

ITEM NUMBER: 18.1

CONFIDENTIAL REPORT

**PURCHASE OF ROAD AND FOOTPATH
SWEEPERS - BUDGET INCREASE
(Report No: 320/20)**

Pursuant to Section 90(2) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:

- b. Information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and would, on balance, be contrary to the public interest.
- k. tenders for the supply of goods, the provision of services or the carrying out of works.

CONFIDENTIAL

Recommendation – Exclusion of the Public – Section 90(3)(b&k) Order

- 1 That pursuant to Section 90(2) of the *Local Government Act 1999* Council hereby orders that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No: 320/20 - Purchase of Road And Footpath Sweepers - Budget Increase in confidence.

2. That in accordance with Section 90(3) of the *Local Government Act 1999* Council is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 320/20 - Purchase of Road And Footpath Sweepers - Budget Increase on the following grounds:
 - b. pursuant to section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is proposing to conduct business and the disclosure of the information could prejudice Council's commercial position in relation to tender submissions.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.

 - k. pursuant to section 90(3)(k) of the Act, the information to be received, discussed or considered in relation to this Agenda Item are related to tenders for the supply of goods being for the supply of one (1) road and one (1) footpath sweeper.

Item No: **18.1**

Subject: **PURCHASE OF ROAD AND FOOTPATH SWEEPERS - BUDGET INCREASE**

Date: 13 October 2020

Written By: Team Leader Asset Management; Manager Field Services

General Manager: City Assets & Services, Mr H Lacy

SUMMARY

Council has approved capital expenditure in the 2020/21 Capital Works Program for the purchase of a new road sweeper and a new footpath sweeper. Tenders were called, however the tender prices are significantly higher than the allocations in the capital works program.

The higher costs have arisen due to more equipment being necessary on each vehicle to meet provisions of the National Heavy Vehicle legislation, lower trade-in valuations than assumed in the budget and higher unit cost for the base machine/truck.

This report seeks Council approval for an increase in the budget allocation in the 2020/21 Capital Works Program to purchase one (1) Road Sweeper and (1) Footpath Sweeper as per the details in the report. The preferred replacement vehicles offer improved operational efficiencies, advanced safety features, and are compliant with National Heavy Vehicle legislation.

Maintenance costs for both machines are high. However in recent years the repair costs for the footpath sweeper have increased significantly due to increased failures. The ongoing maintenance and repairs costs for both machines are expected to increase further due to their high utilisation. It is therefore important that both new machines be delivered as soon as possible despite the capital cost increase to avoid poor service and escalating maintenance and repair costs. The annual savings in repair costs will offset the extra capital cost.

RECOMMENDATION

1. **That Council:**
 - a. **approve an increase in budget allocations within the 2020/21 Capital Works Budget for the following:**
 - i. **an increase of \$45,689 (excl GST) to replace Council's current Footpath Sweeper; and**
 - ii. **an increase of \$55,120 (excl. GST) to replace one of Council's current Road Sweepers.**

- b. note the increases will be included in the 2020/21 Capital Works Budget at the Q1 Budget Review.

RETAIN IN CONFIDENCE - Section 91(7) Order

- 2. That having considered Report No. 320/20 - Purchase of Road and Footpath Sweepers – Budget Increase in confidence under section 90(2) and (3)(b&k) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that the report, discussion and minutes relevant to this item be retained in confidence for a period of 18 months and the Chief Executive Officer is authorised to release the documents when the purchase order is issued to the successful tendered and that this order be reviewed every 12 months.

COMMUNITY PLAN

Placemaking: Developing walkable connected neighbourhoods
Economy: Harnessing emerging technology
Environment: Using resource efficiently
Culture: Enabling high performance
Culture: Supporting excellent, efficient operations

COUNCIL POLICY

Procurement Policy
Disposal Policy
Plant and Equipment Asset Management Plan

STATUTORY PROVISIONS

National Heavy National Law (SA) Act 2013 and Regulations (2013)

BACKGROUND

Council owns and operates two (2) in-house road sweepers and an in-house footpath sweeper.

Road and footpath sweeping is a key component of Council’s service delivery and assists in preventing blockages of the stormwater system and release of leaf material and other pollutants to the ocean. These services are delivered using high use, high criticality heavy vehicles with the road sweeper running on average around 10 hours per weekday and 4 hours per day on weekends. The footpath sweeper runs for around 10 hours per day Monday to Friday.

Maintenance costs for the both machines are high, however in recent years, the maintenance and repair costs for the footpath sweeper have been increasing significantly. Due to the maintenance downtime, the availability of the machine has been decreasing and services have been reduced as a result. It is now essential that the footpath sweeper be replaced by a more reliable machine.

The road sweeper has seen an increase in maintenance costs with an increase in failures due to age and usage. It is also essential that it be replaced before service costs escalate and reduced availability impacts on services.

Both machines were included in the 2020/21 Plant Replacement Program for replacement. The program included forecast replacement costs and forecast trade-in values.

