

# SERVICES SPECIAL COMMITTEE

## AGENDA

(Open to the public)

**6.30pm, Monday 11 April 2016**

Council Chamber, 8 Inglesby Road, Camberwell.

### Order of business

1. **Apologies**
2. **Adoption and confirmation of the minutes of the Services Special Committee meeting held on 15 March 2016**
3. **Declaration of conflict of interest of any councillor or council officer**
4. **Presentation of officer reports**

SC1 Contract No 2016/67 Christmas in Boroondara (Design, Manufacture, Installation and Associated Services)

SC2 Draft Sport and Recreation Strategy

SC3 Balwyn Library Redevelopment Concept Plan

SC4 Anniversary Trail at Camberwell High School

5. **General business**
6. **Urgent business**
7. **Confidential business**

Close of meeting

Date of Issue: 31 March 2016

Please note: No audio, video, photographic or any other recording of proceedings at Council or Special Committee meetings is permitted without written authority from Council.

## **SC1 Contract No 2016/67 Christmas in Boroondara (Design, Manufacture, Installation and Associated Services)**

### **Abstract**

This report seeks endorsement for the award of Contract No. 2016/67, Christmas in Boroondara (Design, Manufacture, Installation and Associated Services). This contract will provide for the design, manufacture, installation, dismantling/reinstallation, repair/replacement and storage of all (including existing) Christmas decorations throughout the Municipality for an initial contract term of one year with possible extensions of one year each to a maximum contract term of five years (2016-17 to 2020-21).

This is a replacement contract for Contract No. 2014/104, Christmas in Boroondara. This new tender process included a requirement for a new Christmas in Boroondara design strategy to cover the next five years. The estimated total cost of this contract over five years is \$1,518,000 (including GST). Estimated expenditure in the 2015-16 financial year will be \$12,540 (including GST). Expenditure in future years will be in accordance with approved budget allocations. Because of the value of the contract it was publicly tendered in accordance with the requirements of section 186 of the *Local Government Act 1989*.

Confidential information is contained in **Attachment 1**, as circulated in the confidential section of the agenda attachments, in accordance with Section 89(2) of the *Local Government Act 1989*, as the information relates to contractual matters and premature disclosure of the information could be prejudicial to the interests of Council or other persons. This 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 the Services Special Committee resolve:

1. To award Contract No. 2016/67, Christmas in Boroondara (Design, Manufacture, Installation and Associated Services) to Xmas-Mil Display Products Pty Ltd (ACN 004 506 665) at their tendered Schedule of Rates for an initial contract term of one year with possible extensions of one year each to a maximum contract term of five years. The estimated contract cost for the maximum five year term is \$1,518,000 (including GST). The cost to Council after the return of the GST Tax Input Credits is \$1,380,000.
2. To authorise the Chief Executive Officer or such other person that the Chief Executive Officer selects for the purpose of giving effect to this resolution to execute the contract agreement with the above contractor.

3. To authorise the Chief Executive Officer or such other person that the Chief Executive Officer selects for the purpose of giving effect to this resolution to negotiate extensions to Contract No. 2016/67, Christmas in Boroondara (Design, Manufacture, Installation and Associated Services), with the above contractor to the maximum five year contract term.
4. To note that expenditure under this contract in 2015-16 is in accordance with Council's adopted budget and expenditure in future years will be in accordance with the approved budget allocations.

**Responsible director: Marilyn Kearney  
Corporate Services**

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## 1. Purpose

The purpose of this report is for Council to give consideration to the awarding of Contract No. 2016/67, Christmas in Boroondara (Design, Manufacture, Installation and Associated Services).

## 2. Policy implications and relevance to council plan

The Council Plan 2013-2017 Strategy 3 Local Business commits to *'facilitate a positive business and community spirit by welcoming appropriate business investment and supporting existing commerce and local shopping centres'*.

Strategy 9 of the Boroondara Economic Development Strategy 2009-2016, seeks to *'attract visitors to the City'* including *'develop the opportunity for Council to take a pro-active role in encouraging retail trade in the strip centres over the Christmas period..... to provide decorations in strip shopping centres'*.

The Christmas in Boroondara Strategy, August 2013 outlines a conceptual municipal-wide Christmas in Boroondara program highlighting *'a large number of opportunities utilising elements planned for 3 years and beyond'* (subject to funding and feasibility) and is focused on supporting shopping centres and iconic Council buildings with Christmas decorations as well as promoting a buy local message.

