

19.3 PROJECT DELIVERY GROUP - DELEGATED AUTHORITY TO CHIEF EXECUTIVE OFFICER FOR AWARD OF CONTRACTS OVER \$2M FOR FINANCIAL YEAR 2019-2020

Objective Reference:

Authorising Officer: Peter Best, General Manager Infrastructure & Operations

Responsible Officer: Anthony Burrows, Group Manager Project Delivery

Report Author: Stefanie Taylor, Tender and Contracts Officer
Nivedita Patel, Senior Tender and Contracts Officer

Attachments: Nil

The Council is satisfied that, pursuant to Section 275(1) of the *Local Government Regulation 2012*, the information to be received, discussed or considered in relation to this agenda item is:

(e) *contracts proposed to be made by it.*

PURPOSE

The purpose of this report is to request that Redland City Council (Council) resolves as follows:

- To delegate authority to the Chief Executive Officer (CEO) to make, vary and discharge contracts associated with the individual projects detailed in Table 1 of this report, which may total more than \$2,000,000 (including GST), in financial year 2019-2020.
- To approve funding identified for the Moreton Bay Cycleway (Stage 2) project in the financial year 2020-2021 Capital Works Program, to enable Council to enter into a contract during financial year 2019-2020 for all Moreton Bay Cycleway Stage 2 project works, thereby resulting in contracting efficiencies to Council.

Table 1 – Proposed Contracts over \$2M for financial year 2019-2020

Project Number	Project Name	Capital Works Budget (2019-2020)
PDG-43594-1	Thornlands Community Park (Stage 2A) – Thornlands	
PDG-43715-1	Moreton Bay Cycleway Stage 2 (School Road to Point O’Halloran Road) – Victoria Point <ul style="list-style-type: none"> • financial year 2019-2020 • financial year 2020-2021 (forecast identified funding) 	
40519	Roads - consisting the following programs: <ul style="list-style-type: none"> • 40519 Roads to Recovery • 40723 Car park Resurfacing • 41634 Resurfacing Program • 42612 Roundabout Rehabilitation Program • 42750 Regional Road Alliance Program 	

Approving the delegation sought prior to the completion of the tender evaluations will assist Council by reducing Project Delivery Group (PDG) procurement timeframes, as the tender evaluation outcomes would not be dependent on Council meeting dates and resolution timeframes.

Award of potential contracts would be expedited to the CEO for consideration and approval, once relevant internal stakeholders have reviewed and endorsed applicable contract documentation.

BACKGROUND

Procurement for these projects will be undertaken in accordance with section 228 *Tender process* of the *Local Government Regulation 2012*, and Council's Corporate Policy POL-3043.

Council has invited tenders from the open market for the supply, delivery and construction of PDG-43594-1 Thornlands Community Park (Stage 2A) at Thornlands. The tender was advertised in the Redland City Bulletin on Wednesday 10 July 2019 and Courier Mail on Saturday 13 July 2019 and closes on Thursday 22 August 2019.

All other project tender activity is under development.

ISSUES

Should Council decide not to delegate authority to the CEO, it will result in procurement time delays which could lead to additional time based costs to Council and delays to project commencement and completion.

As the Caretaker Period is in effect from January 2020 to April 2020, any delays during project (planning to procurement) will result in further disruptions to contract award and project delivery commencement, if the recommendations in this report are not adopted.

STRATEGIC IMPLICATIONS

Legislative Requirements

Procurement for these projects is being undertaken in accordance with section 228 Tender process of the *Local Government Regulation 2012*, and Council's Corporate Policy POL-3043 Corporate Procurement, which establish clear standards for financial management. The procurement proposition outlined in this report does not put Council at risk of non-compliance.

Risk Management

Non delivery or deferral of project budget could put Council at risk of not meeting the funding agreement with Department of Transport and Main Roads (DTMR) for PDG-43715-2 Moreton Bay Cycleway Stage 2 (School Road to Point O'Halloran Road).

Non delivery or deferral of other scheduled projects may also put Council at risk of carrying over projects into financial year 2020-2021.

