

Gisborne District Council Bus Tender (Contract EW12/11)

Tender Evaluation Report

1. This tender is for the Gisborne city bus service. It does not include the school services, which are provided under a separate contract.
2. Current services are provided by Waipawa Buses (trading as Red Bus Service).
3. The current gross annual cost of providing bus services in Gisborne is approximately \$320,000. GDC has recently reviewed its services and has decided to make some substantial changes to the service, and therefore the RFT proposes new routes and timetables.
4. The tender asked for two prices – one for a service provided by small buses (seating less than 33 passengers), and one for a service with large buses (seating 33 or more passengers). This is to allow GDC to decide which buses it wishes to have provide the service (GDC is leaning towards using smaller buses but wishes to see if there is any financial implications of doing so).
5. The tender was advertised on 3 November 2012.
6. Initially it was proposed that tenders would close on 30 November 2012. However this was extended (by notice to tenderers) to 23 January 2013
7. The contract start date was also extended, and is now 2 September 2013. The contract is for an initial term of six years, with an extension of another three years subject to the key performance indicators contained in the RFT being met.
8. Two variations to the RFT were issued to all those who had been sent the tender documents.
9. The tender is a gross price tender.
10. The price estimate used in the tender evaluation is \$320,000 (based on the current cost of running the service).
11. Tenders were received from five companies – Waipawa Buses Ltd (trading as Red Bus Service), Hindmarsh Bus Company Ltd, Go Bus Transport Ltd, Nimon and Sons Ltd, and Madge Coachlines Ltd (2 tenders). No late tenders were received.
12. The tenders were to be evaluated using the price/quality supplier selection method. Price comprised 65% of the evaluation, and non-price 35%.
13. The tender evaluation team comprised Darren Cox (GDC Engineering Officer) and Brian Baxter (a public transport consultant and NZTA approved tender evaluator).
14. All tenders complied with the mandatory requirements.
15. All companies submitted conforming tenders. Before the non-price components of the tenders were evaluated the following actions were taken:
 - a. As Waipawa did not provide a small bus tender as had been requested in the RFT, they were asked to provide one. They declined, indicating they wished to use the large buses they currently use on the service.
 - b. Go Bus were asked for more information on the buses they proposed to use. This information was supplied.
 - c. Madge submitted what it called an alternative large bus tender. However the tender was in reality simply a second tender (using vehicles of different ages to that proposed in its first tender). This tender was not considered to be an alternative tender, and the evaluation framework was considered able to take into account the differences in

vehicle ages. Therefore the two Madge tenders were deemed to be ordinary tenders, and were evaluated as such.

- d. Consideration was given to evaluating the vehicle quality component of the small bus and large bus proposals separately. However as each tenderers small bus proposal largely mirrored its large bus proposal (in terms of vehicle quality) this was not considered necessary.
16. The non-price evaluation of the six tenders was undertaken. Go Bus received the highest points. Go Bus is a very experienced bus company, and is the current provider of urban services in Hamilton, Tauranga, Napier/Hastings and Christchurch. Go Bus propose using modern vehicles and operates a depot in Gisborne for its school bus contracts. It was noted that only three of the tenderers (Waipawa, Hindmarsh and Go Bus) have depots in Gisborne, and this was reflected in the scoring. Madge ranked second in quality, having less experience than Go Bus, but offering good vehicles (although the Madge alternative ranked lowest because of its poor quality vehicles). The incumbent operator, Waipawa Buses, ranked third in quality points. This was partly because of the lower quality vehicles proposed to be used by Waipawa Buses, and partly because of some problems (mostly vehicle related) Waipawa has experienced in providing the current service. Apart from the Madge alternative tender, Hindmarsh ranked lowest. This was because of its lack of experience in providing urban services (although this was partly off-set by its "buddy" arrangement with experienced Rotorua operator Reesebys).
17. The outcome of the allocation of the non-price points for large buses was that Go Bus had the highest supplier quality premium, with a margin of up to \$17,232 over the other tenderers. This was considered to be an appropriate margin given its much greater level of experience.
18. The outcome of the allocation of the non-price points for small buses was that Go Bus had the highest supplier quality premium, with a margin of up to \$15,265 over the other tenderers. Again, this was considered to be an appropriate margin given the much greater level of experience of Go Bus.
19. No attempt was made by the evaluating team to compare the merits of using small buses against those of using large buses. GDC was interested in assessing if there were cost savings of using smaller buses than those currently used on the service, and the tender does highlight this (see below). But the ultimate decision regarding which size bus to use will be made by GDC.
20. The price envelopes were then opened. It was noticed at this stage that Madge had supplied a price for a second alternative tender, although no details of this tender were contained in the non-price information. We rang Madge and questioned them about this. They indicated that they made a mistake including this price, saying they had originally intended to provide a second alternative but had then decided not to, but had forgotten to take the second price out of their tender.
21. The price to be used in the evaluation was to be based on a combination of the proposed contract price and the proposed variation price (the variation price was calculated by multiplying the per-km price supplied by the tenderers multiplied by the annual kilometres of the services).
22. Two separate analyses were undertaken – one for the large bus tenders (of all six large bus tenders received) and one for the small bus tenders (of the four small bus tenders received). The two analyses differed only for each tenderer in regard to the quality of the vehicles proposed to be used.
23. **The evaluation shows that the preferred large bus tender is the tender from Go Bus at a price of \$225, 941.** While this was not the lowest priced large bus tender (the lowest was the Madge

“alternative tender”), the extra quality of the Go Bus tender (being the better vehicle standard, the lower variable rate, and greater Gisborne and national experience) resulted in it being the preferred tender.

24. **The evaluation shows that the preferred small bus tender is the tender from Go Bus at a price of \$217,776.** This was the lowest priced and the highest quality small bus tender.
25. Overall the results indicate that the best value tender is the small bus tender from Go Bus. It is noted that the cost saving of using smaller vehicles is approximately \$8,000 per year.
26. The RFT also asked for prices for installing cycle racks and electronic ticketing machines on the vehicles. The RFT asked that these be priced separately as they were considered one-off rather than recurring costs. The RFT identified GDC’s preferred cycle rack and not surprisingly therefore the prices from each tenderer were similar. All tenderers indicated that they proposed to lease electronic ticketing machines and that the cost of this was included in their tender prices. Thus the tendered prices for these two items had no impact on the overall tender evaluation outcome. The Go Bus price for the cycle racks was **\$5,000** (this amount needs to be added to the contract price when budgeting in year one). No additional costs need be allowed for the electronic ticketing machines.
27. A sensitivity analysis was undertaken. It shows that if all tenderers were awarded the same quality points, the winner of the large vehicle evaluation would have been the Madge alternative tender (\$14,000 ahead of the next best, which was the Go Bus tender). For the small bus evaluation, Go Bus would still have won if all tenderers had received the same points. Overall the lowest tender would have been the Madge large bus tender. However the small extra price paid for the Go Bus tender is considered to be excellent value for money given Go Bus’s far better vehicle quality, better experience in providing urban bus services, and its local presence/experience in Gisborne.
28. The preferred tender is below the estimated price (which was difficult to estimate because of the proposed substantial change in service levels) and below the current contract price, and as such is considered to be good value for money.

Darren Cox
Engineering Officer
Gisborne District Council
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Brian Baxter
Transport Consultant
NZTA Approved Evaluator
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