This tender process has been carried out in accordance with the requirements of Council's *Contracts and Tendering Probity Policy* and Council's *Procurement Policy*.

## 3. Background

In September 2013, Council adopted the *Christmas in Boroondara Strategy* which outlined a three year vision to support the City's shopping centres with Christmas decorations during the festive season.

To deliver this three year program, Council engaged Xmas Mil Display Products Pty Ltd as part of the existing Contract No. 2014/104 which ends in June 2016. To continue the delivery of the program for Christmas 2016 and beyond, a tender was conducted to appoint a suitable contractor.

In accordance with Council's tendering procedures and Section 186 of the *Local Government Act 1989*, Council invited public tenders from suitably qualified organisations for the design, manufacture, installation, dismantling and storage of commercial Christmas decorations. An Invitation to Tender was advertised in the local government tenders section of *The Age* newspaper on Wednesday 20 January 2016 and on Council's website. The closing date for submissions was 4.00pm on Tuesday 9 February 2016.

In response to the advertisement, Council received one submission from the existing contractor, Xmas-Mil Display Products Pty Ltd.

#### 4. Outline of key issues

The Christmas in Boroondara Strategy, August 2013 reflects a 'roll-on approach adopted to allow each subsequent year to build on the previous year', with most decorations estimated 'to have a minimum usage life of three to four years'. Advice from Council's existing contractor indicates that the current decorations have a life of four to five years.

In this regard, Council officers anticipate continuing the current program (subject to funding and feasibility) to:

- promote a buy local program to support the City's local shopping centres and businesses during the busiest trading period of the year.
- celebrate the annual festive season with the community.
- continue to build on existing Christmas decorations and introduce new elements where relevant to create a unique Boroondara Christmas aesthetic.
- maintain cost efficiency, resilience and meet relevant requirements such as OHS, risk etc.
- explore the potential of multiuse decorations eg: allowing Christmas decorations to be branded with the shopping centre logo, re-using lights for other suitable events as appropriate.

To continue the Christmas in Boroondara program as envisaged above (subject to available funding and feasibility) as well as to provide for the development of new designs in future years to replace existing decorations that are likely to have reached the end of their life by 2017, Council requires a suitably qualified contractor.

This Contract No. 2016/67, Christmas in Boroondara (Design, Manufacture, Installation and Associated Services) seeks to appoint Xmas-Mil Display Products Pty Ltd. as a suitable contractor to design, manufacture, install, dismantle and store commercial Christmas decorations in accordance with the requirements of the tender specifications.

#### 5. Consultation/communication

Implementation of the Christmas in Boroondara program 2016 (Year 4) will be subject to further consultation with key internal and external stakeholders. The following meetings/workshops are planned:

Proposed dates	Meetings
February 2016	Shopping Centre Marketing and Operations
May 2016	Shopping Centre Marketing and Operations
May 2016	Shopping Centre Traders Associations
April - July/Aug 2016	Meetings with the designer and manufacturer
April - June 2016	Internal Department consultation
June/July 2016	Shopping Centre information session
August 2016	Shopping Centre Marketing and Operations

Consultation with key stakeholders will also take place as part of the development of Council's new Economic Development and Tourism Strategy.

This consultation will take place this year in stages and is expected to occur during March/April and in June/July.

## 6. Financial and resource implications

The total budget allocation for 2015-16 is \$180,000. Council's 2015-16 Priority Project budget Christmas in Boroondara (Account Number 80691-53010) contains an allocation of \$100,000 and the Economic Development Department's operating budget (Account Number - 44100-53010) for Christmas trade services contains an allocation of \$80,000 for Christmas decorations and associated services. At the time of writing the report, \$180,000 of the budget amount had been spent or committed to providing Christmas decorations including storage fees for the 2015-16 year.

Further expenditure in 2015-16 under this Contract No. 2016/67 will be for the preparation of the new Christmas in Boroondara Design Strategy for Christmas 2016-2020. The total cost for the new Design Strategy is \$29,600 (excluding GST), however it is estimated that only approximately \$11,400 (excluding GST) will be spent in this financial year to commence concept design of Christmas decorations for the Hawthorn Arts Centre. This amount has been provided for in the Economic Development department's 2015-16 budget.

