



Meeting Notice and Agenda

for the

Special Meeting of the Council

to be held in the

Council Chambers, 118 Victoria Street, St George

on

Thursday 9th May 2019

Commencing at 9:00am

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ORDER OF PROCEEDINGS

1. Opening
2. Council Prayer
3. Attendance

Expected attendance of this meeting is as follows:

| Councillors | | Staff/Consultants | |
|---------------------|---------------|--|----------------------|
| Cr RW Marsh (Mayor) | -Full Meeting | Mr Matthew Magin (Chief Executive Officer) | -Whole Meeting |
| Cr RG Fuhrmeister | -Full Meeting | Mrs Michelle Clarke (Director Finance & Corporate Services) | -Whole Meeting |
| Cr FM Gaske | -Full Meeting | Mr Andrew Boardman (Director Infrastructure Services) | -As required for IFS |
| Cr SC O'Toole | -Full Meeting | Dr Digby Whyte (Director Community & Environmental Services) | -As required for CES |
| Cr RI Paul | -Full Meeting | | |
| Cr SS Scriven | -Full Meeting | | |
| Cr ID Todd | -Full Meeting | | |

4. Leave of Absence
5. Reception and consideration of correspondence

N.B. COUNCILLORS ARE REQUESTED TO BRING THEIR PREVIOUSLY FORWARDED COPIES OF AGENDA ITEMS TO THE MEETING PLEASE, AS FURTHER COPIES WILL NOT BE AVAILABLE.

MEETING BUSINESS BY CORPORATE FUNCTION

(IFS) INFRASTRUCTURE SERVICES

| ITEM | TITLE | EXECUTIVE SUMMARY | PAGE |
|------|--|--|------|
| IFS1 | <u>THERMAL SPRINGS,</u> <u>QUOTATION</u> <u>CONSIDERATION PLAN</u> | Quotation Consideration Plan, Thermal Springs, St George | 4 |

OFFICER REPORT

TO: Council

SUBJECT: Thermal Springs, Quotation Consideration Plan

DATE: 07.05.19

AGENDA REF: IFS1

AUTHOR: Andrew Boardman - Director Infrastructure Services
Michelle Clarke - Director Finance & Corporate Services

Executive Summary

Quotation Consideration Plan, Thermal Springs, St George

Background

The Balonne Shire Council nominated the Thermal Springs project as a Works for Queensland fully funded project in 2017/18. The project was due to be completed on 30 June 2019. Numerous meetings and workshops were held with Councillors and a design firm. Concept drawings were developed and tenders sought in February 2019.

The Local Government Regulations 2012 provide that a quote or tender consideration plan may be adopted and is an exception to the requirement of calling for quotations and/or tenders. As Council has exhausted all avenues to engage a contractor the attached Quotation Consideration Plan identifies the following information to provide for probity over the process:

1. the objectives of the plan;
2. how the objectives are to be achieved;
3. how the achievement of the objectives will be measured;
4. any alternative ways of achieving the objectives, and why the alternative ways were not adopted;
5. the proposed terms of the contract; and
6. a risk analysis of the market from which the goods or services are to be obtained.

Link to Corporate Plan

| Key Foundation Area | Key Program Area |
|---|--|
| Infrastructure and Planning | Community infrastructure for existing and future needs |

Consultation (internal/external)

Procurement Co-ordinator
Chief Executive Officer
Director Finance & Corporate Services

Legal Implications

Section 230 Local Government Regulations 2012 provides this exception.

Policy Implications

The quotation consideration plan is consistent with Council's procurement policy.

Financial and Resource Implications

Failure to complete this project by the revised due date, 31 October 2019, may lead to a loss of funding and is likely to damage Council's reputation with the community and State Government.

Attachments

1. Quotation Consideration Plan - Thermal Springs [↓](#)

Recommendation/s

That the attached Quotation Consideration Plan for the St George Thermal Springs Project be adopted in accordance with Section 230 of the Local Government Regulations 2012.

