



# Hastings District Council

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**OPEN NO ATTACHMENTS**

## **A G E N D A**

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### **TENDERS SUBCOMMITTEE MEETING**

Meeting Date: **Thursday, 28 July 2016**

Time: **9.00am**

Venue: **Landmarks Room  
Ground Floor  
Civic Administration Building  
Lyndon Road East  
Hastings**

<b>Subcommittee Members</b>	Chair: Councillor Kerr Councillors Lyons, Lester, Nixon and Watkins (Deputy Chair) Chief Executive, Mr R McLeod, and Group Manager: Asset Management, Mr C Thew
<b>Officer Responsible</b>	Executive Advisor: Governance & Emergency Management (Mr M Maguire) (Quorum = 4)
<b>Committee Secretary</b>	Carolyn Hunt (Extn 5634)

## Tenders Subcommittee – Terms of Reference

A Subcommittee of the Works and Services Committee

### **Fields of Activity**

The Tenders Subcommittee is responsible for assisting council in its general overview of procurement and tender activity by accepting tenders which exceed the Chief Executive's delegated authority to approve, for projects previously approved by Council or a Standing Committee within the delegated authority.

### **Membership**

Chairman appointed by the Council  
4 members appointed by the Council  
Chief Executive  
Group Manager: Asset Management

For the avoidance of doubt the references in this delegation to the 'Chief Executive' and 'Group Manager: Asset Management' extends to include any persons from time to time appointed in writing to those roles in an acting capacity.

Quorum – Any four members.

### **Delegated Powers**

Authority to accept tenders for individual projects previously approved by the Council or a Standing Committee of the Council up to a value of \$8,000,000  
Responsibility to provide oversight and direction on tendering processes in general and/or specific issues relating to a particular project

**HASTINGS DISTRICT COUNCIL**  
**TENDERS SUBCOMMITTEE MEETING**  
**THURSDAY, 28 JULY 2016**

**VENUE:** Landmarks Room  
Ground Floor  
Civic Administration Building  
Lyndon Road East  
Hastings

**TIME:** 9.00am

**A G E N D A**

**1. Apologies**

At the close of the agenda no apologies had been received.

At the close of the agenda no requests for leave of absence had been received.

**2. Conflict of Interest**

Members need to be vigilant to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to scan the agenda and assess their own private interests and identify where they may have a pecuniary or other conflict of interest, or where there may be perceptions of conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the relevant item of business and withdraw from participating in the meeting. If a Member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or Executive Advisor: Governance and Emergency Management(preferably before the meeting).

It is noted that while Members can seek advice and discuss these matters, the final decision as to whether a conflict exists rests with the member.

**3. Confirmation of Minutes**

Minutes of the Tenders Subcommittee Meeting held Thursday 14 July 2016 including minutes while the public were excluded.  
*(Previously circulated)*

4. **Mobile and Landline Telecommunications Service Contract** **5**
5. **Additional Business Items**
6. **Extraordinary Business Items**
7. **Recommendation to Exclude the Public from Items 8, 9, 10 and 11** **9**
8. **CON2016048 - Village Exchange Project**
9. **Progress report for the Information Technology (IT) infrastructure and backup solution**
10. **CON2015063 Hastings Wastewater Outfall Diffuser Replacement - Tender Recommendation**
11. **Professional Services for the Seismic Strengthening of the Hawke's Bay Opera House and Municipal Building**

**REPORT TO: TENDERS SUBCOMMITTEE**

**MEETING DATE: THURSDAY 28 JULY 2016**

**FROM: BUSINESS SERVICES MANAGER  
REGAN SMITH**

**SUBJECT: MOBILE AND LANDLINE TELECOMMUNICATIONS  
SERVICE CONTRACT**

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## **1.0 SUMMARY**

- 1.1 The purpose of this report is to seek a decision from the Tenders Subcommittee on signing to the All of Government (AoG) Telecommunications as a Service (TaaS) contract for mobile and landline services with the incumbent supplier, subject to a secondary procurement process.
- 1.2 This tender recommendation is submitted to the Tenders Subcommittee for approval because the value of these services are approximately \$219,000 per annum and the potential length of the contract is significant.
- 1.3 The TaaS contract has been established by the Department of Internal Affairs (DIA) through a process of significant market engagement and tender. This contract has now become the only Government discount contract from mobile voice and data services.
- 1.4 The TaaS contract has a total term of 11 years, made up of a 5 year initial term with three 2 year rights of renewal.
- 1.5 This report concludes by recommending that Council sign the Memorandum of Understanding to participate in TaaS, and initially select the incumbent supplier for mobile voice and data, followed by a secondary procurement process.

