

7.4 Contract 2021/231 - Boroondara Hospitality and Events Management Services

Executive Summary

Purpose

The purpose of this report is to recommend that Council resolves to award the Contract No: 2021/231 Boroondara Hospitality and Events Management Service.

Background

This contract will provide hospitality and events services across three Council premises namely Hawthorn Arts Centre, Camberwell Civic Precinct and Kew Court House.

With a single operator overseeing catered and non-catered events across these venues and facilities, there will be a strong customer-centric approach to hospitality and event management.

Key Issues

Invitation to Supply

In accordance with Council's Procurement Policy 2021-2025, Council invited public tenders from suitably qualified organisations by advertisement in The Age and Council's website on Saturday 25 June 2022.

The Invitation to Supply was advertised in the local government tenders' section of The Age and on Council's -e-tendering portal inviting suitability qualified service providers to submit a response for Contract 2021/231 Boroondara Hospitality and Events Management Service. The tender provided for three options of service to be considered. The tender closed 4 weeks later at 4pm on Friday 25 July 2022. In response to the advertisement, Council received submissions from three entities across two of the options.

The Tender Evaluation Report is provided in **Confidential Attachment 1**

Confidentiality

Confidential information is contained in **Attachment 1**, as circulated in the confidential section of the agenda attachments, in accordance with Section 66(2)(a) and the definitions of 'confidential information' in section 3(1) of the *Local Government Act 2020*. The information relates to:

- a) Council business information, being information that would prejudice the Council's position in commercial negotiations if prematurely released;
- b) private commercial information, being information provided by a business, commercial or financial undertaking that—
 - i. relates to trade secrets; or
 - ii. if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage;

The item has been included in the public agenda to facilitate transparency and accountability in Council's decision making.

If discussion of the confidential information in the attachments to this report is required in order for Council to make a decision, this item will be deferred to the confidential section of the agenda.

Officers' recommendation

That Council resolve to

1. Award Contract No 2021/231 Boroondara Hospitality and Events Management Service to

Essential Catering and Events Pty Ltd (ACN 131445899)

for the initial contract term of three (3) years with one possible extension of two (2) years, up to a maximum contract period of five (5) years to be exercised at the sole discretion of Council. The estimated contracted total for the maximum period (based on Year 1 pricing) is \$1,900,000 excluding GST.

2. To authorise the Director Community Support to sign and execute the contract with the above contractor on behalf of the Council and to authorise invoices to an amount not exceeding the maximum contract value.
3. To authorize the Director Community Support to negotiate and execute optional extension periods to Contract 2021/231 Boroondara Hospitality and Events Management Service, with the above contractor to a maximum five-year contract term.
4. To note that expenditure and revenue under this contract is in accordance with the Council's 2022-23 adopted Budget, and expenditure in future years will be in accordance with the approved budget allocations and tendered Licence fees.
5. To note that revenue from this contract in respect to the commercial turnover will be subject to venue utilisation rates. "

Responsible director: Carolyn McClean, Director Community Support

1. Purpose

The purpose of this report is to recommend that Council resolves to award the Contract No: 2021/231 Boroondara Hospitality and Events Management Service.

2. Policy implications and relevance to community plan and council plan

This new contract enables Council to meet its strategic objectives in the Boroondara Community Plan 2021-31. This strategic document outlines Council's vision of a vibrant and inclusive city, meeting the needs and aspirations of its community, and sets Council's strategic direction for the next ten years. Specifically, Theme One: Community, services and facilities: Community services and facilities are high quality, sustainable, inclusive and strengthen resilience.

This contract will assist to facilitate the connection of community members for business and celebratory purposes.

This procurement process has been undertaken in accordance with the requirements of Council's Procurement Policy 2021-25.

3. Background

This contract will provide hospitality and events services (including event coordination, delivery, and management) across three Council premises namely Hawthorn Arts Centre, Camberwell Civic Precinct and Kew Court House. This contract allows for one service provider and a consistent service delivery model rather than having separate providers at Camberwell and another overseeing Hawthorn Arts Centre and Kew Court House.