Andrew Boardman

Director Infrastructure Services

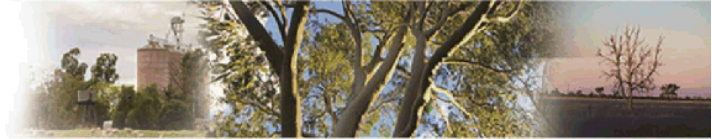


Quotation Consideration Plan - Thermal Springs Facility St. George Aquatic Centre

Quotation Consideration Plan

prepared in accordance with Section 230 of the Local Government Regulation 2012

| | |
|---------------------------------|--|
| CORPORATE PLAN REFERENCE: | <p>Community Goal</p> <p>Pursuit of active and healthy lifestyles where cultures, traditions and the arts are celebrated, including the provision of safe and welcoming spaces to connect, engage and learn.</p> <p>1.1 Community spaces to connect, engage and learn 1.2 Healthy active lifestyles 1.5 Community well-being</p> <p>Performance Measures:</p> <ul style="list-style-type: none"> Upgrades to community space and facilities Percentage of people satisfied with community programs in a Shire survey <p>Economic Goal</p> <p>Strong economic growth where SMEs (Small to Medium Enterprises) and agriculture-related businesses thrive, with a focus on improved connectivity, skilling, diversification and innovation</p> <p>2.6 Tourism growth and development</p> <p>Performance measures:</p> <ul style="list-style-type: none"> Increased visitor numbers <p>Infrastructure and Planning Goal</p> <p>Effective town planning and infrastructure design to support the Shire's needs with a focus on visionary planning to suit changing needs into the future</p> <p>4.2 Community infrastructure for existing and future needs</p> <p>Performance measures:</p> <ul style="list-style-type: none"> Percentage of people satisfied with infrastructure in a Shire survey Percentage of infrastructure projects completed within budget and on time |
| ENDORSED BY COUNCIL ON: | 9 May 2019 |
| DOCUMENT OWNER AND DEPARTMENT: | Director Infrastructure Services |



Quotation Consideration Plan - Thermal Springs Facility St. George Aquatic Centre

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Quotation Consideration Plan - Thermal Springs Facility St. George Aquatic Centre

Introduction

The Balonne Shire Council nominated the Thermal Springs project as a Works for Queensland fully funded project in 2017/18. The project was due to be completed on 30 June 2019. Numerous meetings and workshops were held with Councillors and a design firm. Concept drawings were developed and tenders sought in February 2019. The one tender received exceeded budget and did not meet the requirements of the project. An extension of time was approved by the Department of Local Government Racing and Multicultural Affairs (DLGRMA) until 31 October 2019 to complete the project. Requests for quotation were sought through Vendor Panel from the approved supplier list provided by Local Buy. To date there have been no contractors able to complete the project within the required timeframes.

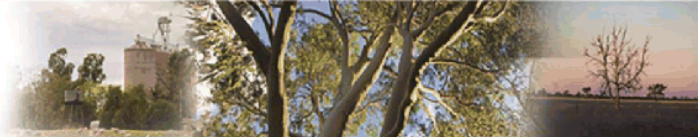
The *Local Government Regulation 2012* ('the regulation') provides for the methods by which Council may establish medium and large sized contracts. These regulations require local governments to use a written quote process for medium sized contracts and a written tender process for large sized contracts. The regulations also provide a number of exceptions to those processes. Preparation of a quote or tender consideration plan is one of those exceptions.

The benefits of utilising a Quotation consideration plan for the Thermal Springs Project include:

- Allowing for a contract arrangement to be negotiated directly with a supplier/s due to the lack of response to Council's open tender process or requests for quotation via Local Buy preferred suppliers.;
- Allowing Council to meet the requirements of its funding agreement and complete the project within budget and timeframes;
- Enabling an open and transparent procurement process more efficiently and effectively than would otherwise be possible due to the lack of response to the formal processes already undertaken.

As a result, Council intends to depart from the standard tendering process when negotiating with potential contractors to deliver the Thermal Springs Project in St George. Council intends to undertake procurement and contracting by way of a quotation consideration plan.

The regulations provide that a quote or tender consideration plan will contain the following information:



Quotation Consideration Plan - Thermal Springs Facility St. George Aquatic Centre

1. the objectives of the plan;
2. how the objectives are to be achieved;
3. how the achievement of the objectives will be measured;
4. any alternative ways of achieving the objectives, and why the alternative ways were not adopted;
5. the proposed terms of the contract; and
6. a risk analysis of the market from which the goods or services are to be obtained.

This plan will provide the information required to comply with the regulations and justify the use of the plan as an effective and appropriate alternative to the open tender process.

1. OBJECTIVES OF THE PLAN

Plan scope

This plan has been prepared to assist Council to conduct sustainable and effective procurement processes and establish best practice contracts with commercial suppliers. This plan covers all procurement and contracting activities conducted by Council officers in negotiating with existing suppliers or entering into commercial negotiations with prospective suppliers who proposes to undertake the project for the Swimming Pool.

