

**ITEM 15. TENDER - LEASING AND OPERATION OF VARIOUS CAFÉS WITHIN  
PARKS**

**FILE NO: S100618**

**TENDER NO: 1660**

**SUMMARY**

This report provides details of the tenders received for the appointment of café/kiosk operators for the leasing and operation of three cafes within City of Sydney parklands for a term of five years, with an additional five year option to renew. The five year lease for each premise has now expired.

The three premises are:

- 'Pirrama Park Kiosk', located in Pirrama Park at 20 Pirrama Road, Pyrmont
- 'Bandstand Café', located in Green Park at 301 Darlinghurst Road, Darlinghurst
- 'Bellevue Cottage', located in Blackwattle Bay at 55 Leichhardt Street, Glebe

This report recommends that Council:

- Reject the tender offer for Pirrama Park Kiosk and enter into negotiations with a suitably qualified kiosk operator.
- Accept the tender offer of Tenderer 'D' for Bandstand Café and to approve a five year lease, with an option to renew for an additional five year term, subject to an additional statutory process and Crown consent.
- Accept the tender offer of Tenderer 'A' for Bellevue Cottage and to approve a five year lease, with an option to renew for an additional five year term.

**RECOMMENDATION**

It is resolved that:

- (A) Council reject the tenders received for the appointment of a kiosk operator for the Pirrama Park Kiosk, for the reasons set out in confidential Attachment G to the subject report;
- (B) authority be delegated to the Chief Executive Officer to enter into negotiations and a subsequent lease with a suitably qualified kiosk operator to operate the Pirrama Park kiosk;
- (C) Council be informed of the successful kiosk operator for the Pirrama Park kiosk by way of a CEO Update;

- (D) Council accept the tender offer of Tenderer 'D' for the appointment of a café operator for Bandstand Cafe for a term of five years, with an additional 5 year option to renew;
- (E) Council approve the issue of a lease under section 103 of the Crown Lands Act 1989 (subject to the issue of a public notice and subsequent Crown consent under section 102 of the Crown Lands Act 1989) to Tenderer 'D' for the operation of the Bandstand Café at 301 Darlinghurst Road, Darlinghurst, as shown on the Premise Plan at Attachment D to the subject report, for a term of five years with an additional five year option to renew;
- (F) Council accept the tender offer of Tenderer 'A' for the appointment of a café operator for Bellevue Cottage for a five year lease, with an option to renew for an additional five year term;
- (G) Council approve the issue of a lease under section 47 of the Local Government Act 1993 to Tenderer 'A' for the operation of the Bellevue Cottage at 55 Leichhardt Street, Glebe, as shown on the Premise Plan at Attachment F to the subject report, for a term of five years, with an additional five year option to renew;
- (H) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the relevant leases relating to the tender; and
- (I) authority be delegated to the Chief Executive Officer to exercise the options referred to in clauses (D) and (F), if appropriate, and negotiate the price to extend the contract accordingly.

## **ATTACHMENTS**

**Attachment A:** Location Plan- Pirrama Park Kiosk

**Attachment B:** Premise Plan- Pirrama Park Kiosk

**Attachment C:** Location Plan- Bandstand Café

**Attachment D:** Premise Plan- Bandstand Cafe

**Attachment E:** Location Plan- Bellevue Cottage

**Attachment F:** Premise Plan- Bellevue Cottage

**Attachment G:** Tender Evaluation Summary (Confidential)

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

**BACKGROUND**

1. The City has three unique parkland Café/ Kiosk sites available for lease in Glebe, Pyrmont and Darlinghurst. Each site features an iconic building which has a mixed use potential and existing DA approval. We are looking to commence the leases of these sites from early 2017.
2. The City engaged Brain & Poulter, expert food and beverage consultants, to seek high calibre operators for each premise who demonstrate the following qualities to take on these exciting inner city locations.
  - (a) dynamic concepts;
  - (b) innovative menus;
  - (c) accessible price points; and
  - (d) interaction with the surrounds and local community.
3. The key lease terms being (but not limited to) the following:
  - (a) Term: five years, with an additional five year option to renew;
  - (b) Lettable Area: as per the Premise Plans at Attachments B, D and F;
  - (c) Lease Commencement: early 2017;
  - (d) Rent Reviews: fixed review of 4% on the anniversary of commencement date. The option term is subject to an initial market rent review;
  - (e) Bank Guarantee: unconditional bank guarantee for a sum equivalent to four months rental (as at the final year of the lease);
  - (f) Rental: refer to confidential Attachment G; and
  - (g) Insurance:
    - (i) statutory workers' compensation insurance, as required by law;
    - (ii) public liability insurance for the specific use of the space to the value of \$20M, listing the City of Sydney as the Lessor;
    - (iii) professional liability insurance for \$10M; and
    - (iv) property insurance for the full replacement value of the property, within the extent of the agreement area.

**Pirrama Park Kiosk**

4. The Pirrama Park Kiosk is located in the south-western corner of the 1.8 hectare Pirrama Park, at the end of Harris Street in Pyrmont, as shown on the Location Plan at Attachment A.

