

**ITEM 10. EXEMPTION FROM TENDER AND CONTRACT EXTENSION -  
BOARD PORTAL SYSTEM SERVICE AGREEMENT**

**FILE NO: S117550.002**

**SUMMARY**

In 2013, the City commenced a Request for Quotation process for the provision of a board portal system, which would enable the secure electronic distribution of Council and committee papers to councillors and staff, and largely supplant the existing paper-based printing, assembling and distribution processes for Council and committee papers.

Following completion of the Request for Quotation process, the City entered into a three year service agreement with Diligent Board Services Australia Pty Ltd (executed under delegated authority), for the provision, implementation and ongoing support of an outsourced, cloud-based, board portal system, with effect from 31 January 2014.

In preparation for the expiration of the current board portal system contract, the City has undertaken a comprehensive review of its current in-house Council and committee paper management system (encompassing report, agenda and minute creation processes). Output from the Council and committee paper management system feeds into the City's board portal system. The review has recommended the replacement of the current Council and committee paper management system.

Given the linkages between the two systems, the City plans to undertake a single Request for Tender process for the two systems. It is expected that the Request for Tender process will be completed in the second half of 2017, with the two systems (or alternatively one integrated system) implemented in 2018.

To accommodate the Request for Tender and subsequent system implementation processes, the City seeks to extend the current board portal system service agreement (which expired on 31 January 2017) for a period of 12 months to 31 January 2018, with a further option to extend the term by no more than 12 months to 31 January 2019.

The proposed extension of the original service agreement will take the City's aggregate financial commitment to over \$150,000. Thus, a resolution of Council is required.

**RECOMMENDATION**

It is resolved that:

- (A) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993, to extend the term of the Diligent Board Service Agreement by 12 months to 31 January 2018, with a further option to extend the term by no more than 12 months to 31 January 2019;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer a variation to the Diligent Board Service Agreement to provide for the extension of the term under clause (A);

- (C) authority be delegated to the Chief Executive Officer to extend the variation by no more than 12 months to 31 January 2019, if required;
- (D) Council note that, because of extenuating circumstances, a satisfactory result would not be achieved by inviting tenders; and
- (E) Council note the reasons why a satisfactory result would not be achieved by inviting tenders are:
  - (i) the City will shortly commence a process to procure a board portal system as a component of the broader Council and committee paper management system tendering process with expected implementation in 2018;
  - (ii) given the primacy of meetings of Council and committee within the City's governance framework, the maintenance of business continuity by way of secure electronic distribution of meeting papers while that tender process is underway is essential; and
  - (iii) the contract extension costs are considered fair and reasonable.

## **ATTACHMENTS**

**Attachment A:** Summary of Board Portal System Contract Costs (Confidential)

**(As Attachment A is confidential, it will be circulated separately from the agenda paper and to Councillors and relevant senior staff only.)**

**BACKGROUND**

1. In 2013, the City commenced a Request for Quotation process for the provision of a board portal system, which would enable the secure electronic distribution of Council and committee papers to councillors and staff and replace a paper-based printing, assembling and distribution system, which had become increasingly costly and inefficient (in comparison to electronic distribution systems being widely implemented in the public and corporate sectors).
2. Following completion of the Request for Quotation process, the City entered into a three year service agreement with Diligent Board Services Australia Pty Ltd for the provision, implementation and ongoing support of an outsourced, cloud based, board portal system.
3. The current service agreement, with effect from 31 January 2014, was executed under delegated authority, as the establishment and ongoing annual costs for the three year term of the service agreement were under \$150,000.
4. Since implementation, use of the City's board portal system has expanded. Meeting papers and other communications (such as the CEO Update) are now delivered securely to authorised users across the organisation and are viewable by users via iPad, desktop and laptop/notebook.
5. The need to print and manually distribute meetings papers (at times numbering more than 2,000 pages per meeting cycle) and for councillors to carry and work with large hard copy meetings packs has been significantly reduced.
6. The board portal system has become an integral part of the City's decision-making processes.
7. In preparation for the expiration of the current board portal system contract, the City has undertaken a comprehensive review of its current in-house Council and committee paper management system (encompassing report, agenda and minute creation processes). Output from the Council and committee paper management system feeds into the City's board portal system. The review has recommended the replacement of the current Council and committee paper management system.
8. Given the linkages between the two systems, the City plans to undertake a single Request for Tender process for the two systems. It is expected that the Request for Tender process will be completed by late 2017, with the two systems (or alternatively one integrated system) implemented in 2018.
9. To accommodate the Request for Tender and subsequent system implementation processes, the City seeks to extend the current board portal system service agreement (which expired on 31 January 2017) for a period of 12 months to 31 January 2018, with a further option to extend the term by no more than 12 months to 31 January 2019.
10. The proposed extension of the original service agreement will take the City's aggregate financial commitment to over \$150,000.
11. In accordance with the *Local Government Act 1993*, Council is currently required to invite tenders before entering into any contracts for the provision of goods and services involving an estimated expenditure of \$150,000 or more.

12. In this case, an exemption from inviting tenders is sought because:
- (a) the City will shortly commence a process to procure a board portal system as a component of the broader Council and committee paper system tendering process, with expected implementation in 2018;
  - (b) given the primacy of meetings of Council and committee within the City's governance framework, the maintenance of business continuity by way of secure electronic distribution of meeting papers while that tender process is undertaken is essential; and
  - (c) the contract extension costs are considered fair and reasonable.

### **FINANCIAL IMPLICATIONS**

13. There are sufficient funds allocated in the 2016/2017 operating budget and future years' forward estimates to extend the contract.

### **RELEVANT LEGISLATION**

14. The *Local Government Act 1993* and the City's Contracts Policy.
15. Attachment A contains confidential commercial information which, if disclosed, would:
- (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
  - (b) prejudice the commercial position of the person who supplied it.
16. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

### **CRITICAL DATES / TIME FRAMES**

17. The current contract expired on 31 January 2017.

### **OPTIONS**

18. Revert to print - copy distribution of all committee documentation/other internal communications for a period of 12 months, pending completion of the planned Request for Tender process and solution implementation.
19. This is not recommended as it would substantially increase the printing required for each committee meeting, and would result in delayed distribution of committee papers to councillors while printing was undertaken.

### **MONICA BARONE**

Chief Executive Officer

Leander Klohs, Executive Manager, Office of the CEO