Appropriate Corporate Scorecard Financial and Performance Assessment reports will be sought to ensure shortlisted tenderers have financial capacity to undertake the contracts. Council's risk of liability and measures will also be taken to mitigate identified risks.

Risk mitigation will also include two contractor bank cheques/bank guarantees and a Council appointed superintendent to validate payment claims and contractor performance.

Financial

The Coordination Committee Meeting Minutes dated 23 October 2013 recommended that, under Section 257 of the *Local Government Act 2009*, Council delegate authority to the CEO, power to authorise expenditure on behalf of Council up to \$2,000,000.00 if the expenditure is:

- a) in accordance with all legislative requirements;
- b) in accordance with all policy requirements; and
- c) is funded from Council's approved annual budget.

The estimated total contract amount for these projects may exceed \$2,000,000.00 including GST, which is above the CEO's financial delegation limits and conditions, and therefore requires submission to Council for approval.

People

There are no implications.

Environmental

There are no implications.

Social

There are no implications.

Legal

There are no legal implications.

Alignment with Council's Policy and Plans

This report is in line with Council's Procurement Policy and legislative requirements.

The outcomes of recommendations in this report are supported by Council's Corporate Plan 2018-2023 vision outcome areas:

2. Green Living (2.5);
3. Embracing the bay (3.4 and 3.5);
5. Wise Planning and Design (5.1);
7. Strong and Connected Communities (7.1 and 7.2); and
8. Inclusive and ethical governance.

CONSULTATION

Consulted	Consultation Date	Comments/Actions
Service Manager Project and Contractor Management Unit	23 July 2019	Reviewed draft report and provided budget assistance
Program Manager Infrastructure & Operations	24 July 2019	Budget figures for financial year 2019-2020 and financial year 2020-2021 as well as discussed delegation to CEO as proposed contracts may exceed \$2m
Senior Projects Coordinator Civic & Open Space Asset Management	24 July 2019	Discussed draft report requirements
Group Manager Project Delivery Group	26 July 2019	Reviewed draft report and provided budget assistance
Group Manager City Infrastructure Group	14 August 2019	Reviewed report
Business Partnering Unit	6 August 2019	BPU provided CAPEX budget information
Legal Services	9 August 2019	Reviewed report

OPTIONS

Option One

That Council resolves as follows:

1. To delegate authority to the Chief Executive Officer, under s.257(1)(b) of the *Local Government Act 2009*, to make, vary and discharge contracts associated with the individual projects detailed in Table 1 of this report, which may total more than \$2,000,000 (including GST), in financial year 2019-2020.
2. To approve funding identified for the Moreton Bay Cycleway (Stage 2) project in the financial year 2020-2021 Capital Works Program, to enable Council to enter into a contract during financial year 2019-2020 to include all Moreton Bay Cycleway Stage 2 project works, thereby resulting in contracting efficiencies to Council.
3. That this report remains confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

Option Two

That Council resolves as follows:

1. To not approve funding in advance of the final budget approval for financial year 2020-2021 and not delegate authority to the Chief Executive Officer to enter into a contract in accordance with Financial Delegations.
2. To not delegate authority to the Chief Executive Officer to negotiate, make, vary and discharge the contracts as listed within Table 1 of this report and all associated documentation which may exceed \$2,000,000 (including GST).
1. That this report remains confidential, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

OFFICER'S RECOMMENDATION

That Council resolves as follows:

1. **To delegate authority to the Chief Executive Officer, under s.257(1)(b) of the *Local Government Act 2009*, to make, vary and discharge contracts associated with the individual projects detailed in Table 1 of this report, which may total more than \$2,000,000 (including GST), in financial year 2019-2020.**
2. **To approve funding identified for the Moreton Bay Cycleway (Stage 2) project in the financial year 2020-2021 Capital Works Program, to enable Council to enter into a contract during financial year 2019-2020 to include all Moreton Bay Cycleway Stage 2 project works, thereby resulting in contracting efficiencies to Council.**
3. **That this report remains confidential until the contract is awarded and details published in accordance with legislative requirements, subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.**