

A guide for suppliers of goods and services

Contents

Introduction	3
Background	3
General Information	3
Procurement Procedures	4
Procurement Policy	4
Council Ordering.....	5
Council order numbers	5
Conditions of order	5
Tenders and Supplier Selection	6
Public Request for - Proposal (RFP,) Tender (RFT)	6
Closed Tenders/RFP's.....	6
Authorised Suppliers.....	6
Supplier Evaluation Process.....	7
Lowest Conforming Price	7
Weighted Attributes.....	7
Registration of Interest (ROI) or Request for Expression of Interest (REOI)	8
Successful Respondent	8
Unsuccessful Respondents.....	8
General Supply	8
New Suppliers to Hamilton City Council	9
Buy Local Policy	10
Policy	10
Guidelines	10
Transfund.....	Error! Bookmark not defined.
Other requirements.....	11
Insurance	11
Environmental Policy	11
Hamilton City Council Annual Plan.....	12
Conclusion	12
For further information contact	12

Introduction

Hamilton City Council recognises the need to utilise local suppliers where possible and in doing so transfers those benefits to the local economy and promotes economic development. Council is also conscious of the need to identify the most effective and efficient suppliers to ensure best value for its ratepayers.

This document has been developed to assist local suppliers (both current and prospective) to better understand how to transact business with Council and meet Council requirements.

Background

Council is committed to creating a growing, vibrant and safe city with services and facilities that meet the varied needs of Hamilton residents.

Our Vision:

Vibrant Hamilton,

Pride of the Waikato, Achieving for New Zealand,

Investing in our people, Creating prosperity, Protecting our future.

Our Mission:

Making a difference by focusing on our customers, developing a strong motivated workforce and incorporating our values in the way we work.

General Information

The organisation is made up of six groups:

- Communication and Marketing
- Community Services
- Corporate
- Environmental Services
- Strategic
- Works and Services

Within the groups there are 21 units providing facilities such as roads, traffic control, city walkways, street lighting, water treatment, wastewater treatment, drainage, refuse collection, recycling, community buildings, pensioner housing, parks and gardens, swimming pools, libraries, museum, artspost, theatres, zoo, sports grounds, stadiums, cemeteries, building control, animal care and control, environmental health, transport centre, sustainable environment, and emergency management.

Procurement Procedures

Procurement Policy

Council operates a decentralised purchasing system. This means that individual units within the Council are able to purchase goods and services relevant to their unit.

Individual units have the ability to purchase within their financial delegated authority. 'Delegated Authority' means certain individuals within the organisation have authority to sign off purchases/contracts up to a pre-designated financial value depending on their level of seniority. Contracts over \$500,000 in value are required to be approved by the Council's Contracts Sub-committee.

Council's Purchase Order and Work Order 'Terms and Conditions' cover smaller value goods and services supplied to individual units.

- A Purchase Order or Work Order must be issued for all goods and services. This includes all goods provided to Council on extended trial or demonstration.
- Contracts for goods and services up to an annual value of \$9,999 require a minimum of one written quote to be obtained (although three (3) prices, are recommended).
- Contracts up to an annual value of \$100,000 require a minimum of three (3) prices to be obtained in writing, except when engaging an 'Authorised Supplier'.
- An authorised supplier is one that has been fully evaluated through a formal selection process. An individual written contract will be in place and the relationship will be subject to regular formal reviews. Normally an Authorised Supplier will be the sole supplier to the Council of a particular good/service.
- Contracts with an annual value of \$100,000 or more are normally required to undergo a public tender process. An exception may occur when engaging an 'Authorised' supplier provided that:
 - the supplier was appointed following a public tender process for the same service and supply and;
 - that supplier demonstrates 'best value' for money over the whole of life of the service and supply and is actively monitored.

Most goods and services purchased by Council are obtained through suppliers that have written agreements (or contracts) with the Council. Agreements are generally established as a result of a Tender.

Council Ordering

Council order numbers

Council has an electronic ordering system. All goods and/or services supplied to the Council require an official Council purchase order or work order. This order number must be quoted on all correspondence and invoices to ensure prompt payment.

When goods or services are supplied without an official order number, Council may refuse to accept liability. The onus is on the supplier to ensure a purchase order or work order number is provided prior to the delivery of goods or services.

Conditions of order

Suppliers should make themselves familiar with the Council's Standard Conditions of Order, which are available in the 'New Suppliers Pack', or from staff in accounts payable. Suppliers who do not have an individual contract with Council will be required to sign Council Purchase Order and Work Order terms and conditions.