This amalgamated contract provides efficiencies for internal and external customers as well as contract administration. With a single operator overseeing catered and non-catered events across venues and facilities, there will be a single and customer centric approach to hospitality and event management.

4. Outline of key issues/options

Invitation to Supply

In accordance with Council's Procurement Policy 2021-2025, Council invited public tenders from suitably qualified organisations to provide hospitality and event management services across three Council facilities.

The Invitation to Supply was advertised in the local government tenders' section of The Age and on Council's e-tendering portal inviting suitability qualified service providers to submit a response for Contract 2021/231 Boroondara Hospitality and Events Management Service.

The specification stated that Boroondara City Council is seeking a hospitality and event management contractor to oversee event coordination, delivery, and management across the Camberwell Civic Precinct and both cultural facilities:

Hawthorn Arts Centre and Kew Court House. These facilities are highly valued by the community and have received significant investment over recent years.

The tender provided for three options of service to be considered. The tender was advertised on Saturday 25 June 2022 and closed 4 weeks later at 4pm on Friday 25 July 2022. In response to the advertisement, Council received submissions from three entities across two options.

The Tender Evaluation Report is provided in **Confidential Attachment 1**.

5. Consultation/communication

A review of successful hospitality models was undertaken prior to development of the revised specifications, which saw Camberwell Civic Precinct included in the contract specification. Internal consultation was carried out in the development of the specification resulting in seeking a single service provider, rather than the previous model which consisted of three separate contracts. This ensures the required expertise, resources and accountability are all available under one contract.

6. Financial and resource implications

Council's budget provides a total budget allocation of \$1,900,000 ex. GST for the full term of the Boroondara Hospitality and Events Management Service (\$380,000 ex GST per annum). Year one of the contract in 2022-23 is pro rata requiring expenditure of \$214,000 ex GST. The initial term is 3 years, with an optional extension term of 2 years. The overall budget allocation within the Arts and Culture Operating Budget has sufficient budget available to fund the award of this contract for the nominated term.

Revenue received from this contract in respect to the commercial turnover will be subject to venue utilisation rates. The forecast revenue for the 2022-23 Budget is \$395,000 ex GST. Venue utilisation levels are increasing post COVID-19 lockdowns, and it is expected venue utilization and associated income will continue to increase in subsequent financial years.

The Tender Evaluation Report is provided in **Confidential Attachment 1**.

Payment will be made to the contractor upon receipt of invoice and in accordance with agreed payment terms including in the Contract.

7. Governance issues

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

The officers responsible for this report have no general or material interests requiring disclosure.

This Request for Tender process has been carried out in accordance with the requirements of Council's Procurement Policy 2021-25. This included the appointment of an external and independent Probity Advisor. The auditor reviewed the procurement process and no issues or concerns were found. The Auditor Report is included in **Confidential Attachment 1**.

8. Social and environmental issues

This contract will have a positive outcome for the Boroondara community and beyond. With a single operator overseeing catered and non-catered events across venues and facilities, there will be a strong customr centric approach to hospitality and event management.

The specification detailing contract deliverables considers the need for environmental considerations in items such as food drop catering and packaging.

9. Evaluation and review

The Tender Evaluation Report is provided as **Confidential Attachment 1**.

10. Conclusion

As a result of this Invitation to Supply, the Tender Evaluation Panel recommends Council award Contract No: 2021/231 Boroondara Hospitality and Events Management Service to Essential Catering and Events Pty Ltd (ACN 131445899).

The contract award is proposed for the initial contract term of three (3) years with one possible extension of two (2) years, up to a maximum contract period of five (5) years to be exercised at the sole discretion of Council. The estimated contracted total for the maximum period is \$1,900,000 excluding GST.

Revenue received from this contract in respect to the commercial turnover will be subject to venue utilisation rates and in accordance with the tendered licence fees as set out in **Confidential Attachment 1**.

Manager: Gail Power, Manager Arts and Culture

Report officer: Gail Power, Manager Arts and Culture