

19 CONFIDENTIAL ITEMS**19.2 PLANT REPLACEMENT PROGRAM - TRUCK TENDERS**

Responsible officer: Works Manager

Attachments: 1) Confidential Attachment

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RECOMMENDATION TO EXCLUDE THE PUBLIC

Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all persons, except (Jason Taylor, Chief Executive Officer; Tony Secomb, Manager Corporate Services, Matthew Sherman, Works Manager and Shona Hyde, Minute Secretary) be excluded from attendance at the meeting held on 17 October 2018 for agenda item 19.2 PLANT REPLACEMENT PROGRAM - TRUCK TENDERS.

This Council is satisfied that pursuant to Section 90(3) (k) of the Act, the information to be received, discussed or considered in relation to the Agenda Item is information the disclosure of which would involve tenders for the supply of goods, the provision of services or the carrying out of works

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed by the need to discuss this item in confidence because the disclosure would involve tenders for the supply of goods, the provision of services or the carrying out of works

MOVED COUNCILLOR NEVILLE PFEIFFER

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SECONDED COUNCILLOR ALLAN DUNSFORD

CARRIED.

Executive summary

Council allocated funding in the 2018-19 budget for the replacement of three trucks as part of its ongoing plant replacement program. The combined budget for the replacement of the three trucks is a total of \$325,000.

Council advertised tenders for the replacement trucks via SA Tenders website which opened on 17 August 2018 and closed 5pm 14 September 2018. A total of five companies submitted tenders.

The tenders were evaluated against the tender assessment criteria included in the tender documentation. The successful tenderer is Northeast Isuzu.

RECOMMENDATION

That Council purchase from Northeast Isuzu for a total cost of \$316,643 (Excluding GST)

- 1. One Isuzu NLR 45-150 Tip truck with AJ Stock Body for \$64,050 Approximately;**
- 2. One Isuzu FFR 107-210 Tip Truck with AJ Stock Body for \$96,272 Approximately, and;**
- 3. One Isuzu CXY [AMT] 240-260 Prime Mover for \$156,321.**

COUNCILLOR MOVED BRIAN TOOGOOD

That Council purchase from Northeast Isuzu for a total cost of \$316,643 (Excluding GST)

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3. One Isuzu CXY [AMT] 240-260 Prime Mover for \$156,321.

COUNCILLOR SECONDED KEVIN O'DRISCOLL

CARRIED.

Background

Council's plant replacement program is documented and used to inform the budget development each year. It clearly sets out which plant is due to be replaced each financial year. The total budget allocation for this financial year of \$325,000 will enable the replacement of P413 (Hino 300), P411 (Hino FG) and P302 (Mack Tip truck with Interchange).

Context

Council advertised tenders for the replacement trucks via SA Tenders website. The tender period opened on 17 August 2018 and closed 5pm 14 September 2018 and five tenders were submitted.

Four companies tendered for the replacement of all three trucks and one tendered for the replacement of the prime mover only.

All tenders were conforming however some offered automatic transmission on some models. Companies that tendered were CMI Hino, Northeast Isuzu, Daimler Trucks Adelaide (Fuso), Mildura Truck Centre and CMV Group (prime Mover only).

Tenders were evaluated in accordance with the plant purchase tender scoring form that was included in the tender.

Tender prices provided for the trucks by each company are all GST exclusive.

Policy and statutory Implications

Council has a procurement policy and the tender process has been undertaken in accordance with the policy.

All Council purchases must be carried out in compliance with the Local Government Act 1999 (the Act). Section 49 (a1) of the Act requires Council to develop and maintain procurement policies, practices and procedures directed towards:

- Obtaining value in the expenditure of public money, and
- Providing for ethical and fair treatment of participants, and
- Ensuring probity, accountability and transparency in the procurement process.

Council is not obliged to accept the lowest tender or any tender.

Issues

Council's tender specification required trucks with manual transmissions, however some tenderers supplied automatic transmission prices as well on some models as an option for Council to consider. Council should consider this option as it has benefits such as resale value and reducing driver fatigue. The reason for going to tender for manual transmission was based on price alone as this option is cheaper than automatic transmission.

A detailed tender evaluation summary and costings is provided as a confidential attachment to this report.

Alternate options

This is planned and budgeted plant replacement and other options, such as delaying plant replacement, are considered inferior options.

Financial implications

The total budget allocation for this financial year of \$325,000 is for the three trucks, as follows:

Replace Hino 300 - \$75,000

Replace HinoFG - \$100,000

Replace Mack Truck - \$150,000
(with Interchange)

All companies that tendered for the three trucks combined came under the total budget figure of \$325,000. However, individual prices provided for the prime mower (except in one case) were over the individual budget allocation of \$150,000.

Work health and safety implications

The submitted tenders included Work health and safety components.

Consultation

Council included this capital allocation for plant replacement in the 2018/2019 Annual Business Plan and Budget which was the subject of community consultation.

Council staff were given the option to test drive trucks on Tuesday 2 October 2018 in Adelaide. Their views were considered in the tender evaluation. Staff indicated that any of the trucks could undertake the specific work required by the organisation, however the Isuzu trucks were considered marginally the best choice for Council.

