



LATE ITEMS

2019

MID-WESTERN REGIONAL COUNCIL
COUNCIL BUSINESS PAPERS

ORDINARY MEETING
WEDNESDAY 11 DECEMBER 2019



*A prosperous and progressive community
we proudly call home*

LATE ITEMS

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9.8 Exemption from Tender - Managing Contractor Solar Array

REPORT BY THE CHIEF FINANCIAL OFFICER
TO 11 DECEMBER 2019 ORDINARY MEETING
GOV400067, ENE100032

RECOMMENDATION

That Council:

1. **receive the report by the Chief Financial Officer on the Exemption from Tender - Managing Contractor Solar Array;**
2. **approve an exemption from tender, in accordance with Section 55(3)(i) of the Local Government Act 1993, for the managing contractor of the proposed Solar Array project;**
3. **approve procurement of Engie Electrical and Communications Pty Ltd as the managing contractor of the Solar Array project, should the project continue to be endorsed through Council;**
4. **notes the reason for exemption is the involvement of Engie Electrical and Communications Pty Ltd in the pre-project and feasibility phase, which will result in significant cost savings by reducing rework and project familiarisation.**

Executive summary

Council is seeking an exemption from tender for the managing contractor of the proposed Solar Array project. Although it is noted that this project still requires approval, exemption is required at this stage of the works for the design aspect, and it is reasonable to expect that the same contractor, Engie Electrical and Communications Pty Ltd (Engie), will be the most cost effective provider for each stage, should the project progress, given their familiarity with the work required and the design.

Disclosure of Interest

Nil

Detailed report

Council is seeking exemption for the managing contractor function, for the life of the solar array project: design to construction phases. Approving an exemption for each stage of the procurement does not commit Council to progressing with the works.

Council officers will assess the appropriateness of continuing to contract with Engie at each stage of the project. It is noted that the current proposed stages of the project, as reported to the November 2019 Ordinary Council Meeting are:

- Stage 1: Concept design, connection approval and feasibility confirmation
- Stage 2: Detailed design and construction trade package tender process
- Stage 3: Onsite construction, commissioning and energisation
- Stage 4: System operation, tuning and maintenance

It is noted that Engie have no 'stake' in the resultant design, and are unbiased in their provided solution and design. Further market testing for this component would incur significant time delays and it is very unlikely that a more cost effective provider would emerge given that they would need to commence at 'ground zero'.

Community Plan implications

Theme	Looking After Our Community
Goal	Effective and efficient delivery of infrastructure
Strategy	Provide infrastructure and services to cater for the current and future needs of our community

Strategic implications

Council Strategies

Not Applicable

Council Policies

Procurement Policy

Legislation

LOCAL GOVERNMENT ACT 1993 - SECT 55

55 Requirements for tendering

- (1) A council must invite tenders before entering into any of the following contracts--
- (a) a contract to carry out work that, by or under any Act, is directed or authorised to be carried out by the council,
- (3) This section does not apply to the following contracts--
- (i) a contract where, because of extenuating circumstances, remoteness of locality or the unavailability of competitive or reliable tenderers, a council decides by resolution (which states the reasons for the decision) that a satisfactory result would not be achieved by inviting tenders

Financial implications

The procurement of the construction manager will occur in stages, as the project passes feasibility milestones, each stage is under the required section 55 tendering requirements threshold, however the whole project (design, and construction management) is estimated to be over \$250,000. This means that an exemption is the most appropriate way forward, given the work

already undertaken by Engie and the reasons for exemption provided in the Detailed Report. No further budget allocation is required at this stage of the project.

Associated Risks

There is a risk that an alternate supplier would be able to complete the works at a lower cost. However, the consulting project manager went through a robust Expression of Interest process that adequately tested the available market of suppliers for this type of work, and that ensured the best outcome was achieved in the design of the renewable energy solution.

LEONIE JOHNSON
CHIEF FINANCIAL OFFICER

6 December 2019

Attachments: Nil

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER