

5.2: QUOTATION – SUPPLY AND DELIVERY OF GRADER

Proponent : City of Albany
Responsible Officer(s) : Executive Director Works & Services (S Grimmer)

Maps and Diagrams:

Nil

IN BRIEF

- Replacement grader for machine that is 12 years old, has 10,500 hours on the clock and its becoming increasingly expensive to maintain.

RECOMMENDATION

ITEM 5.2: RESPONSIBLE OFFICER RECOMMENDATION VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT Council ACCEPT the Tender from Westrac Pty Ltd for the purchase and delivery of a maintenance grader.

BACKGROUND

1. Council at its meeting held on 18 June 2002, adopted the Asset Replacement Program – Plant. This strategy predicted replacement times for Council's plant and equipment over a ten year life cycle.
2. In line with budget preparations for new financial years, this strategy is reviewed, amended and updated to determine long term requirements, optimal replacement times and maintenance of each individual item of plant in line with industry benchmarks and best practice methodology.
3. A further revised draft Asset Management Plan – Fleet and Plant went out for public consultation in February and March 2011, however this management plan was not subsequently adopted by Council.
4. WALGA has established a number of Preferred Supply Contracts for plant and equipment and have established a Preferred Supplier Panel for the Supply and Delivery of Plant and Equipment. All Local Governments in Western Australia can access these contracts without going to tender.

DISCUSSION

5. Quotations were sent to three suppliers listed on the WALGA Preferred Supplier Panel that were able to supply and deliver a grader suitable for maintenance grading to Council.
6. The following table summarises the tenderers and overall evaluation scores applicable to the submissions. One submission was not received as the company failed to submit their tender by the close of the quotation period.

	Total Evaluation Score
Westrac Pty Ltd	622.43
CJD Equipment	491.18

7. The tender documents included tender evaluation criteria using the weighted attribute method. This method scores the evaluation criteria and weights their importance to determine an overall point score for each tender. The criteria are tabled below:

Criteria	% Weight
Cost	50
Technical Compliance and Operational Suitability	40
Reliability	10
Total	100

8. It is best practice in both private and government industries to replace plant and equipment at an identified optimum replacement point. The optimum replacement point in the life of the machine is when the depreciation slows and the repairs and maintenance costs increase substantially.
9. The Plant Replacement Strategy was suspended in 2008 and re-instated after a two year absence. The maintenance grader that is currently under discussion with the purchase of this replacement grader is over 12 ½ years old and has in excess of 10,500 machine hours. The financial liability to Council of this machine, if not replaced, could be in excess of \$40,000 for repairs as major components wear.
10. Should Council choose to delay the replacement of this grader for a further twelve month period, the financial risk to Council to continue to maintain this machine increases exponentially.
11. Resale prices for this grader will continue to decline if Council chooses not to dispose of this item of plant this financial year. The resale market is very volatile and purchasers of used equipment will not pay premium prices for used equipment if they are aware that re-conditioning costs of the machine will outweigh the value.
12. The warranty on the new machine is for 60 months or 6000 hours. This will further reduce the financial burden on Council. Further cost savings in fuel will also be realised due to the Caterpillar engines meeting or exceeding US Tier 3 and European Union Stage IIIa emissions control standards – thereby much more fuel efficient than machines currently in use by Council
13. On the basis of the total evaluation score the submission from Westrac Pty Ltd was considered to be the most advantageous offer to Council.

GOVERNMENT CONSULTATION

14. Nil.

PUBLIC CONSULTATION / ENGAGEMENT

15. Nil.

STATUTORY IMPLICATIONS

16. Provided for under the Local Government (Function and General) Regulations which provides a tender exemption to WALGA's Preferred Supplier Contracts.

STRATEGIC IMPLICATIONS

17. This item directly relates to the following elements of the 2011 City of Albany Strategic Plan:

Key Focus Area
Sustainability and Development

Community Priority
Road improvements

POLICY IMPLICATIONS

18. The City of Albany Tender and Quotation Policy is applicable to this item

RISK IDENTIFICATION & MITIGATION

19. The risk identification and categorisation relies on the City's Risk Management Framework.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
<i>Non compliance with contract or business failure</i>	<i>Unlikely</i>	<i>Medium</i>	<i>Medium</i>	<i>General conditions of contract allow for contract termination on the basis of failure to supply goods & services</i>

FINANCIAL IMPLICATIONS

20. The value of this tender is in excess of \$250,000 and therefore the approval is referred to Council for consideration.
21. The purchase price of \$310,000 (exc. GST) will be funded from the Plant Replacement Reserve and was included in the budget for the 2012/2013 financial year.

LEGAL IMPLICATIONS

22. Nil

ALTERNATE OPTIONS

23. Council is not bound to accept the lowest or any tender and can accept or reject the tenders as submitted.

SUMMARY CONCLUSION

24. On reviewing the submissions, the evaluation team assessed the submission from Westrac Pty Ltd as providing the most advantageous offer for the delivery of a grader.

****REFER DISCLAIMER****

Consulted References	:	Local Government (Functions and General) Regulations 1995 Council Policy – Purchasing (Tenders & Quotes)
File Number (Name of Ward)	:	P12013 - WALGA
Previous Reference	:	OCM 18/06/02 - Item 13.2.6 OCM 15/02/11 - Item 3.3