

3.1 TENDER FOR PROVISION OF BUS SERVICES

(CF2009092: PR)

Responsible Director: Marilyn Kearney

RECOMMENDATION*That Council:*

- 1. Accepts the tender from Quince's Scenicruisers Pty Ltd for the Provision of Bus Services for Contract No. 2009092, for a period of 3 years in accordance with the schedule of rates submitted in the tender. (Estimated Year 1 cost of \$121,000 GST inclusive);*
- 2. Authorises the Chief Executive Officer to execute the contract agreement; and*
- 3. Authorises the Chief Executive Officer at his discretion to approve the extension option for 2 years in the contract agreement subject to satisfactory performance.*

BACKGROUND

Council has tendered for the Provision of Bus Services, for services across Council departments.

Council has a requirement for the provision of bus services to provide both regular and ad hoc services covering the following service areas:

- Aquatic Leisure Centres – Schools Swimming Programs;
- Ad hoc Services; and
- Emergency Response.

The primary users of buses are the Aquatic Leisure Centres, who “value add” by organising the bus service for schools as part of their Schools Swimming Program. Other Departments have hired buses for activities such as: school holiday programs; staff inductions; and senior's events. In addition, as part of Council's Emergency Response requirement, buses may be required at short notice.

Council currently engages the services of Quince's Scenicruisers Pty Ltd (Quince's), a locally based bus company.

The tender document specified the contract term as being for a 3 year period with an option by Council to extend for a further 2 years. The Contract is to commence 1 July 2009 or other agreed date as practicable.

PUBLIC NOTIFICATION

Tenders were advertised in The Age newspaper on Saturday 28 February 2009.

TENDERS RECEIVED

Seven (7) sets of documents were issued to prospective tenderers with one (1) formal tender being received by the appointed closing time.

The tender received was from Quince's Scenicruisers Pty Ltd.

TENDER EVALUATION**Evaluation Panel:**

The evaluation panel consisted of:

- Paul Richardson Manager Strategic Procurement & Contracts
- Andrew Jeffrey Aquatics Manager – MARC & CAHC
- Trevor Kitchin Director – TKK Enterprises Pty Ltd

Monash City Council engaged TKK Enterprises Pty Ltd to assist in the tender process.

Evaluation Criteria:

The tenders received were assessed according to the following criteria:

Evaluation Criteria	Weighting (%)
Price	60%
Capability and Capacity	30%
Compliance with Contract	5%
Compliance with Specification	5%
Total	100%
Financial Viability	Pass/Fail
Insurance	Pass/Fail
OHS System and Performance	Pass/Fail
Conflict of Interest	Pass/Fail

A copy of the Tender Evaluation Report with detailed spreadsheets has been circulated separately to Councillors.

The following provides information on the results of the evaluations and provides the review panel's recommendations.

Quince's is the current provider and has been providing services to Council since 1997. The company also provides services to many private schools and the Department of Education. Quince's has provided route bus services in the southern and eastern suburbs for many years.

Quince's is a family owned and operated business and has been in operation since 1946.

Council's experience with Quince's has indicated they have a good record for minimising breakdowns and ensuring continuity of service. Quince's has a modern fully equipped workshop ensuring each vehicle is checked and serviced to VicRoads Quality Assured maintenance requirements. Quince's site in Oakleigh is a VicRoads Licensed Bus Inspection and Testing Station.

Non –conformance issue

The tender documents stated that the prices submitted shall not be subject to rise and fall for the period up to the 31 December 2010 and thereafter they shall be subject to adjustment based on CPI for the preceding 12 month period. The tender documents also advise that Council reserves the right to consider a non-conforming tender.

Quince's have provided their own Price Adjustment Mechanism to cater for beyond the first year. This mechanism allows for a 5% or CPI yearly increase, whichever is higher. They have also provided a mechanism to deal with significant fluctuation in diesel fuel pricing. The diesel fuel component relates to only 20% of the total fee component. Quince's have proposed that the fuel component be assessed every three months against the change in the average of the daily prices for the preceding three (3) month period at the commencement date and other nominated dates.

Analysis of the pricing formula put forward suggests that Council will still benefit from the tendered price, due to increased certainty over the largest proportion of the tendered schedule of rates and quarterly review of the fuel component.

Evaluation Criteria Summary:

As Quince's is Council's current provider for School Service to and from Aquatic Centres, a comparison of tender prices to current prices was performed.

The current pricing is based on one constant set price per bus trip. Under the new pricing structure there is a potential for cost saving depending on the type of bus, number of swim class periods and proximity of school to the appropriate Centre. The bus costs are fully recovered through the Learn To Swim – Schools Program bus charge out rate. By establishing a contract, the Council will have greater certainty of pricing. By the acceptance of the Price Adjustment Mechanism proposed, Council may benefit if there is a fall in fuel prices during the contract term.

For Adhoc Services and Emergency Response, price and availability of buses will be subject to confirmation prior to engagement, which is a continuation of the current practice.

FINANCIAL

With the new pricing structure it is estimated that the Year 1 cost based on the submitted schedule of rates will be \$121,000 GST inclusive. The bus costs associated with the Aquatic Centres are fully recovered through the Learn To Swim – Schools Program bus charge out rate. Ad hoc Services and Emergency Response provisions will be funded from within budget provisions, depending on the nature of the engagement.

CONCLUSION

The evaluation panel recommends the appointment of Quince's Scenicruisers Pty Ltd for the Provision of Bus Services for Contract No. 2009092. The Agreement will operate for a 3 year period with an option by Council to extend for a further 2 years. The Agreement will commence from 1 July 2009 or other agreed date as practicable.