



Redland
CITY COUNCIL

MINUTES

SPECIAL MEETING

**Wednesday 17 September 2008
commencing at 9.00am**

**Council Chambers
1st floor Administration Building
Bloomfield Street Cleveland. Qld 4163**

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1 DECLARATION OF OPENING

The Mayor declared the meeting open at 9.00 am.

2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE**MEMBERS PRESENT:**

Cr M Hobson PSM	Mayor
Cr T Bowler	Deputy Mayor and Councillor Division 6
Cr W Boglary	Councillor Division 1
Cr C Ogilvie	Councillor Division 2 entered at 9.01 am
Cr P Dowling	Councillor Division 4
Cr B Townsend	Councillor Division 5
Cr M Elliott	Councillor Division 7
Cr K Reimers	Councillor Division 8
Cr H Murray	Councillor Division 10

EXECUTIVE LEADERSHIP GROUP:

Mr G Stevenson	Chief Executive Officer
Mr R Turner	General Manager Corporate Services
Mr G Underwood	General Manager Planning and Policy
Mr G Soutar	General Manager Redland Water and Waste
Mr L Smith	Acting General Manager Customer Services

COUNCIL OFFICERS:

Mr B Lewis	Manager Corporate Acquisitions, Fleet & Facilities
Mr A Blacklock	Supply Chain Manager
Ms G Widrose	Contracts Manager
Mr J Frew	Acting Manager Operations and Maintenance

MINUTES:

Mrs J Thomas	Corporate Meetings and Registers Team
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APOLOGY

Cr D Henry	Councillor Division 3
Cr K Williams	Councillor Division 9

3 DECLARATION OF MATERIAL PERSONAL INTEREST ON ANY ITEMS OF BUSINESS

Nil

4 BUSINESS

4.1 REPORT FROM CORPORATE SERVICES

4.1.1 SUPPLY OF ELECTRICITY TO STREET LIGHTS IN SOUTH EAST QUEENSLAND – CONTRACT 1194-2008 OPM – DELEGATED AUTHORITY

Dataworks Filename: Gov Delegations - Contracts

Responsible Officer Name: Brian Lewis
Manager Corporate Acquisitions, Fleet & Facilities

Author Name: Gail Widrose
Contracts Manager

EXECUTIVE SUMMARY

Deregulation of retail electricity supply for street lighting in the Energex distribution area of south east Queensland occurred on 1 July 2008 resulting in the energy supply for street lighting for Redland City Council increasing from \$1.5 million to \$2.6 million per annum for its 13,600 streetlights.

In accordance with section 484(1) of the *Local Government Act 1993*, Local Buy Pty Ltd publicly called for tenders for a Standing Offer Arrangement for Dept of Main Roads (SEQ area), Sunshine Coast, Moreton Bay, Redland, Ipswich, Gold Coast, Logan, Scenic Rim, Lockyer Valley, Somerset and part of Gympie Councils for the retail supply of electricity for street lighting.

Tenders closed on 8 September 2008, with 4 tenders submitted - one was non-conforming.

The uncertainty around the emissions trading provision regarding carbon trading issue (recent Federal Government position on this matter that will come into effect in year 3 of this Contract) has prompted Local Buy to enter into post tender negotiations with all the tenderers. In order to resolve the issue of 3 year pricing under the proposed Contract and maintain a fair and equitable tender process, Local Buy, in consultation with the panel have decided to go back to all three Tenderers and request revised pricing.

At the request of Local Buy, Council needs to be in a position to respond quickly as negotiations proceed, hence the request for delegated authority to the Chief Executive Officer and the need to call a Special Council Meeting.

PURPOSE

The purpose of this report is to recommend that the Chief Executive Officer be delegated the authority to accept, vary and discharge a contract with the successful tenderer for the retail supply of electricity for street lighting for the Redlands.

BACKGROUND

On 26 June 2008 the Minister for Mines and Energy formally notified the default retailer for electricity supplied for street lighting in south east Queensland that full retail contestability would be introduced for street lighting customers in the Energex area from first 1 July 2008.

This resulted in the current notified prices (the default government rates) for street lighting no longer applying to the Councils in SEQ. The default retailer has offered the SEQ Councils rates which are substantially higher than those of the previous default government rates.

