

ITEM 10. TENDER - VENUE MANAGEMENT CATERING SERVICES

FILE NO: X003074

TENDER NO: 1628

SUMMARY

This report provides details of the tenders received for the venue management catering services.

The selected tender followed an Expression of Interest (EOI) process which was completed in 2016, to identify suitable respondents that had the necessary capacity, experience and vision.

The current contract expires in June 2017. The new contract has been timed to match the refurbishment of the Town Hall House Level 4 meeting rooms and catering production kitchen which services all the venues covered under the agreement.

The nature of the Sydney Town Hall and Barnet Long Room spaces requires a single caterer operation. This agreement between the City and the selected caterer will provide the caterer with exclusive catering rights to operate in the public venues of Sydney Town Hall, Town Hall House and the Barnet Long room at Customs House, in exchange for a financial offer payable to the City, made up of commissionable income based on revenue generated and contributions to capital and business development funding.

As per the current arrangements, the new agreement contains provisions for charity and community groups to apply for a catering stand aside, as well as for City-run events to make their own catering arrangements, if preferred

The proposed duration of the agreement is for an initial period of four years with an option, at Council's discretion, to extend the agreement for a further three periods of two years (10 years total) based on satisfactory performance.

Through the tender process, a suitable offer for the services that met the requirements of the City was unable to be identified. This report recommends that Council reject the tender offers received and enter into negotiations with suitably qualified companies for the supply of catering services.

RECOMMENDATION

It is resolved that:

- (A) Council reject the tenders received for the venue management catering services, for the reasons set out in confidential Attachment A to the subject report;
- (B) Council not invite fresh tenders, as it is considered that inviting fresh tenders would not attract suitable companies over and above those that have responded to this tender;
- (C) Council note that entering into negotiations with the tenderers listed in confidential Attachment A will result in a better outcome for Council;

- (D) authority be delegated to the Chief Executive Officer to enter into negotiations, execute and contract with a suitably qualified company to supply the services relating to the tender, including the allocation of funds from the Business Development Fund associated with the existing catering agreement;
- (E) authority be delegated to the Chief Executive Officer to exercise the options referred to in the contract; and
- (F) Council be informed of the successful company by way of CEO update.

ATTACHMENTS

Attachment A: Tender Evaluation Summary (Confidential)

Attachment B: Hospitality Management Australia – Tender Evaluation and Commentary (Confidential)

Attachment C: Business Development Fund (Confidential)

(As Attachments A, B and C are confidential, they will be circulated separately from the agenda paper and to Councillors and relevant senior staff only.)

BACKGROUND

1. The current agreement for the supply of catering services with Compass T/A Restaurant Associates expires on 30 June 2017. The new contract term has been timed to coordinate with the refurbishment of the Town Hall House Level 4 facilities, which includes the production kitchen and caterer's office.
2. The agreement between the City and the successful caterer will grant exclusive operational rights to the Sydney Town Hall Venues (including the Level 4 meeting rooms in Town Hall House) and the Barnet Long Room at Customs House in return for a financial offer to the City detailed in confidential Attachment A.
3. The nature of the Sydney Town Hall and Barnet Long Room spaces requires a single caterer operation. As per the current arrangements, the new agreement contains provisions for charity and community groups to apply for a catering stand aside, as well as for City-run events to make their own catering arrangements, if preferred.
4. The City's tender objectives in this instance are to:
 - (a) ensure a satisfactory range of food and beverage facilities and services is provided to all City clients and visitors;
 - (b) maximise the financial return to the City from catering services;
 - (c) ensure the provision of food and beverage is of an excellent standard, quality and service; and
 - (d) provide a fair and reasonable return to the operator.
5. The successful operator will be expected to provide best practice catering management across the range of catering services. Content, presentation, preparation, delivery and service will be expected to match and exceed the highest industry standards and benchmarks to enhance the brand and reputation of the City and to maintain a competitive advantage within the industry.
6. The structure and performance of the new catering contract has also been reviewed by Hospitality Management Australia, specialist consultants who work with most major venues and cultural institutions in Sydney, with regard to catering contract management.
7. Hospitality Management Australia has reviewed the City's tender responses and supports the reject and negotiate recommendation.