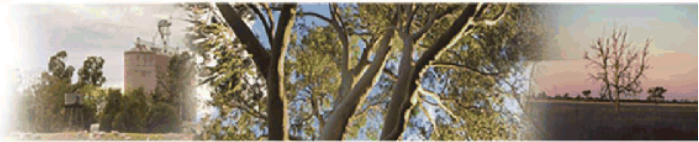
This plan will provide guidance on the process of engagement, including:

1. site specification and risk analysis;
2. assessing the site(s) for the most advantageous commercial outcome,
3. governance and delegated authorisation;
4. negotiating agreements; and
5. the final agreement (contract).

Plan objective

This Thermal Springs Quotation Consideration plan is intended to fulfil the following objectives:

1. Support Council's objectives in promoting healthy and active lifestyles and promote tourism growth and development;



Quotation Consideration Plan - Thermal Springs Facility St. George Aquatic Centre

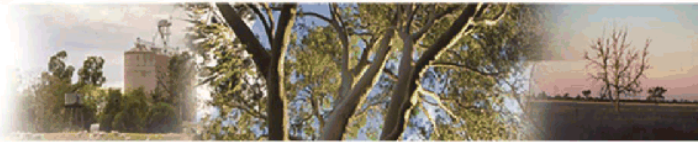
2. Provide an approach for evaluating potential contractors within timeframes; and
3. Guide Council officers in contracting in accordance with probity requirements and having regard for the sound contracting principles:
 - (a) value for money;
 - (b) open and effective competition;
 - (c) the development of competitive local business and industry;
 - (d) environmental protection; and
 - (e) ethical behaviour and fair dealing.

While this plan provides an exemption for Council officers sourcing suppliers from the invitation to offer process for procurement, all other areas of the process will proceed in accordance with Council's procurement policy when carrying out procurement and contracting activities.

2. HOW THE OBJECTIVES ARE TO BE ACHIEVED

Process for contractor selection, procurement and contracting

1. Council has an outline of its specifications and propose to enter a design and construct arrangement to achieve a positive strategic impact for the installation of Thermal Springs at the Swimming Pool, which can best be achieved by negotiating with a specific party/parties.
2. Negotiation can commence as Council has already obtained current market pricing and has sought tenders in accordance with the Local Government Regulations 2012 and has also called for requests for quotation through Local Buy however has been unable to source a suitable supplier from those processes.
3. Council's standard tender and contract documentation will be used as the basis for any contract entered into with a suitable supplier.
4. Council's Director of Infrastructure Services will be delegated authority by the Chief Executive Officer to negotiate an agreement subject to approval from Council to appoint the final contractor and approve the final design.



Quotation Consideration Plan - Thermal Springs Facility St. George Aquatic Centre

5. The Director of Infrastructure, as delegated by the Chief Executive Officer may negotiate a proposed agreement, which must align with the project specifications.
6. It is the responsibility of the Director of Infrastructure Services to ensure that negotiations and communications are fair, equitable and any conflicts of interest are declared and dealt with under probity in accordance with Council's policies

3. HOW THE OBJECTIVES WILL BE MEASURED

Indicators for measuring the delivery of outcomes and success of use of this quotation consideration plan include:

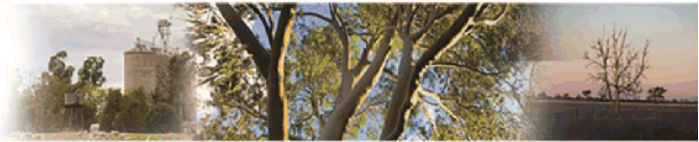
7. Evidence of the procurement process utilised, through the retention of all documentation and approval which support the application of the sound contracting principles and measurement of success factors as per the Procurement Policy.
8. The Director of Infrastructure Services responsible for the negotiations is to make every possible effort to confirm and verify that the proposed supplier will contribute to achieving a positive strategic impact at the St. George Swimming Pool.

4. ALTERNATIVE WAYS OF ACHIEVING THE OBJECTIVES

There are no known efficient or effective methods of achieving the objectives, outside of this contracting plan. Council has endeavoured to source a suitable supplier by way of an open tender process and requests for quotation via Local Buy preferred supplier arrangements. To date only one tender was received that was well over budget and there was no interest from suppliers in providing a quotation under the Local Buy Preferred Supplier arrangements.

5. PROPOSED TERMS OF THE CONTRACT

Council's standard tender and contract documentations will be used as the basis for any contract entered into with a suitable supplier. The design of the Thermal Springs project will be approved by Council. Council has nominated the use of an Australian Standards Contract for Minor Works AS4300 amended as the terms and conditions for this project.



