

Contract Variations - Event Infrastructure, Structures and Equipment for Major Events and Festivals

File No: X031267.003

Tender No: 2046

Summary

This report requests Council approve contract variations to increase contract values for the suppliers engaged for Event Infrastructure, Structures and Equipment for Major Events and Festivals..

The City of Sydney (City) produces a suite of public events throughout its yearly event season, including Sydney Christmas, Sydney New Year's Eve, Sydney Lunar Festival, Art & About Sydney and Capital Works launches. To ensure events are safe and accessible, the City engages contractors who specialise in the supply of crucial event infrastructure and equipment such as toilets, lighting, fencing, access equipment and temporary structures.

The City undertook a Request for Tender (RFT) for the supply of event infrastructure, structures and equipment to facilitate the delivery of its public events for the 2020/21 event season, with two options to extend to cover the 2021/22 and 2022/23 event seasons, at the City's discretion, in June 2020.

In accordance with the Register of Delegations from Council to the Chief Executive Officer, the Chief Executive Officer approved entering into contracts with Coates Hire Operations Pty Ltd, The Trustee for Michael Reginald Scarce Family Trust (trading as Camden Hire Pty Ltd), Eventpower Solutions NSW Pty Ltd, Botany Access Pty Ltd and Pillingers Hiring Service Pty Ltd for Event Infrastructure, Structures and Equipment for Major Events and Festivals on 1 October 2020.

At the time the tender parts were awarded, changes to the event season following Covid-19 were not known. Estimates for the contract values were based on the event programming for 2019/20 events.

In 2020, the City was asked to accommodate changes to the event season as well as deliver Sunset Piazza and Al Fresco activities as part of Al Fresco in the City. The contract expenditure for 2020/21 increased significantly as a result. Future programming changes, plus ongoing Covid planning, has required the contract value levels for 2021/22 and 2022/23 to be reviewed and the expected contract expenditure for future years has been re-estimated.

This report recommends that Council approve contract variations to increase contract values for the suppliers engaged for Event Infrastructure, Structures and Equipment for Major Events and Festivals.

Recommendation

It is resolved that Council:

- (A) note that due to the ongoing Covid-19 pandemic, the City has been required to accommodate changes to the event season as well as deliver Sunset Piazza, Al Fresco activities, Covid overlay costs and other event season program changes resulting in significantly increased contract expenditure;
 - (B) approve contact variations for Event Infrastructure, Structures and Equipment for Major Events and Festivals as follows:
 - (i) Part 1 - Portable Toilets and Part 2 - Temporary Site Offices and Site Equipment - Coates Hire Operations Pty Ltd;
 - (ii) Part 3 - Fencing and Part 5 - Smart Infrastructure - The Trustee for Michael Reginald Scarce Family Trust (trading as Camden Hire Pty Ltd);
 - (iii) Part 4 - Generators, Lighting Towers and Power Distribution - Eventpower Solutions NSW Pty Ltd;
 - (iv) Part 6 - Forklifts and Access Equipment - Botany Access Pty Ltd; and
 - (v) Part 8 - Structures, Furniture and Event Equipment - Pillingers Hiring Service Pty Ltd;
- for the for the revised estimated contract values outlined in Confidential Attachment A to the subject report and in accordance with the previously approved schedule of rates;
- (C) Council approve the additional funds sought from the 2021/22 General Contingency Fund as outlined in Confidential Attachment A to the subject report; and
 - (D) authority be delegated to the Chief Executive Officer to negotiate, execute and administer/vary the contracts relating to Event Infrastructure, Structures and Equipment for Major Events and Festivals.

Attachments

Attachment A. Financial and Contractual Implications (Confidential)

Background

1. The City's Major Events and Festivals unit produces a portfolio of public events each year. These range from Hallmark status events supported by the NSW Government to small community events. A key objective of the Major Events and Festivals unit is to deliver high quality, accessible, sustainable and safe events for our audiences. To achieve this, the City requires infrastructure, structures and equipment for each event such as toilets, lighting, fencing, barricades and marquees.
2. Accordingly, the City sought to engage suppliers for the required categories of infrastructure, structures and equipment for events delivered in the 2020/21 financial year. The inclusion of two one-year extensions allows the City to extend tenure where appropriate, enabling suppliers to build on knowledge gained from year to year, resulting in improvements to both operational management and guest experience. The pricing of all parts was on a schedule of rates basis.
3. The RFT was divided into nine parts, each representing a category of event infrastructure or equipment. Tenderers were not required to bid on all parts.
 - (a) Part 1 - Portable toilets;
 - (b) Part 2 - Temporary site offices and site equipment;
 - (c) Part 3 - Fencing;
 - (d) Part 4 - Generators, lighting towers and power distribution;
 - (e) Part 5 - Smart infrastructure;
 - (f) Part 6 - Forklifts and access equipment;
 - (g) Part 7 - Site vehicles;
 - (h) Part 8 - Structures, furniture and event equipment;
 - (i) Part 9 - Event flooring.
4. The pricing of all parts was on a schedule of rates basis with no minimum guarantee of work.
5. In accordance with the Register of Delegations from Council to the Chief Executive Officer, the Chief Executive Officer approved the selection of tenderers for eight of the nine parts. Subsequently Part 7 was cancelled and Part 9 did not proceed.
6. When the tender was assessed, estimated spends were based on the 2019/20 event programming and the Event Season for 2020/21 was planned as business as usual.
7. Impacts or event changes resulting from Covid-19 were not known and, therefore, not included in the cost estimates. These changes included the staging of Sunset Piazza, delivery of AI Fresco activities and Covid related expenses.
8. Although the NSW Government provided funding for AI Fresco in the City, the existing schedule of rates contracts for event infrastructure, structures and equipment were used to service the infrastructure requirements resulting in expenditure that was unforeseen which significantly impacted the expected contract expenditure in 2020/21.

9. Additionally, future programming changes, plus ongoing Covid planning, has required for the contract value levels for 2021/22 and 2022/23 to be reviewed and the expected contract expenditure for future years has been re-estimated. As such, approval of variations to contract values is requested in order to deliver the 2021/22 and 2022/23 event seasons.

Financial Implications

10. Approval is required to increase the contract values due to higher than expected project costs as detailed in Confidential Attachment A.
11. The increased expenditure required to deliver the 2021/22 and 2022/23 event seasons, other than those associated with the 'Covid overlay', have been anticipated in the City's draft 2021/22 operating budget and future year forward estimates. As a result, the required additional funding for these 'Covid overlay' costs, to meet this shortfall, has been sought from the City's 2021/22 General Contingency Fund as detailed in Confidential Attachment A.

Relevant Legislation

12. The tender was conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Procurement and Contract Management Policy.
13. In accordance with the Register of Delegations from Council to the Chief Executive Officer, Council has delegated authority to the Chief Executive Officer to approve entering into contracts involving estimated expenditure or receipt of less than \$5 million, in consultation with the Chief Financial Officer (Delegation 5).
14. The total value of these contracts, including price and contingency, is less than \$5 million, inclusive of GST.
15. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
16. Attachment A contains confidential commercial information of contract costs 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.
17. 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

18. The option to extend the further terms of these contracts, with approval of estimated spend, is required by 30 June 2021. This timing is also critical to enable all service providers to have sufficient time to plan and deliver crucial event infrastructure and equipment for the 2021/22 event season.

Options

19. An alternative option is to not approve the variation to the contract values for event infrastructure, structures and equipment services. This option is not recommended because this would result in the need to procure these services again and would put the City's ability to safely deliver its events at serious risk.

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Director City Life

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