In order to progress the replacements, tenders were issued through Vendor Panel on 4 August 2020 and closed on 25 August 2020 for supply and delivery of one (1) 14.5t Road Sweeper and one (1) 4.5t Footpath Sweeper. Both were functional like-for-like replacements of existing sweepers, although regulations and model changes have resulted in upgrades to the tendered machines.

An evaluation team undertook a value based assessment of the tender responses including compliance with specification, safety features, compliance with National Heavy Vehicle regulations, maintenance and service backup, forecast operating costs and operator comfort.

All quoted prices for both vehicles significantly exceeded the budget allocation in Council's capital works program. The evaluation committee has recommended that Council purchase replacement machines tenders which are priced in the mid-range of tendered prices as these represented the best value for money. There were no tender prices which were within Council's budget price range.

This report seeks council's approval for budget increases for both purchases as outlined below so that cost effective, high quality services can be maintained.

REPORT

Road Sweeper

The preferred new road sweeper is a Bucher Johnson VT652 road sweeper mounted on a Hino truck cab/chassis. Supply lead time is approx. 3 months.

The evaluation committee has recommended that the following optional extras be included to ensure compliance with National Heavy Vehicle requirements and safety performance:

- Advanced safety features including parking sensors and surround cameras;
- Digital Scale (requirement of NHV);
- GPS monitoring system including brush sensors and operational improvement reporting; and
- Top mounted boom.

The cost of the new sweeper (with options listed above) is \$355,120 (excl GST) which after trade-in of \$110,000, exceeds our current budget by **\$55,120**.

The recommended road sweeper represents good value, has proven reliability, low life cycle costs, improved safety and compliance, and has lower operational costs. After sales service offered by tenderer includes the provision of a mobile mechanic meaning less time in transport to another site for repair and ultimately, less time off the road. The new sweeper, unlike our current sweeper, meets the requirements of the National Heavy Vehicle Regulator.

This is a high use, high criticality heavy vehicle which provides an essential service to the City. It is estimated that the road sweeper runs for 10 hours per weekday and 4 hours per day on weekends.

The machine was originally acquired in 2015.

Footpath Sweeper:

The recommended footpath sweeper is a Bucher C202 Footpath Sweeper. Lead time is approximately 4 months.

It is also recommended that the following optional extras be included:

- Advanced safety features including parking sensors and surround cameras;
- GPS monitoring system including brush sensors and operational improvement reporting;
- Blower Holder;
- Spare Wheel Front and Rear; and
- Rear directional LED light bar.

The cost of the new footpath sweeper (with options listed above) is \$186,689 (excl GST) with a trade-in value of \$22,000. The net cost of \$164,689 (excl GST) exceeds our budget of \$119,000 (excl GST) by **\$45,689**. Refer Table 1 below.

The preferred footpath sweeper presents better reliability, low life cycle costs, improved safety, compliance, extended warranty, and operational efficiencies. Again, the after sales service offered by the tenderer includes the provision of a mobile mechanic meaning less time in transport to another site for repair and ultimately, less time off the road.

The trade in value offered for the old footpath sweeper was less than Councils budget by \$8,000.

This is a high use, high criticality heavy vehicle. It is estimated that the footpath sweeper runs for 2,520h per year (around 10 hours per day Monday to Friday).

The machine was originally acquired in 2016.

Summary

These are two of Holdfast most heavily used and critical vehicles, which provide important service to Council and benefits to the community ensuring roadways and footpaths are kept clean and free of debris. The improvements gained through replacing these vehicles with the described models will achieve better results for operational costs and community service delivery. Improvements in safety, innovation, and performance align well with Holdfast's strategic goals.

Should the purchase not be approved, dry hire will need to be sourced for Footpath Sweeper downtime for the remainder of the financial year, with a cost estimate of \$74,088 for the 9 month period October 2020 to June 2021. An updated budget would then be required in 2021/22 financial year.

Both current machines were originally purchased in 2015.

BUDGET

The differences between budget allocation and tendered prices are presented in Table 1 below.

Table 1 – Budget vs Tendered Cost

Item	Street Sweeper		Footpath Sweeper	
	Budget	Tender Price	Budget	Tender Price
Purchase Price	\$260,000	\$355,120	\$149,000	\$186,689
Trade In	-\$70,000	-\$110,000	-\$30,000	-\$22,000
Net Total	\$190,000	\$245,120	\$119,000	\$164,689
Budget Shortfall		\$55,120		\$45,689

The total increase in budget sought is therefore \$100,809 (excl GST), being \$55,120 for the street sweeper and \$45,689 for the footpath sweeper.

If the additional capital cost requested are borrowed and repaid over the estimated 5 year life of the machines, the additional finance cost would be \$21,700 pa (including interest and principal) and additional depreciation costs would be \$20,160 pa giving a total annual increase in operating cost of \$41,860 pa.

This compares to the recent breakdown maintenance costs of around \$54,800 in the past 12 months.

LIFE CYCLE COSTS

It is anticipated additional capital and depreciation costs will be offset with a reduction in vehicle maintenance, downtime and operational efficiencies which will result from vehicle tracking and lower fuel costs.