INVITATION TO TENDER

8. The selected tender followed an EOI process which was completed in 2016, to identify suitable respondents that had the necessary capacity, experience and vision.
9. Four organisations were shortlisted. Request for Tenders were issued on 30 November 2016 and submissions closed on 27 January 2017.

TENDER SUBMISSIONS

10. Two submissions were received from the following organisations (listed alphabetically):
 - Compass Group (Australia) Pty Ltd, Trading as Restaurant Associates
 - Stadiums Australia Operations Pty Ltd
11. No late submissions were received.

TENDER EVALUATION

12. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
13. The relative ranking of tenders as determined from the total weighted score is provided in the confidential Tender Evaluation Summary – Attachment A.
14. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) the ongoing financial offer to the City;
 - (b) overall vision for the catering services to be provided, together with an understanding and demonstrated awareness of the heritage and cultural issues as well as the community obligations of a civic building;
 - (c) demonstrated capacity and technical ability to carry out the services under the agreement, including the standards of quality and service. The ability to provide a full food safety plan and Hazard Analysis and Critical Control Point procedures;
 - (d) an appropriate operations plan, including furniture fittings and equipment and capital contribution to deliver the caterers' vision and services as required under the agreement;
 - (e) demonstrated managerial capability, qualifications, experience and number of personnel, staff training and development and on-going availability of sufficient skilled resources capable of performing tasks consistent with the required standards;
 - (f) demonstration of an innovative approach and framework to quality assurance and continuous improvement, including the ability to initiate improvements in service delivery and the ability to implement and comply with a detailed quality assurance / performance management system, inclusive of Key Performance Indicators;
 - (g) the commitment to fully integrate into the City's reporting and event management processes, in particular, to fully link with Council's Ungerboeck Events Booking and Management system;
 - (h) demonstration of a mature Work Health & Safety (WHS) system and commitment to WHS principles and continuous improvement; and
 - (i) financial and commercial trading integrity including insurances.

PERFORMANCE MEASUREMENT

15. To support the City's objectives with the catering operation, a range of Key Performance Indicators covering all aspects of the service to be provided in the contract are contained in the agreement, including:
- (a) trained, efficient and knowledgeable staff;
 - (b) minimum hygiene standards;
 - (c) customer expectation and satisfaction;
 - (d) legislative compliance, including liquor licensing and industrial relations;
 - (e) staffing ratios;
 - (f) revenue generation;
 - (g) customer feedback handling;
 - (h) communication and reporting;
 - (i) innovation and concept delivery;
 - (j) pricing strategy; and
 - (k) Workplace Health & Safety.

RELEVANT LEGISLATION

16. 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.
17. Attachments A, B and C contain 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.
18. 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

19. The current agreement for the supply of catering services expires on 30 June 2017. A new contract will need to be operational on 1 July 2017.
20. The new contract term has been timed to coordinate with the refurbishment of the Town Hall House Level 4 facilities, which include the production kitchen and caterer's office. This work is expected to be complete in June 2017.

21. Based on a March 2017 award of contract, the new caterer will have three months to prepare for contract commencement, which is considered the minimum time possible for this to occur.

OPTIONS

22. Continue with current arrangements – this is not recommended. The current agreement has been in operation since 2004 (including extensions and suspension for building closures) and needs to be updated to reflect current requirements.
23. Call for fresh tenders – this is not recommended. Through the EOI process, the viable caterers have already had an opportunity to respond. It is not felt that there are any other suitable operators who would be identified with a fresh tender process, or who would be able to commence operation from 30 June 2017.

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