## **2.0 BACKGROUND AND SCOPE OF WORK**

- 2.1 This paper covers contracts for landline voice and mobile voice and data services. Excluded from this recommendation are fixed line data or fiber services.
- 2.2 Since July 2013 Council has been a signatory to the AoG mobile voice and data contract. In May 2015 an extension to the Mobile Voice and Data AoG contract was signed on the basis of direct engagement of Spark as the incumbent supplier in order to allow time for details on the TaaS contract to become available.
- 2.3 From the beginning of May 2016 TaaS became the primary AoG contract for mobile voice and data. To facilitate evaluation of the new contract DIA have extended the current AOG Mobile Voice and Data contract for existing participating agencies (including HDC) by 12 months to 22 April 2017.

- 2.4 Landline services are provided through Spark under a standard commercial agreement. Council's fixed contract for landline expired on 12 September 2015, and since then landline services have been provided under the same terms and conditions on a month by month basis.
- 2.5 In total Council spend approximately \$220,000 per annum on landline (approximately \$96,000) and mobile (approximately \$123,000) services.
- 2.6 **TaaS Contract Overview:**
- 2.6.1 The TaaS contract covers a wide range of telecommunications services, which includes; mobile and landline, video conferencing, Wide Area Network and contact centers.
- 2.6.2 To establish the contract DIA undertook an extensive vendor engagement programme, which resulted in establishing a panel of suppliers with fixed catalogue pricing. As with all other AOG contracts, vendors on the panel are not able to provide agencies with better pricing if engaged outside of the TaaS agreement. As a result, TaaS is likely to provide Council with the best value for money for telecommunications services.
- 2.6.3 While it is not mandatory for Council to use the TaaS contract, DIA has an expectation that Local Government will adopt this contract if it fits with the organisation's strategies and/or provides a commercial benefit.
- 2.6.4 The initial TaaS contract term is for 5 years with three 2 year rights of renewal.
- 2.6.5 Once the MoU for TaaS is signed, Council is able to select which telecommunication services it consumes from the catalogue and the panel supplier to deliver those services. All services are optional.
- 2.6.6 There are no mandatory service that must be consumed, so participating in TaaS for mobile and landline services does not commit Council to other TaaS services.
- 2.6.7 Council is able to change panel supplier for any of the selected services at any time with one month notice.
- 2.6.8 The panel of suppliers includes; Datacom Systems Wellington Limited, Dimension Data New Zealand Limited, Fujitsu New Zealand Limited, Mobile Mentor NZ Limited, SMX Limited, Spark New Zealand Trading Limited, Two Degrees New Zealand Limited, Vodafone New Zealand Limited.

### 3.0 CURRENT SITUATION

- 3.1 A decision is needed on whether or not to join the TaaS contract, and if desired, which panel supplier to select.
- 3.2 Initial comparison of Councils current usage under the AoG Mobile vs TaaS plans by Spark indicates that for mobile services there may be a saving of 14% (approximately \$1,400/month), and for landlines the cost will remain essentially the same with a nominal benefit of only 1% (approximately \$60/month)
- 3.3 The Authorities in the HB LASS group are all in a similar situation as HDC. In that their contracts have expired and the monetary savings are not very compelling. However, it is understood that both NCC and HBRC will be signing the TaaS contract to consume both fixed lines and mobile (including mobile voice, txt and data). The opportunity under TaaS is to undertake a joint secondary procurement process to confirm the most appropriate panel supplier.

### 4.0 OPTIONS

- 4.1 Not Join TaaS.
- 4.2 Join TaaS and undertake a secondary procurement process for mobile and landline services.
- 4.3 Join TaaS and select Spark as the initial preferred supplier for mobile and landline services, followed by a secondary procurement process to be completed early 2017.