For Redland City Council these changes have resulted in a 71% increase in the annual street lighting costs for its 13,600 streetlights, from \$1.5 million (07/08) to \$2.0 million (08/09) comprising \$2.6 million (08/09) in direct charges and a subsidy of \$587,932. The street lighting costs are broken down to service charges which have a range of increases from 30% to 119% depending on the type of light and energy charges which have increased by 151% for all lights.

Local Buy Pty Ltd called for tenders for a Standing Offer Arrangement for Department of Main Roads (SEQ area), Sunshine Coast, Moreton Bay, Redland, Ipswich, Gold Coast, Logan, Scenic Rim, Lockyer Valley, Somerset and part of Gympie Councils for the retail supply of electricity for street lighting.

ISSUES

On 9 August 2008 Local Buy Pty Ltd publicly called for tenders for the supply of electricity to street lighting for Department of Main Roads (SEQ area), Sunshine Coast, Moreton Bay, Redland, Ipswich, Gold Coast, Logan, Scenic Rim, Lockyer Valley, Somerset and part of Gympie Councils for the retail supply of electricity for street lighting. 16 organisations downloaded the tender documents.

At the close of tender on 8 September 2008 at 10.00am four offers were received. One tender was non-conforming.

The assessment was based on:-

- 90% for the price component made up from raw energy charges and network service charges;
- 5% for the approach to the business partnership; and
- 5 % for the track record and experience including value added services.

RELATIONSHIP TO CORPORATE PLAN

The recommendation in this report primarily supports Council's strategic priority to support the organisation's capacity to deliver services to the community by building a skilled, motivated and continually learning workforce, ensuring assets and finances

are well managed, corporate knowledge is captured and used to best advantage, and that services are marketed and communicated effectively.

FINANCIAL IMPLICATIONS

In consultation with the Acting Group Manager Operations and Maintenance the following financial data was supplied:

Current Budget

The approved budget for street lighting in 2008-09 is \$1,753,000. This represents a 15% increase on actual expenditure in 2007-08.

New Charges

A 71% increase as recently announced would add \$855,000 to this year's budget.

Subsidy

State Government has offered to subsidise the increase for the first 2 years of de-regulation in order to soften the impact on budgets and income. The subsidy being offered for 2008-09 is \$587,932 reducing this to \$293,966 in 2009-10. No subsidy is being offered at this stage for subsequent years.

CONSULTATION

Consultation was undertaken with the Chief Executive Officer, General Manager Corporate Services, Acting Manager Operations & Maintenance, who all agreed that due to time constraints, the Chief Executive Officer be delegated authority to accept the tender and enter into a contract with the successful tenderer.

OPTIONS

PREFERRED

That Council resolve that the Chief Executive Officer be delegated authority to:

1. Accept a tender from and enter into a contract with the successful tenderer for the retail supply of electricity for street lighting (1194-2008 OPM);
2. To make, vary and discharge contract (1194-2008 OPM);
3. To sign all relevant documentation in this matter; and
4. To exercise the option to extend the contract for a further two (2) terms of up to twelve (12) months each, subject to:
 - a. satisfactory performance by the contractor during the previous contract period; and
 - b. a review of the contractor's proposed rates for the subsequent twelve (12) month period which is to be undertaken three (3) months prior to the termination of each contract period.

**OFFICER'S RECOMMENDATION/
COUNCIL RESOLUTION**

Moved by: Cr Murray
Seconded by: Cr Boglary

That Council resolve that the Chief Executive Officer be delegated authority to:

- 1. Accept a tender from and enter into a contract with the successful tenderer for the retail supply of electricity for street lighting (1194-2008 OPM);**
- 2. To make, vary and discharge contract (1194-2008 OPM);**
- 3. To sign all relevant documentation in this matter; and**
- 4. To exercise the option to extend the contract for a further two (2) terms of up to twelve (12) months each, subject to:**
 - a. satisfactory performance by the contractor during the previous contract period; and**
 - b. a review of the contractor's proposed rates for the subsequent twelve (12) month period which is to be undertaken three (3) months prior to the termination of each contract period.**

CARRIED

5 CLOSURE OF MEETING

The Mayor declared the meeting closed at 9.12 am.

Signature of Chair: _____

Confirmation date: _____