5. The Pirrama Kiosk was built by the City of Sydney in 2010. This striking modern structure blends into the local environment by way of its concrete, wood and copper finishes. The kiosk itself is approximately 37 square metres plus, 89 square metres of outdoor area and has access to 3 storage cages, as shown on the Premise Plan at Attachment B.
6. In March 2010, the Pirrama Park Kiosk commenced operation, servicing the growing number of visitors to Pirrama Park. The kiosk has become a valuable asset to the Park.
7. The five year lease for the operation of the kiosk has expired and the City has now completed a tender to select an operator for the Pirrama Park Kiosk for a term of five years, with an additional five year option to renew.
8. Pirrama Park is owned by the City of Sydney Council and is classified "community land". The issue of a lease will be under section 47 of the Local Government Act 1993.
9. The community consultation required under section 47 of the Local Government Act 1993 has been undertaken for a five year term, with an option for an additional five year term. No submissions were received.

#### **Bandstand Café**

10. Green Park Bandstand Café is situated in the middle of Green Park, Darlinghurst. Green Park extends to approximately 5,000 square metres and is bound by Victoria Street to the east, Burton Street to the north and Darlinghurst Road and St Vincents Hospital to the west, as shown on the Location Plan at Attachment C.
11. The heritage listed, rotunda style café consists of 116.20 square metres, as shown on the Premise Plan at Attachment D.
12. In December 2010, Bandstand Café commenced operation as a café. The café has become a valuable asset to the park and has improved the safety and amenity of this park. The café is frequented by staff and visitors from St Vincent's hospital, who form a large part of their clientele.
13. The five year lease for the operation of the café has expired and the City has now completed a tender to select an operator for the Bandstand Cafe for a term of five years, with an additional five year option to renew.
14. Bandstand Café is located on Crown Land. The City of Sydney Council has been appointed Reserve Trust Manager under the Crown Lands Act 1989. The issue of a lease will be under section 103 of the Crown Lands Act 1989.
15. Upon award of the tender, statutory community consultation will need to be undertaken for award of a lease for a five year term, with an option for an additional five year term, under section 103 of the Crown Lands Act 1989.

#### **Bellevue Cottage**

16. Bellevue Cottage Café/Restaurant is situated at the northern end of Glebe within the Blackwattle Bay Park, on the Glebe foreshore section of the popular Harbour Foreshore Headland Park walk, with sweeping 180 degree harbour views towards the Anzac Bridge and Pyrmont, as shown at the Location Plan at Attachment E.

17. Bellevue Cottage is a heritage listed Victorian cottage, built circa 1896. The City completed the restoration of the cottage in 2010. It consists of 368 square metres across two levels, which includes indoor and outdoor seating.
18. The ground floor consists of an excavated basement which opens to one side, with a courtyard surrounded on two sides by ashlar sandstone walls, while the upper floor consists of the indoor seating areas and the commercial kitchen, as shown on the Premise Plan at Attachment F.
19. In December 2010, Bellevue Cottage commenced operation as a café. This café has become a valuable asset to Blackwattle Bay and is frequented by many park users.
20. The five year lease for the operation of the café has expired and the City has now completed a tender to select an operator for Bellevue Cottage for a term of five years, with an additional five year option to renew.
21. Bellevue Cottage is owned by the City of Sydney Council and is located on land classified as “community land”. The issue of a lease will be under section 47 of the Local Government Act 1993.
22. The community consultation required under section 47 of the Local Government Act 1993 has been undertaken for a five year term, with an option for an additional five year term. No submissions were received.
23. Property services will undertake pre-lease works and investigate pop-ups until lease commencement in early 2017.

### **INVITATION TO TENDER**

24. The tender was advertised on 9 September 2016 in The Sydney Morning Herald, The Daily Telegraph and The Wentworth Courier. The tender closed on Thursday, 6 October 2016.

### **TENDER SUBMISSIONS**

25. Six submissions were received from the following organisations (listed alphabetically):
  - Antnicx Pty Ltd- Bellevue Cottage
  - Dorchester Café- Pirrama Park Kiosk
  - Pabs Pty Ltd- Pirrama Park Kiosk
  - Sam Suz Pty Ltd- Bellevue Cottage
  - Stix Catering Pty Ltd- Bellevue Cottage
  - Taste Baguette Group- Bandstand Cafe
26. No late submissions were received.

### **TENDER EVALUATION**

27. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.

28. The relative ranking of tenders as determined from the total weighted score is provided in the confidential Tender Evaluation Summary – Attachment G.
29. All submissions were assessed in accordance with the approved evaluation criteria being:
  - (a) the vision;
  - (b) experience in successfully running a similar café/kiosk in urban parklands;
  - (c) business plan, including financial plan;
  - (d) environmental sustainability management;
  - (e) Work, Health & Safety; and
  - (f) provision of relevant insurances.

### **FINANCIAL IMPLICATIONS**

30. Further details can be found in confidential Tender Evaluation Summary – Attachment G.

### **RELEVANT LEGISLATION**

31. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
32. Attachment G contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies 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.
33. 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.
34. Section 47 of the Local Government Act 1993.
35. Sections 102-103 Crown Lands Act 1989.

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

36. The proposed commencement dates for each of the leases will be early 2017. The time frame will be constrained due to:
  - (a) statutory public consultation of the successful tenderer for Bandstand Café and subsequent Crown approval; and
  - (b) capital works undertaken by the lessee, further assessment under the Crown Lands Act 1989 and ordering of equipment.

**PUBLIC CONSULTATION**

37. A public notification has been undertaken for both Pirrama Park Kiosk and Bellevue Cottage for a period of 28 days under section 47 of the Local Government Act 1993.
38. Further public consultation will be required under section 102 of the Crown Lands Act 1989 prior to the issue of a lease for the Bandstand Café for a five year term, with an option for an additional five year term.

**AMIT CHANAN**

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