

19.8 DELEGATED AUTHORITY - PREFERRED SUPPLIER/S FOR WATER AND SEWERAGE RETICULATION MAINTENANCE TENDER: T-1860-18/19-RWW

Objective Reference:

Authorising Officer: Peter Best, General Manager Infrastructure & Operations

Responsible Officer: Peter Best, General Manager Infrastructure & Operations

Report Author: Kevin McGuire, Group Manager Water & Waste Operations

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 seek Redland City Council (Council) resolution to delegate authority to the Chief Executive Officer (CEO), under section 257(1)(b) of the *Local Government Act 2009*, to negotiate, make, vary and discharge a contract over \$2,000,000 (including GST) for a Schedule of Rates Contract for the provision of water and sewerage reticulation maintenance including water meter replacement services (T-1860-18/19-RWW). The contract period is two years, with the option to extend three, one year periods. The estimated total contract value for the full period is \$7.5M.

BACKGROUND

The current arrangement for the provision of water meter replacement services expired on 31 January 2019. The previous arrangement for the provision of water and sewerage reticulation supply maintenance services expired in 2017. From 2017, these services have been provided under varying Council RCC trade service panel arrangements.

ISSUES

Redland Water has utilised contracted service providers for the provision of planned and reactive customer service relating to leaks and failures of the water supply from the water main up to, and including, the water meter. This includes provision of responsive maintenance after-hours on a 24/7 basis. These services were previously awarded under a 'panel of providers' arrangement. The most recent tender for these services (T-1578-11/12-RDW) attracted a small number of respondents with a large pricing differential between providers.

Further, since 2006, Council has operated a proactive water meter replacement program across Redland City to ensure that Council water meter assets are maintained within age and accuracy parameters. In 2016, Council adopted a compliance sample and testing program under AS3565.4-2007. The planned meter replacement service was managed under a standalone contract, T-1570-12/13-RWW.

There is currently no service delivery arrangement in place that provides pre-qualified, experienced and capable service providers for the provision of a wider range of water and sewerage network construction or maintenance services, resulting in the need for individual tender or request for quotations arrangements to engage such providers. The establishment of this tender will provide pre-qualified providers with supplied rates to enable engagement to maintain service delivery standards.

Council officers have determined that the most advantageous and operationally suitable method of delivering these services is to establish a singular, ongoing contractual arrangement under section 228 of the *Local Government Regulation 2012*, funded by budget beyond one financial year.

An invitation to tender for preferred supplier/s for water and sewerage reticulation maintenance was released in December 2018. This tender closed on 14 January 2019, with any resulting contract to commence on 1 April 2019. The tender was advertised in the Redland City Bulletin, on Council's website and posted to QTenders. The tender includes four separable portions covering the following work activity:

- a) Planned Water Meter Replacements
- b) Installation of New Water and Sewerage Connections
- c) Planned and Reactive Plumbing Services
- d) Additional Water and Sewerage Reticulation General Works and Services

Council resolution to delegate authority to the CEO to accept the tender and execute the resultant contract, will assist in maximising efficiency of the tender process and administration and performance of the contracted services.

STRATEGIC IMPLICATIONS

Legislative Requirements

Tender documentation was developed in accordance with section 104 Financial Management Systems, subsection (3) Sound Contracting Principles of the *Local Government Act 2009* with the objective of obtaining submissions from suitable entities who can demonstrate the ability to provide value for money and adequate capacity and capability to provide the required services.

The tender process will continue to be conducted in accordance with the legislative requirements of the *Local Government Act 2009*, *Local Government Regulation 2012* and with adherence to all Council policies, guidelines and procedures relating to the procurement process and probity principles.

Risk Management

The tender evaluation plan contains financial and non-financial evaluation criteria to enable the evaluation panel to effectively assess tender responses and propose the most suitably qualified tenderer, in addition to providing value for money and required safety, environmental and operational outcomes.

The contract established as a result of the tender activity, will contain detail key performance indicators to ensure Redland Water customer service, safety, regulatory and environmental standards.

Financial

The annual expenditure for the provision of water and sewerage reticulation maintenance services including water meter replacement is approximately \$770k, noting that annual expenditure will vary dependant on the final Schedule of Rates contained in the contract and the quarterly customer driven applications for new water/ sewerage service connections and routine plumbing service occurrences.

Budget is allocated in the 2018/19 annual budget for the tendered services based on current contract rates and any information presented during the tender evaluation period. The proposed contract will be subject to annual consumer price index adjustments and be for a period of two years, with the option to extend three, one year periods.

People

Suitably qualified and experienced staff are available to ensure the tender process is delivered internally. The negotiation, implementation and management of the contract resulting from the tender process will be provided by the Redland Water Network Operation Business Unit.

Environmental

The provision of services and works under this tender will be undertaken in compliance with all relevant environmental legislation.

Social

Establishment of the tender will provide a transparent costing comparison for external customers requesting new service installations. There are no other social impacts associated with the tender. Quandamooka Yoolooburrabee Aboriginal Corporation (QYAC) was notified of the tender release on 7 December 2018.

Alignment with Council's Policy and Plans

This report supports Council's vision of forward thinking and strategic procurement to strengthen customer service and deliver better value for money.

CONSULTATION

Consulted	Consultation Date	Comments/Actions
Service Manager Financial Operations	Oct to Dec 18	Discussion of planned water meter replacement requirements.
Team Leader Billing Services	Oct to Dec 18	Discussion of planned water meter replacement requirements.
Supervisor Billing Services	Oct to Dec 18	Discussion of planned water meter replacement requirements.
Procurement Services Unit	Oct to Dec 18	Consolidation of contracts.
Network Operations Unit	Oct to Dec 18	Consideration of overall work and group requirement.
Group Manager Water and Waste Operations	Oct to Dec 18	Consideration of overall work and group requirement.

OPTIONS

Option One

That Council resolves as follows:

1. To delegate authority to the Chief Executive Officer, under section 257(1)(b) of the *Local Government Act 2009*, to enter into a Schedule of Rates Contract over \$2,000,000 (including GST) with the preferred tenderer and to negotiate, make, vary and discharge the contract T-1860-18/9-RWW, in accordance with the agreed contract terms and conditions, and sign all relevant documentation for the provision of two years with the option to extend three, one year periods; and
2. 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 and commercial in confidence information.

Option Two

That Council resolves to not approve delegate authority to the Chief Executive Officer, and requests that a tender report be presented at a General Meeting following evaluation and selection of a preferred tenderer.

OFFICER'S RECOMMENDATION

That Council resolves as follows:

1. To delegate authority to the Chief Executive Officer, under section 257(1)(b) of the *Local Government Act 2009*, to enter into a Schedule of Rates Contract over \$2,000,000 (including GST) with the preferred tenderer and to negotiate, make, vary and discharge the contract T-1860-18/19-RWW, in accordance with the agreed contract terms and conditions, and sign all relevant documentation for the provision of two years with the option to extend three, one year periods; and
2. 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 and commercial in confidence information.