CONFIDENTIAL ATTACHEMENT- TENDER EVALUATION**COUNCIL PLANT REPLACEMENT PROGRAM**

Council allocated funding in the 2018-19 budget for its ongoing Plant Replacement Program. The 2018/19 budget provides for the replacement of P413 (Hino 300), P411 (Hino FG) and P302 (Mack Tip truck with Interchange)

The specific allocations in the budget are \$75,000 for replacement of the Hino 300, \$100,000 for replacement of the Hino FG and \$150,000 for replacement of Mack Truck with interchange – a combined total of \$325,000.

Council advertised tenders for the replacement trucks via SA Tenders website which opened on 17 August 2018 and closed 5pm 14 September 2018. There were a total of 5 companies that tendered.

An evaluation of the tenders was completed by the Works Manager with the aid of Council Mechanic and staff who test drove vehicles available in Adelaide on Tuesday 2 October 2018.

The table below provided price details from the five companies. The evaluation finds Northeast Isuzu is the best tender.

The recommendation to Council will be:

That Council purchase the three trucks from Northeast Isuzu with the Prime mower being AMT and the 2 tippers supplied with AJ Stock tipper bodies.

PRICE COMPARISONS

The table below has an overall figure for the purchases from each company that supplied a tender (highlighted in green) with

Mildura Truck Centre given best overall value on price with prime mower option of AMT \$294,953 however trades were the lowest combined \$73,973

CMI Hino \$313,067 with option AMT 4,500kg truck with trade \$82,726

Northeast Isuzu \$316,643 with option prime mover AMT and AJ Stock body fitted with the best overall trade \$95,453

Fuso \$322,255 Trade \$87,271

CMV – prime mover only \$201,427 and ruled out straight away as well over budget for prime mover

Companies tendering for all three trucks fit under the combined total of \$325,000 as budgeted for , however the prime movers offered by Northeast Isuzu \$151,185, CMI Hino \$153,315, Fuso \$156,931 are all individually over budget with CMV \$201,427 well over (Budget \$150,000)

Trucks were test driven by staff in Adelaide on 2 October 2018 with all trucks offered and available at the time assessed.

All trucks tendered would do the job for council in their particular field and after being assessed by staff the Isuzu Trucks were deemed the preferred option and as a result will focus on the 2 companies that tendered Isuzu Trucks

Purchasing all trucks from one dealer may be a preferred option but not always the best option.

Isuzu trucks have been offered by two dealers Northeast Isuzu and Mildura Truck Centre.

Northeast Isuzu certainly produced the better tender document supplying all relevant documentation in a professional manner as well as highlighting it's after sales services. They have also supplied Council's throughout South Australia with their trucks.

Even though there is a \$21,690 difference in the cost price in favour of Mildura Truck Centre there is a difference in the trade offer of \$21,480 in favour of Northeast Isuzu essentially evening the two out with a total overall change over difference of \$210.

Truck Tenders		Budget \$325,000	
	Price New	Trade	
Fuso			
4,500kg Canter 815	70,169	14,545	AJ Stock Body
10-11,000kg Fighter 1124	95,155	36,363	AJ Stock Body
Prime Mover FV51 6x4	156,931	36,363	
Total	322,255	87,271	
Isuzu			
4,500kg Isuzu NLR 45-150	68,440	20,454	Isuzu Body
10-11,000kg Isuzu FFR 107-210	100,424	56,818	Isuzu Body
Prime Mover Isuzu CXY 240-260	151,185	18181	[Opt AMT]156,321
total	320,049	95,453	
Opt AMT]	325,185		
4,500kg	64,050	20,454	AJ Stock Body
10-11,000kg	96,272	56,818	AJ Stock Body
Prime Mover	151,185	18181	
total	311,507	95,453	
{Opt AMT]156,321	316,643		

CMI Hino

4,500kg Hino 300NC 616	58,226	13,636	AJ Stock Body [Opt AMT] 62,023
10-11,000kg Hino 500FC 1124	97,729	37,272	AJ Stock Body
Prime Mover Hino 700SS	153,315	31,818	
total	309,270	82,726	
[Opt AMT]62,023	313,067		

**Mildura Truck
Centre [Isuzu]**

4,500kg Isuzu NLR 45-150	60,516	12,700	AJ Stock Body
10-11,000kg Isuzu FFR 107-210	91,285	47,273	AJ Stock Body
Prime Mover Isuzu CXY 240-260	138,152	14,000	Opt AMT \$143,152
total	289,953	73,973	
Opt AMT	294,953		

CVM

Prime Mover	201,427	23,63
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RECOMMENDATION

having considered agenda Item 19.2 in confidence under section 90 [2] and [3] [k] of the Local Government Act 1999, the Council pursuant to section 91 [7] of the Act orders that the item and the minutes, reports and all other records, relating to the matter be retained in confidence. This order is to be reviewed at or before the Ordinary Council Meeting to be held in January 2019, as to if this order is to continue in operation

MOVED COUNCILLOR ALLAN DUNSFORD

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SECONDED COUNCILLOR BRIAN TOOGOOD

CARRIED.

MEETING CLOSED AT 7.28 PM

These minutes are to be taken as read and confirmed at the meeting of Council on Wednesday 21 November 2018.

MAYOR CR

DATED Wendesday 21 November 2018