previously tendered and the only potential suppliers with a presence in South Australia. The three RACV cab chassis potential suppliers were limited to those which we currently use and are the only potential suppliers with RACVs operating in South Australia.

All responses were evaluated as complete units.

A summary schedule of the submitted price is shown in the table below:

Tenderer	Item	Engine	2 X RACV ex GST	Trade in offer	Net cost ex GST
North East Isuzu	Isuzu FVZ1400 with MacDonald Johnston Engineering Gen V body Note that this is the only conforming unit that could be operationally assessed	Isuzu Sitec Series 3 295 6HK1-TCS, 221Kw, 7.790 litres	\$645,130	\$70,000	\$575,130
North East Isuzu	Isuzu FVZ1400 with Superior Pak body	Isuzu Sitec Series 3 295 6HK1-TCS, 221Kw, 7.790 litres	\$664,582	\$70,000	\$594,582
CMI-Hino	Hino 500 Series 52630 with MacDonald Johnston Engineering Gen V	Hino A09C TT 221Kw, 8.866 litres	\$678,659	\$113,636	\$565,022

Tenderer	Item	Engine	2 X RACV ex GST	Trade in offer	Net cost ex GST
	body				
CMI-Hino	Hino 500 Series 52630 with Superior Pak body	Hino A09C TT 221Kw, 8.866 litres	\$695,297	\$113,636	\$581,660

The pricing indicates the 'trade in' offered against the existing units being replaced. Replaced units are presented at auction (Pickles or Evans and Clarke) where often a greater sale value is realised in lieu of trade. We have the option to accept the trade offered by the dealer if a better value is not realised at auction.

3.3 Evaluation

Responses were assessed in accordance with the administration procedure that supports the contracts, tenders and purchasing policy. This procedure requires that responses are assessed by an evaluation panel using a weighted matrix to rank the responses in order of preference.

This process was overseen by the Supply section. The assessment panel included representatives from Plant and Fleet as well as Waste Management.

The pre-determined evaluation criteria applied incorporates price, functionality including operator testing and assessment, safety, workshop assessment, delivery time and after sales service.

The Stillwell Ford, Iveco (Acco) submission did not meet council's specification and was deemed non compliant and was not considered.

Hino have not yet, at the time of writing, imported the new model that will conform to the Euro 5 emissions standards under new legislation and as required in our specification. CMI Hino did not provide an evaluation unit, with either RACV bodies to be assessed. Whilst these units are a lower net price, the risk of them not being appropriate or available in a reasonable time is high.

We are currently operating Isuzu Chassis MacDonald Johnston RACV trucks, in the same configuration and specification to those offered. This unit is the only conforming unit that was available for evaluation and is currently in service with the City of Onkaparinga. The Isuzu unit was assessed in the preceding procurement process and has proved successful in operation.

Due to the unavailability of other evaluation units it was determined by the evaluation panel (including operators) that it was not possible to undertake a comparative scoring process for functionality.

The attached Evaluation Summary includes the results of the evaluation process that takes into account all remaining assessment criteria including price. As functionality was not evaluated it has been given a nominal score of 10 for all units

as per tender evaluation process. As a result of this evaluation the preferred supplier is North East Isuzu.

The City of Onkaparinga currently operates many Isuzu trucks of various light to heavy applications including a rear loading compaction unit and in particular six RACVs.