Tenders and Supplier Selection

Public Request for Proposal (RFP) or Request for Tender (RFT)

Note: Hereafter referred to as 'tender/s'

Tenders are issued by the Council generally cover two major categories:

- Supply of Goods and/or Services
- Physical Works e.g. Construction and Roothing

The Council normally advertises its public tenders (those with a value >\$100,000) on the 'Local Government On-line' website www.lgtenders.co.nz generally with a small advertisement directing respondents to the Local Government website in the *Waikato Times* and from time-to-time in the *NZ Herald* on either a Saturday or Wednesday.

Suppliers are encouraged to register with Local Government On-line as this gives access to not only HCC tenders but also to many other New Zealand Local Government tender documents.

By using Local Government On-line respondents who are registered are notified by automated email when a tender has been published in their business interest area. Once the tender document has been downloaded by the supplier they are notified immediately of any amendment to tender and are able to ask questions and receive a response through the tender forums.

Usually proposals are required to be delivered to a locked tender box, located at the Council's Municipal Offices, Garden Place, Hamilton. The box is positioned in the centre of the ground floor reception area. Proposals received after the stated closing time and date will not be accepted. From time to time tenders may be required to be delivered to an alternative address. This will be clearly stated on the tender document.

Closed Request for Proposal (RFP) or Request for Tender (RFT)

A closed tender is not advertised publicly. Rather the tender document will be uploaded onto the Local Government On-line website; HCC will nominate the suppliers it wishes to invite to respond and they will be notified by automated email by Local Government On-line that the tender is available to download. A closed tender is generally undertaken where the tender is < \$100,000. It is usual practice for all current suppliers to Council plus other acknowledged experts for a given category, to be offered an opportunity to respond.

The rules regarding all other aspects of the closed process are the same as those for a public tender.

Authorised Suppliers

When Council goes out to either Public or Closed Request for Proposal, or Request for Tender, there is a fully auditable evaluation process. The successful respondent is then considered an authorised supplier for that category of spend. Rarely is a supplier given exclusive right to a category, but the authorised supplier will likely be given first option to provide the goods/service. Council retains the right to benchmark its suppliers to ensure competitive pricing and effective service.

Authorised suppliers will negotiate and complete a Council contract: the NZS 3910:1998 for engineering-related contracts or either the HCC Service, Maintenance, or Goods Contract.

Supplier Evaluation Process

Council's method of evaluating suppliers is dependent on the value of the good/service, the service/skill level expected or the duration of the contract. The most commonly used methods are described below.

Lowest Conforming Price

Where the complexity of Council's requirements are low, and where there is an extremely well defined scope, Council will select on lowest conforming price.

Weighted Attributes

Where the scope of the supply is complex, weighted criteria will be used. The criteria are determined by the key requirements that Council has for each good or service. They can include but are not restricted to:

Price – Competitive pricing.

Delivery – Ability to deliver in full, on time, in specification (IFOTIS)

Supplier capacity/infrastructure – Ability and resources available to provide the good/service to meet all Council's expectations.

Management Skills – Quality of management at all levels of the organisation and relevant experience.

Track Record – has the organisation undertaken work for Council in the past and what was their reputation.

Quality Assurance – Products and services must meet stated specifications and quality standards. Council has ISO 9000 series accreditation and expects their suppliers to have equivalent quality assurance mechanisms in place.

Transaction and Administration – The Council expects correctly priced, accurate and timely consolidated invoicing, clearly referencing the Council's order number.

Technical Skill/Knowledge – Expertise within the supplier's specialist field, qualified staff, training resource.

Total Cost of Ownership Philosophy – Unit cost is only one aspect of doing business with a supplier. Council expects their suppliers to proactively identify opportunities that bring continuous improvement/innovation to the account, reducing costs for both parties.

Performance Measurement – Council will measure the effectiveness of its contracted suppliers through agreed key performance indicators and review mechanisms. Suppliers are expected to be able to provide reporting that tracks performance measurements i.e. credits, back orders, spend, IFOTIS delivery.

Health and Safety – Council is committed to maintaining Health & Safety policies and procedures, which protect the health and ensure safety of its entire staff, visitors, contractors and the public who may be affected by its activities. Suppliers are required to conform to, or exceed Council's Health & Safety policies.

Environmental – The overall environmental performance of your company will be taken into consideration.

Compliance to Legal Considerations – e.g. Health & Safety in Employment Act 1992, The Fair Trading Act 1986 etc.

Registration of Interest (ROI) or Request for Expression of Interest (REOI)

From time to time, Council may wish to acquire information from the market, either because it has insufficient knowledge regarding a specialised area or it wishes to build a database of suppliers capable of providing a particular service for future reference. This method can also be used where there are many suppliers in the market place and Council may use this mechanism to shortlist the most qualified suppliers. The successful respondents may then be invited to compete in the full Request for Proposal or Tender process.

