

19.2 CITY INFRASTRUCTURE GROUP - WEINAM CREEK DREDGING 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: Andrew Tyson, Advisor Project and Program Management

Report Author: Vije Vijekumar, Advisor Marine Investigations

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 to approve delegation to the Chief Executive Officer (CEO), to enter into a contract to dredge Weinam Creek Marina, Banana St, Redland Bay.

BACKGROUND

Dredging works are planned at Weinam Creek Marina, Banana St, Redland Bay, over a two year period. [REDACTED] has been approved by Council for financial year (FY) 2019-2020, with balance of [REDACTED] or FY 2020-2021 requested for FY 2020-2021 (refer Table 1).

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

Project Number	Project Name	Operational Budget (2019-2020)	Operational Budget (2020-2021)
PDG-30111-1	Dredging Weinam Creek Marina, Banana St, Redland Bay <ul style="list-style-type: none"> Financial year 2019-2020 [REDACTED] Fully funded by Weinam Creek Reserve 	[REDACTED]	
PDG-30111-2	Dredging Weinam Creek Marina, Banana St, Redland Bay <ul style="list-style-type: none"> Financial year 2020-2021 [REDACTED] (forecast identified funding required) Partially funded by Weinam Creek Reserve <ul style="list-style-type: none"> [REDACTED] Reserve funding intended [REDACTED] General Rates 		[REDACTED]
Project Total		[REDACTED]	

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.

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 will be inviting tenders from the open market for the supply, delivery and construction of PDG-30111-1 & 2 Dredging Weinam Creek Marina, Banana St, Redland Bay. The tender will be advertised in the Redland City Bulletin and Courier Mail. The proposed works are planned to be over two continuous years.

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 late February 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 service levels to the customers. The ferry operators, Volunteer Marine Rescue and the Queensland Police, who operate within this area, have indicated difficulties of accessing the channels at low tides. This situation could worsen over time.

Non delivery or deferral of this scheduled project 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.

FY 2019-2020: This project is fully funded from the Weinam Creek Reserve Account (the Reserve) to the value [REDACTED]

FY 2020-2021: The project will be partially funded by the Weinam Creek Reserve Account, with a total budget [REDACTED] required. The intention is that [REDACTED] will be funded from the Reserve. The remaining budget of [REDACTED] would be required from General Revenue.

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
Division 5 Councillor	At quarterly meetings	Fully supportive of this proposal
Senior Tender & Contracts Officer	14/10/2019	Fully supportive of this proposal
Service Manager Project & Contractor Manager	14/10/2019	Fully supportive of this proposal
Program Manager City Infrastructure	15/07/2019	Fully supportive of this proposal
Senior Management Accountant - Business Partnering Unit	15/07/2019	Reviewed and confirmed reserves and budget

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 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), in financial year 2019-2020.
2. To approve funding identified for the Dredging Weinam Creek Marina, Banana St, Redland Bay in the financial year 2020-2021 Operational Works Program, to enable Council to enter into a contract during financial year 2019-2020 to include all Dredging Weinam Creek Marina, Banana St, Redland Bay, 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).
3. 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 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), in financial year 2019-2020.**
2. **To approve funding identified for the Dredging Weinam Creek Marina, Banana St, Redland Bay in the financial year 2020-2021 Operational Works Program, to enable Council to enter into a contract during financial year 2019-2020 to include all Dredging Weinam Creek Marina, Banana St, Redland Bay, 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.**