



SUPPLEMENTARY BUSINESS PAPER

GENERAL MEETING

Wednesday 18 September 2013

at 6:30 PM



TABLE OF CONTENTS

SUPPLEMENTARY ITEMS

Item 23 IR31/13 Tender No. T9/2013 - Management and Operations of Aquatic Centres	1
--------------------------------------------------------------------------------------------	---

23 TENDER NO. T9/2013 - MANAGEMENT AND OPERATIONS OF AQUATIC CENTRES

EXECUTIVE SUMMARY

- This Report provides information in respect to Tender T9/2013 for the management and operation of Council's aquatic centres.
- A total of four tender submissions were received – Aquabliss, Belgravia, YMCA and an internal Council bid.
- The tenders were evaluated by a panel that comprised two independents with extensive experience in the aquatic and leisure industry in both the public and private sector. PricewaterhouseCoopers was engaged to analyse the financial proposals and the entire tender evaluation process was overseen by a probity advisor.
- The evaluation panel considered that the internal bid was the most advantageous to Council.
- The evaluation panel recommends that Council decline to accept any tender and prepare and enter into a *Service Level Arrangement* with the internal bid team for the operation and management of all three aquatic centres.
- The terms of the *Service Level Arrangement* would be the same as specified in the tender documentation.

RECOMMENDATION

THAT

1. Council decline to accept any tender and carry out the requirements of the proposed contract itself in accordance with clause 178 (3) (f) of the Local Government (General) Regulation 2005 and accept within the parameters of the proposals of the internal bid team as follows:
 - a) Hornsby Aquatic Centre – Option 2 (Includes Gym).
 - b) Galston Aquatic Centre – Option 3 (Includes LTS & Gym).
 - c) Epping Aquatic Centre – (Centre closed for Winter).
2. The General Manager be delegated authority to negotiate and execute a suitable Service Level Arrangement with the Manager, Parks and Recreation for the three (3) Aquatic Centres based on the Management Agreement and Service Specification sections of Tender T9/2013: Management and Operation of Aquatic Centres and the submissions of the internal bid team.

PURPOSE

The purpose of this Report is to provide a recommendation for Tender No. T9/2013: Management and Operation of Aquatic Centres.

BACKGROUND

At the 14 April 2013 General Meeting, Council considered Executive Manager's Report No. IR14/13 for Management of Hornsby's Aquatic Centres and resolved that Council:

- *Confirm its preference to market test through a tender process the operation of the Hornsby, Epping and Galston aquatic centres.*
- *Authorise an in-house submission to the tender process.*
- *Adopt the key considerations presented in Deputy General Manager's Report IR11/13 as the basis for the preparation of tender documentation.*
- *Receive a copy of the tender documentation including details of the evaluation panel prior to advertising the documents.*

DISCUSSION

A summary of all tenders together with full evaluation details have been placed on file. Excepting this report, the summary and details of the tenders received are to be treated as confidential.

The objective of the tender is to determine a suitable operator that will provide Council value for money for the operation of its aquatic centres.

A public tender notice was advertised in Sydney Morning Herald (4 June 2013) and Hornsby Advocate (6 June 2013) with a closing date of 10 July 2013.

Tenders were received from the following companies:

- Aquabliss
- Belgravia
- Hornsby Shire Council (internal bid)
- YMCA

The HSC (internal bid), YMCA and Aquabliss submitted tenders to manage all of the aquatic centres and Belgravia's tender covered management of HAC only. HSC submitted a range of options for the management of HAC and GAC.

The following criteria have been used for the evaluation of the tenders:

- Capacity and ability of tenderer to manage and operate the Facility
- Capability - Previous relevant experience, performance and reliability in the provision of similar types of services
- Meeting community needs
- Financial outcome for Council
- Facility Marketing Plan
- Management Reporting Systems & Procedures

- Organisational Structure
- Sustainability
- Financial Capability
- Quality Assurance Systems
- Work Health and Safety Systems

The financial offers submitted were evaluated for each tender and each option. Other criteria were assessed on information submitted with each tender along with reference and financial assessment checks.

Detailed information on the financial offers of each tender, the non-price criteria and the weightings of the criteria are contained in the attached confidential documents.

Governance

The Tender evaluation process was overseen by Neil Adams, Probity Advisor for Adams Consulting and Training to ensure there were no probity issues. Adams Consulting and Training has provided a Probity Report on the tender process advising that the Evaluation Panel's evaluation report was in accord with the approved Tender Evaluation Plan and has been accountable, defensible, fair and transparent; and that the process is capable of withstanding external scrutiny.

A Tender Evaluation Panel consisting of Craig Clendinning, Project Coordinator from the Design and Construction Branch and two (2) independent panel members, Reece Heddle Manager Aquatic Services at Randwick City Council and Paul Hartmann, Manager Ryde Aquatic Centre at Ryde City Council was formed to assess the tenders received. Both these external panel members have extensive experience in the aquatics and leisure industry within local government and the private sector. The evaluation took into account the criteria and considered the strengths of each tender.

In addition PricewaterhouseCoopers (PwC) was engaged to provide an initial analysis of all submissions. PwC assessed each submission as follows:

- A test check of the integrity of the forecast financial models/spreadsheets submitted.
- A high level summary and comparison of each of the financial proposals (income, costs, management fees and surplus/loss).
- An assessment of the reasonableness of assumptions underpinning the financial proposals.
- Simple sensitivity analysis on the financial proposals including simple break-even analysis.

Kingsway Financial Assessments Pty Ltd was also engaged to carry out financial assessments and Council's Chief Financial Officer was consulted in regards to financial statements for the internal submissions.

BUDGET

The funds for the management and operation of the aquatic centres are available.

POLICY

There are no policy implications associated with this Report.

CONCLUSION

The full evaluation of the tenders was based on the evaluation criteria as set out in the tender documents. This included reference checks and financial checks.

The evaluation panel are of the opinion, having regard to the non-price and price criteria, that the internal bid offers Council the best value for money.

In particular the evaluation panel recommends that the following options by the Council internal bid team be accepted:

- Hornsby Aquatic Centre – Option 2 (Includes Gym)
- Galston Aquatic Centre – Option 3 (Includes LTS & Gym)
- Epping Aquatic Centre – (Centre closed for Winter)

Council cannot issue a formal contract to itself. Accordingly, it is recommended that a *Service Level Arrangement* be prepared and entered into with the internal bid team based on the Management Agreement and Service Specifications sections of Tender T9/2013 – Management and Operation of Aquatic Centres and the submissions.

RESPONSIBLE OFFICER

The officer responsible for the preparation of this Report is Project Co-ordinator - Design – Mr Craig Clendinning – who can be contacted on 9847 6701.

ROBERT STEPHENS

Deputy General Manager

Infrastructure and Recreation Division

Attachments:

1. Confidential Memo 12 September 2013 - Management and Operations of Aquatic Centres - *This attachment should be dealt with in confidential session, under Section 10A (2) (d) of the Local Government Act, 1993. This report contains commercial information of a confidential nature that would, if disclosed (i) prejudice the commercial position of the person who supplied it; or (ii) confer a commercial advantage on a competitor of the council; or (iii) reveal a trade secret.*
2. Evaluation Report Tender T9/2013 - Management and Operation of Aquatic Centres - *This attachment should be dealt with in confidential session, under Section 10A (2) (d) of the Local Government Act, 1993. This report contains commercial information of a confidential nature that would, if disclosed (i) prejudice the commercial position of the person who supplied it; or (ii) confer a commercial advantage on a competitor of the council; or (iii) reveal a trade secret.*

File Reference: F2013/00136

Document Number: D02463350