

ITEM NO: 14

SUBJECT: TENDER ENDORSEMENT FOR THE SUPPLY OF ONE BACKHOE
LOADER UNDER CONTRACT – FS11-07

FILE NO: F00570

Recommendations:

1. *That the Council accepts the tender submitted by Hitachi Construction Machinery for the John Deere model 315SG Backhoe at a unit cost of \$122,210 (GST inclusive).*
2. *That the replaced Backhoe is disposed of through Public Auction.*

Report by the Group Manager, BM City Services:

Introduction

Tender FS11-07 was issued for the supply of one item of Backhoe plant machinery as programmed replacement of an existing Backhoe, Plant Number 6273. This item is scheduled for replacement on a 10-year cycle, determined to be the optimum changeover point taking into account the following criteria:

- Resale value;
- Maintenance costs;
- Reliability of the equipment; and
- Operational requirements.

The predominant operational usage of the Backhoe is the movement and sorting of construction materials at Council depots, the loading of materials, and applications in civil construction works including road and drainage works.

The Tender Specification

The Tender Specification was developed with the collaboration of operators, mechanical, and fleet services staff. The tender documentation included the following selection criteria which formed the basis for tender assessment:

<i>Selection Criteria</i>	<i>Weighting (%)</i>
(i) Satisfaction of Occupational Health & Safety Act Principles	10
(ii) Conformity Specification	20
(iii) Reliability	10
(iv) Compatibility with existing Fleet	20
(v) Net Tender Price	40

Tenders Received

At the close of tenders on 2 March 2007, tender submissions had been received from the following companies:

- Hitachi – Model John Deere 315SG;
- New Holland – Models Case 580SR and Terex 860 Elite;
- Construction Equipment Australia – Model JCB3CX RR;
- Komatsu – Model WB97R-5;
- Volvo - BL71;
- GMC Veneiru – Models VF 8.23D and VF 8.23C; and
- Westrac – Models 428D BHL and 432E BHL.

Tender Evaluation

The Tender Evaluation Team was comprised of the Fleet Supply Officer, Plant & Resource Coordinator, Plant Operators, Mechanical Services Section Leader and the Occupational Health & Safety Officer. All panel members declared no pecuniary or non-pecuniary interest and a commitment to maintain confidentiality of all information reviewed, discussions held and decisions made by them.

The evaluation process included seeking clarification of equipment specifications from the firms, the panel undertaking site inspections of the tendered plant and undertaking other supplier research. Key areas of investigation and consideration included:

- Complete physical inspections of the equipment;
- Assessment of operational issues effecting drivers such as cabin access, equipment, brakes, stability;
- Assessment of the performance of current equipment used by Council compared to the tendered equipment; and
- Environmental impact, including operational noise and safe working systems.

In the case of each of the suppliers there is a variance between the price used in the evaluation to that submitted in the original tender documentation, as the original submissions in every case did not include the on road costs and/or equivalent optional extras.

The panel short-listed the tenders based on a weighted assessment of the published selection criteria. The tender submissions of Hitachi, Construction Equipment Australia and New Holland were selected to proceed to the second stage of evaluation which consisted of an operational review by the panel to provide a more detailed analysis of the tender equipment and their associated benefits. The selected suppliers were requested to supply their Backhoes for on-site demonstration at the Katoomba Works Depot.

Tenders Excluded

Other tenders were excluded for reasons below:

- Volvo, Westrac and Komatsu were excluded due to high tender price and non-compatibility with Council's current fleet;
- GMC were excluded as the equipment did not conform to specifications;
- Construction Equipment Australia's JCB model 3CX RR was not selected due to its overall performance against the selection criteria; and
- New Holland's Case 580SR and TEREX models were not selected due to overall performance against the selection criteria.

Best Performing Model Tendered

It is recommended that Hitachi Construction Machinery is contracted to supply the John Deere model 315SG at the unit price of \$122,210 (GST inclusive). This machine was chosen as it provided the best overall performance against the selection criteria whilst meeting all the required tender specifications. The overall evaluation results against weighted criteria are summarised in the table below:

Company	Model(s)	Unit Price	Weighted Score
1. Hitachi	John Deere 315SG	\$122,210	80.38
2. New Holland	Case 580SR	\$134,390	75.43
3. Construction Equipment Aust	JCB3CX RR	\$145,898	70.60
4. New Holland	Terex 860 Elite	\$125,110	70.24
5. Komatsu	WB97R-5	\$148,878	68.09
6. Volvo	BL71	\$145,200	64.15
7. GMC Veneiru	VF 8.23D	\$129,800	59.95
8. Westrac	428D BHL	\$149,710	58.98
9. GMC Veneiru	VF 8.23C	\$140,800	56.56
10. Westrac	432E BHL	\$161,975	56.13

Tender Process Review

The Tender Review Committee has reviewed the Tender procedures and is satisfied as to the fairness of the process.

Sustainability Assessment

Tenderers were invited to submit tenders for the supply of models using alternative fuels, however no such tender submissions were received.

Financial Implications

Funding is provided from the restricted reserves held for fleet replacement and provision for the purchase has been included in the 2007-2008 financial year budgets. The disposal of the replaced plant item is to be via public auction as it is deemed to provide the best results for residual sale return on such equipment.

Legal & Risk Management Issues

The tender process has been conducted in accordance with Council procurement policies. The Tender Review Committee has reviewed the tender procedures and is satisfied as to the fairness of the process and that the process has complied with policies. There are no identified legal or risk management issues related to this matter.

External Consultation

No external stakeholder consultation was undertaken.

Conclusion

The tender submitted by Hitachi Construction Machinery for the John Deere 315SG at unit cost of \$122,210 (GST inclusive) is deemed to be the preferred item for purchase based on the overall performance of the submitted tender against evaluation criteria.

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