The evaluation of ROI/REOI follows a similar weighted criteria analysis as described for weighted attributes above.

Successful Respondent

The successful respondent is notified in writing. Council reserves the right to negotiate with this supplier with the view to finalising contract arrangements

Unsuccessful Respondents

All unsuccessful respondents are notified formally and given constructive feedback and attribute results if requested.

General Supply

Council has a comprehensive database of suppliers who already supply the Council. In the first instance Council will look to these suppliers to provide a required good or service. Depending on the value of the requirement, the procurement policy determines the process to be followed (refer section Procurement Policy). A purchase or work order is then issued to the supplier.

Only where there is no current provider within the database or a new supplier can provide a better or more cost effective goods/service will Council select a new supplier.

New Suppliers to Hamilton City Council

The relevant Council unit is responsible for providing application information to new suppliers. Council provides a 'New Suppliers Pack' to all new suppliers of goods or services, which comprises:

Application to Establish a New Supplier

This form provides all relevant details required for the Accounts Payable Department to set up a supplier in the Council database. This form is completed either by the unit requesting the application or by the new supplier.

Council Purchase Order and Work Order Terms and Conditions

These forms state the terms and conditions associated with a Council purchase or work order. The supplier must read and return a signed copy to Accounts Payable. Council will not enter into negotiation regarding these terms.

Application for Credit

Due to the large number of requests received, Council has compiled a standard application for credit form. Payment for authorised purchases is guaranteed through the security of rates (as the right to charge rates is provided under law); hence Council will not accept any alternative supplier application for credit form. No credit references or personal guarantee will be supplied.

Buy Local Policy

Council has adopted a policy of active preference to local firms for the supply of goods and services, subject to meeting all other relevant supply evaluation criteria.

Policy

The Buy Local hierarchy table for the supply of goods and services is as follows:

- i) Hamilton City manufactured and supplied
- ii) Hamilton City supplied but manufactured elsewhere in the Waikato*
- iii) Waikato manufactured and supplied
- iv) Waikato supplied but manufactured elsewhere in New Zealand
- v) New Zealand manufactured and supplied
- vi) New Zealand supplied and manufactured overseas
- vii) Overseas manufacture and supplied

* 'The Waikato' is defined as:

- Waikato District
- Waipa District
- Matamata Piako District
- South Waikato District
- Otorohanga District
- Waitomo District

Where legally possible and when tenders/quotations/prices are otherwise similar on quality attributes and within a margin of 5% on the best price offered, Council will give preference to suppliers who fit within categories i) and ii) of the hierarchy table for supply contracts.

When suppliers are equal on quality attributes, preference will be given to the supplier highest on the hierarchy table.

Guidelines

Consideration will be given to those businesses that operate within Hamilton City and the Waikato and the extent to which they provide employment.

In determining whether a good/service is supplied in Hamilton/Waikato, consideration will be given to where the sales and support staff are based.

In determining whether a product is 'manufactured/resourced' in Hamilton/Waikato Region, consideration is to be given to the extent that 'value' is added to the product i.e. if only minor final assembly is performed locally then it would not be considered to be locally manufactured.

Land Transport New Zealand (LTNZ)

Where LTNZ subsidy is involved, the Buy Local Policy does not apply.

Other requirements

Insurance

Dependent on the service being provided, you may be required to hold specific insurance cover:

- a) Public Liability Insurance for a minimum value of \$2,000,000
- b) Professional Indemnity Insurance for a minimum value of \$1,000,000
- c) Contractors Insurance up to the value of the contract,

or such other insurance cover or sum reasonably required or approved by Council. Your insurer would complete Council's standard insurance certificates for the specified insurances, if required.

Environmental Policy

In accordance with Council's Environmental Policy and in particular Council's Environmental Purchasing Guidelines, goods and services supplied must meet high environmental standards in their production and operational performance.

Suppliers need to provide evidence of sound environmental management appropriate to the scale and nature of their organisation.

Hamilton City Council Annual Plan

Council's Annual Plan lists the projects and programmes that Council is proposing to undertake for the year. Copies are available from the Municipal Building, Garden Place, Hamilton, or Hamilton Libraries.

Conclusion

This document has been developed to inform current and prospective suppliers about how Council transacts business when sourcing goods and or services. Council encourages local suppliers to use this document to better understand Council's procurement policies and requirements, and to assist you in doing business with Council.

For further information contact

Hamilton City Council

Municipal Offices

07 838 6699