

Relevant Information for Council

FILE: X022195.004 **DATE:** 26 June 2020

TO: Lord Mayor and Councillors

FROM: Emma Rigney, Director City Life

THROUGH: Monica Barone, Chief Executive Officer

SUBJECT: Information Relevant To Item 6.9 – Bathurst Street (Greenland) Creative Hub (working title) Operator

For Noting

This memo is for the information of the Lord Mayor and Councillors.

Purpose

To provide additional information on expected affordability and utilisation of the Bathurst Street (Greenland) Creative Hub (working title).

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 22 June 2020, clarification was sought on how the City will ensure affordability of fees and charges, and good use of the Creative Hub.

The City seeks to enter a negotiation process with the two submitting tenderers for the operational management services of the Creative Hub.

The key aims of this service are

- to provide access to affordable space for creative practitioners, organisations and art forms, including equity of access across these categories;
- to implement both affordable hireable rates and market value (industry aligned) hireable rates; and

- to maximise utilisation and occupancy; whilst
- ensuring industry best practice management and service delivery to maximise opportunities for the creative and cultural sector to access the Creative Hub.

As part of tender submissions, prospective operators were required to nominate:

- the affordable and market value rates for each space within the Creative Hub;
- the application of these two rates against each individual space (i.e. the percentage of how many hires would be at affordable and market rates for each space); and
- the utilisation rates for each individual space, and for the overall facility per year of the contract.

Tenderers were required to justify their affordable and market hire rates and provide examples of up to date industry benchmarking.

Tenderers were also required to nominate and justify their year on year utilisation rates. The City requested bidders to present utilisation rates showing initial start-up rates that then build year on year in line with bidders operating model and previous industry experience. This model of utilisation growth is in line with the City's own experience and knowledge of launching new creative spaces to the market.

In general, the hire and utilisation rates nominated by tenderers are aligned with the City's expectations, and will form part of the negotiation process.

The contract for the provision of operational management services specifies that the requirement to provide access to affordable hiring rates is a key service aim and objective of the management of the hub.

The contract has been structured in a way that allows the City to closely monitor the hireable rates and direct the selected operator to alter rates should we have evidence that they are inappropriate. The operator will be required to set out their proposed ratios of commercial to affordable rates of hire in their annual business plan which is reviewed and approved by the City.

The contract specifies that the operator will be assessed by the City on key performance indicators (KPIs) which include providing access to affordable space and implementing affordable hiring rates. These KPIs will be measured and reviewed quarterly, including through reporting on the achievement of utilisation and occupancy targets and the achievement of affordable space targets. Failure to meet the KPIs will amount to a contractual breach which allows the City to take actions including placing the operator under Performance Review or suspending payment to the Operator.

Memo from Emma Rigney, Director City Life

Prepared by: Lauren Simpson, Project Manager Cultural Venues

Approved

A handwritten signature in black ink, appearing to read "P.M. Barone" with a long horizontal flourish extending to the right.

MONICA BARONE

Chief Executive Officer