### 5.0 ASSESSMENT OF OPTIONS

- 5.1 OPTION 1: Not joining the TaaS contract will mean the current Council mobile contract will expire on 22 April. Therefore, Council will need to undertake a commercial procurement exercise directly with vendors to establish a new service contract after that date. In isolation this is unlikely to result in a better commercial arrangement than that available under TaaS. In addition, Council will need to support this decision with a robust rationale to DIA who are likely to seek justification for not using the Government contract.
- 5.2 OPTION 2: Signing the TaaS agreement for mobile and landline would give Council surety about supply at a reasonable rate. However, undertaking a secondary procurement process to establish a new preferred supplier at the present time is not considered practical.
- 5.3 OPTION 3: Signing the TaaS agreement for mobile and landline would give Council surety about supply at a reasonable rate. Selecting the current incumbent supplier, Spark, in the short term then alleviates the pressure on internal resources to run a secondary procurement process. However, as there was not an open market comparison of mobile and land line services at the last renewal, undertaking a secondary procurement process is desirable. As a result, while there is likely to be marginal financial benefit from a

secondary procurement exercise, there is a need to run a process to ensure openness and transparency in Council business. Therefore, it is recommended a secondary procurement process should be undertaken to be completed by the end of the 2016/2017 financial year.

## **6.0 PREFERRED OPTION AND REASON**

- 6.1 Option 3, signing the TaaS agreement and selecting Spark as the preferred supplier, followed by a secondary procurement process is the preferred option.
- 6.2 The reasons for this being that it provides surety about supply of mobile and landline services at a reasonable rate within the capacity of current resources. But also balances the need for Council to ensure openness and transparency procurement of these services.

## **7.0 IMPLEMENTATION ISSUES**

- 7.1 There are no expected implementation issues with this contract if continuing with Spark services in the interim. Further analysis of the business impact of a change will be taken in to account in the secondary procurement process.

## **8.0 RECOMMENDATION**

- A) That the report of the Business Services Manager titled “Mobile and Landline Telecommunications Service Contract” dated 28 July 2016 be received.**
- B) That Council sign the Memorandum of Understanding to participate in the Government Telecommunications as a Service contract.**
- C) That Spark Digital is selected as the initial panel supplier and to provide mobile voice and data and landline voice services under the contract.**
- D) That a secondary procurement process to establish the most appropriate mobile voice and data, and landline voice services panel supplier to be completed by the end of the 2016/2017 financial year.**
- E) That authority to enter Telecommunications as a Service Contract on behalf of Council be delegated to the Group Manager: Economic Growth and Organisation Improvement.**

### **Attachments:**

There are no attachments for this report.



**HASTINGS DISTRICT COUNCIL  
TENDERS SUBCOMMITTEE MEETING  
THURSDAY, 28 JULY 2016**

**RECOMMENDATION TO EXCLUDE THE PUBLIC**

**SECTION 48, LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987**

THAT the public now be excluded from the following part of the meeting, namely:

- 8. CON2016048 - Village Exchange Project**
- 9. Progress report for the Information Technology (IT) infrastructure and backup solution**
- 10. CON2015063 Hastings Wastewater Outfall Diffuser Replacement - Tender Recommendation**
- 11. Professional Services for the Seismic Strengthening of the Hawke's Bay Opera House and Municipal Building**

The general subject of the matter to be considered while the public is excluded, the reason for passing this Resolution in relation to the matter and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this Resolution is as follows:

<i><b>GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED</b></i>	<i><b>REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER, AND PARTICULAR INTERESTS PROTECTED</b></i>	<i><b>GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF EACH RESOLUTION</b></i>
<b>8. CON2016048 - Village Exchange Project</b>	<b>Section 7 (2) (i)</b> The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). To enable Council to continue negotiations..	<b>Section 48(1)(a)(i)</b> Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.

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|---|--|---|
| <p>9. <b>Progress report for the Information Technology (IT) infrastructure and backup solution</b></p>                     | <p><b>Section 7 (2) (h)</b><br/>The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p><b>Section 7 (2) (i)</b><br/>The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).<br/>The information on the suppliers that have been shortlisted has not yet been made public.</p> | <p><b>Section 48(1)(a)(i)</b><br/>Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.</p> |
| <p>10. <b>CON2015063 Hastings Wastewater Outfall Diffuser Replacement - Tender Recommendation</b></p>                       | <p><b>Section 7 (2) (h)</b><br/>The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p><b>Section 7 (2) (i)</b><br/>The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).<br/>Commercially sensitive material and Contract Negotiations.</p>                                | <p><b>Section 48(1)(a)(i)</b><br/>Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.</p> |
| <p>11. <b>Professional Services for the Seismic Strengthening of the Hawke's Bay Opera House and Municipal Building</b></p> | <p><b>Section 7 (2) (i)</b><br/>The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).<br/>Ongoing negotiations with the Consultants..</p>   | <p><b>Section 48(1)(a)(i)</b><br/>Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.</p> |