

19.5 DELEGATED AUTHORITY - POINT LOOKOUT BACKLOG SEWER AND WATER MAIN PROJECT**Objective Reference:****Authorising Officer:** Peter Best, General Manager Infrastructure & Operations**Responsible Officer:** Matthew Ingerman, Acting Group Manager Water and Waste Infrastructure**Report Author:** Darren Layton, Project Manager - Water & Waste Infrastructure**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

To delegate authority to the Chief Executive Officer (CEO), to negotiate, make, vary and discharge a contract over \$2M (including GST), relating to the Point Lookout Backlog Sewer and East Coast Road Water Main Renewal project, to enable construction works to be undertaken during the 2019-2020 and 2020-2021 financial years (FY).

BACKGROUND

At Council's General Meeting of 12 December 2018, Council resolved:

- To delegate authority to the Chief Executive Officer, under section 257(1)(b) of the Local Government Act 2009 to negotiate, make, vary and discharge contracts over \$2M (including GST) relating to the Point Lookout Backlog Sewer project and East Coast Road Water Main Renewal project construction works, over the 2018/19 and 2019/20 financial years; and*
- That this report remains confidential until contracts have been signed and evaluated by all parties.*

In April 2019, the tender process for the Point Lookout Backlog Sewer and Water Main Renewal project was terminated, with no submitted tender recommended for contract award. The project underwent a detailed stakeholder, risk and technical review to identify the best way to deliver required project outcomes. Consequently, the project has been split into two work packages.

The first work package, known as Area D Sewer and Water Line 1 is being undertaken by the Project Delivery Group Construction Unit for delivery in FY 2019-2020. This work package is currently in delivery, with an estimated completion date of end February 2020.

The second work package, known as Area A1 Sewer and Water Line 2 and 3 will, be delivered by an appropriately qualified and skilled contractor organisation. The tender for this activity was released to the open market on 20 November 2019. The current tender schedule predicts award of any resultant contract by March 2020, with project completion estimated to occur by the second quarter FY 2020-2021.

ISSUES

The existing Council CEO delegated authority for this project activity expires at the end of FY 2019-2020. Updating and extending the existing delegation of authority to the CEO, will assist Council

officers, by reducing the time it takes to negotiate, make, and discharge any resultant Area A1 Sewer and Water Line 2 and 3, delivery contract.

A Council decision not to delegate authority to the CEO, will result in delays in the timeframes for the implementation and execution of the project and may result in increases to the total project cost.

STRATEGIC IMPLICATIONS

Legislative Requirements

Tender documentation has been 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 is being 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

Due to the expected annual expenditure of this procurement activity, a probity advisor is being used during the Invitation to Tender (ITT) process. Other potential risks include:

- Council is unable to meet desired service standards in terms of wastewater network capacity in peak tourist seasons
- Possible health and environmental risks associated with on-going septic tank usage
- Further failures of the 150mm diameter asbestos cement water main along East Coast Road, with resultant disruption to customer, whereby Council does not meet required service standards

Financial

The available approved FY 2019-2020 budget for the delivery of Area A1 Sewer and Water Line 2 and 3 project activity is \$2.7M.

People

Suitably qualified and experienced Council officers and consultants are available to ensure the tender process is delivered internally and effectively.

Project management of any resultant construction and delivery contract resulting from the tender process, will be performed by Council's Project Delivery Group, with the support of a full time project superintendent (located on site at Point Lookout) and a Council Water and Wastewater Infrastructure Group project manager.

Environmental

Extension of the existing Point Lookout sewer network will demonstrate Council's commitment to ensuring that it has exercised its duty of care in managing the collection of wastewater, to minimise any potential for environmental harm or nuisance.

Social

There is an inequality at the Point Lookout township, where some properties are not provided with a level of reticulated sewerage service normally provided elsewhere in Council's urban areas. It is also necessary to maintain service standards for the reliable delivery of potable water to communities.

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 to consumers.

CONSULTATION

The following areas have been consulted and are supportive of the Officer's recommendation:

Position Title	Consultation Date	Comments/Actions
General Manager Infrastructure & Operations	11/11/2019	Requested that a delegated authority report to include FY 2020-2021 be submitted.
Acting Group Manager Water & Waste Infrastructure	14/11/2019	Agreed that a new delegated authority report to include FY 2020-2021 is required.
Group Manager Water & Waste Operations	14/11/2019	Agreed that a new delegated authority report to include FY 2020-2021 is required.
Group Manager Project Delivery	14/11/2019	Agreed that a new delegated authority report to include FY 2020-2021 is required.
General Counsel Legal Services Unit	18/11/2019	Agreed that a new delegated authority report to include FY 2020-2021 is required.
Business Partnering Unit Financial Services Group	18/11/2019	Agreed that a new delegated authority report to include FY 2020-2021 is required.

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 negotiate, make, vary and discharge a contract over \$2M (including GST) relating to the Point Lookout Backlog Sewer project and East Coast Road Water Main Renewal project (Area A1 and Water Line 2 and 3) construction works, over the 2019-2020 and 2020-2021 financial years.
2. Maintain this report as 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 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 for construction of Point Lookout Backlog Sewer project and East Coast Road Water Main Renewal project (Area A1 and Water Line 2 and 3).

2. Retain this report as 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.

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 negotiate, make, vary and discharge a contract over \$2M (including GST) relating to the Point Lookout Backlog Sewer project and East Coast Road Water Main Renewal project (Area A1 and Water Line 2 and 3) construction works, over the 2019-2020 and 2020-2021 financial years.**
2. **Maintain this report as 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.**