Quotation Consideration Plan - Thermal Springs Facility St. George Aquatic Centre

6. RISK ANALYSIS OF THE RELEVANT MARKET

The following risk analysis and mitigation strategies have been identified for Council's procurement and contracting activities relevant to, negotiations with or when entering into a contract with prospective suppliers, to undertake the Thermal Springs Project at the St. George Swimming Pool.

This analysis should be used as high level guidance only, each proposed negotiation should be assessed for specific and detailed risk, as an ongoing process throughout the term of the arrangement.

| Financial Risk | | Risk Level |
|----------------|----------|------------|
| Likelihood | Possible | High |
| Consequence | Moderate | |

Financial risk exists in the event of the project being unable to be delivered within the budget and time constraints.

Mitigation

This risk is minimised through obtaining quotations from a wider audience that has been received to date from potential suppliers. The design of the project will be approved by Council prior to construction commencing. This separation of responsibilities will assist in process transparency.

| Legislative Risk | | Risk Level |
|------------------|----------|------------|
| Likelihood | Unlikely | Medium |
| Consequence | Moderate | |

Legislative risk exists in the event of contractual and/or legislative obligations specific to the Swimming Pool and the precinct not being adhered to.

Mitigation

This risk is minimised through entering into a formal agreement which clearly stipulates all obligations, which can be relied upon in the event of legal proceedings and obtaining relevant insurance from the contractor.

| Political Risk | | Risk Level |
|----------------|----------|------------|
| Likelihood | Unlikely | Low |
| Consequence | Minor | |



Quotation Consideration Plan - Thermal Springs Facility St. George Aquatic Centre

Political risk exists in the likelihood of a tendency not meeting the business activity requirements and obligations, resulting in dissatisfaction and complaints.

Mitigation

This risk is minimised through extensive consultation with Council on the final design as well as community consultation with key stakeholders.

| Business Activities Risk | | Risk Level |
|--------------------------|----------|------------|
| Likelihood | Possible | High |
| Consequence | Major | |

Business activity risk exists in the likelihood of not meeting the business activity requirements and obligations existing for such activity. Should the project not proceed then re-negotiation with DLGRMA will be required to identify a new project and/or further extend the timeframes. This in turn would have a negative impact on council's reputation at both a State and local level.

Mitigation

This risk is minimised through the Quotation consideration plan and negotiating with a wider field of potential suppliers with a view to implementing the approved design.

| Asset Risk | | Risk Level |
|-------------|----------|------------|
| Likelihood | Unlikely | Medium |
| Consequence | Moderate | |

Asset risk exists in the likelihood of an event on the site which does not meet the business activity requirements and obligations existing for such activity.

Mitigation

This risk is minimised through lengthy negotiation with suppliers regarding the infrastructure which is permitted to be erected on the site. Council input into proposed infrastructure prior to entering into any agreement and prior to construction.

| Reputation/Public Image Risk | | Risk Level |
|------------------------------|----------|------------|
| Likelihood | Possible | High |
| Consequence | Moderate | |

Reputation/Public Image risk – Council reputation may be damaged if:

- Council officers were thought to be circumventing Council's procurement policy;
- Council was unable to deliver the project within the timeframes and budget.



Quotation Consideration Plan - Thermal Springs Facility St. George Aquatic Centre

Mitigation

This risk is minimised through delegated Council officers clearly articulating the instrument of authority for the alternative procurement method and adhering to relevant procedures.

| Contract Risk | | Risk Level |
|---------------|----------|------------|
| Likelihood | Unlikely | Medium |
| Consequence | Moderate | |

Contract risk exists in the event that the agreement obligations specific to the site and the swimming pool are not being adhered to.

Mitigation

This risk is minimised through preparation of a contract that involves the consultation and input of Council's for the design and agreed deliverables and ensuring that Council's legal services panel is consulted where appropriate to review acceptable terms and conditions.

In order to mitigate the risks involved in Contract Management Council will:

- Assign the Director of Infrastructure Services who is fully conversant with the contract to track and evaluate the compliance to supply conditions;
- If there are instances of non-compliance by the supplier it is the Director of Infrastructure Services responsibility to formally address these with the supplier and to seek assistance from Council's legal services panel in the event of a dispute.

CONFIDENTIAL ITEMS

(CFCS) FINANCE AND CORPORATE SERVICES

| ITEM | TITLE | EXECUTIVE SUMMARY | PAGE |
|-------|--|---|------|
| CCFS1 | <u>WILD DOG EXCLUSION FENCING - CONTRACTORS AND SUPPLIERS PREFERRED SUPPLIER LIST</u> | This item will be discussed in closed session in accordance with section 275 of the Local Government Regulation 2012. | |

INFORMATION REPORTS