A Priority Project budget bid has been put forward in the 2016-17 financial year for \$100,000 together with an additional \$40,000 to the existing \$80,000 recurrent operational budget. The recurrent budget will cover storage, installation, dismantling, patrol costs and damage costs to the existing decorations. The proposed Priority Project budget will be allocated to the design, manufacture, installation, removal and storage of new decorations to add to the existing program.

Beyond 2016-17, a Priority Project budget bid of \$100,000 is foreshadowed each year together with an additional \$40,000 in 2017-18 and \$20,000 from 2018-19 onwards to the recurrent operational budget as set out in **Table 1**. Parts of the proposed Priority Project budget will be used to cover replacement costs of existing decorations. The overall proposed budget allocation for the 5 year period (2016-17 through to 2020-21) is anticipated to be \$1,380,000 (inclusive of Priority Project and recurrent budget expenditure).

It should be noted that the Contract No. 2016/67, Christmas in Boroondara - (Design, Manufacture, Installation and Associated Services) states that *'the initial contract term is one year', with a 'maximum period for which the contract may be extended of four years, in one year increments, from the expiration of the initial contract term to a maximum contract term of five years, subject to Council funding each year and satisfactory performance'*.

**Table 1: Estimated annual budget including replacement costs**

	2016-17	2017-18	2018-19	2019-20	2020-21
Priority Project budget (Includes replacement allowance of) <sup>1</sup>	\$100,000	\$100,000 (\$50,000)	\$100,000 (\$50,000)	\$100,000 (\$50,000)	\$100,000 (\$50,000)
Recurrent budget <sup>2</sup>	\$120,000	\$160,000	\$180,000	\$200,000	\$220,000
<b>Total Budget</b>	<b>\$220,000</b>	<b>\$260,000</b>	<b>\$280,000</b>	<b>\$300,000</b>	<b>\$320,000</b>

<sup>1</sup> The current estimated value of the Christmas inventory is approximately \$200,000 at 2015 prices. To continue the current program as it is, a replacement allowance of 25% is budgeted for assuming a four year life for the items

<sup>2</sup> In the last 3 years of the program the recurrent operational budget has been increased by \$40,000 each year to cover storage, reinstallation and damage costs of the expanding suite of decorations. This is expected to continue in financial year 2016-2017 and 2017-2018, but is reduced in proportion to the amount of anticipated new decorations in financial years 2018-2019 to 2020-2021

In addition, as the current *Boroondara Economic Development Strategy 2009-2016* is being reviewed; future budget bids (for 2017-18 to 2020-21) will be reviewed to reflect the new Boroondara Economic Development and Tourism Strategy once completed, in particular, as it relates to Strategy 9 which seeks to:

*'attract visitors to the City" including "develop the opportunity for Council to take a pro-active role in encouraging retail trade in the strip centres over the Christmas period..... to provide decorations in strip shopping centres'.*

It is anticipated that the Boroondara Economic Development and Tourism Strategy will be presented to Council for adoption in August 2016. The development of this Strategy will involve extensive community consultation, which will include seeking feedback on the Christmas in Boroondara program.

Council does not guarantee the appointed contractor a minimum quantity of work in relation to any of the contract components. The amount of works performed will be in accordance with identified need and budgetary allocations each year.

## 7. Governance issues

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights. Responsibilities and the provisions of the Christmas in Boroondara Strategy are not considered to infringe upon any prescribed human rights, freedoms or responsibilities.

The officers responsible for this discussion paper have no direct or indirect interests requiring disclosure.

## 8. Social and environmental issues

Supporting the continued viability of local shopping centres provides a positive impact on community and social wellbeing by offering local community places of interaction. Successful and vibrant local shopping centres give residents the option to travel less to obtain goods and in doing so provide an environmental benefit.

**9. Evaluation and review**

As a result of the tender evaluation, the tender evaluation panel recommends that Council award Contract No. 2016/67, Christmas in Boroondara (Design, Manufacture, Installation and Associated Services) to Xmas-Mil Display Products Pty Ltd at their tendered schedule of rates. The estimated contract cost for the maximum term is \$1,518,000 (including GST). The cost to Council after the return of the GST Tax Input Credits is \$1,380,000.

**Manager:** Fiona Banks, Economic Development

**Report officer:** Madeleine Cheah, Team Leader Economic Development,  
Economic Development