

12 September 2022

At 2.00 pm

**Corporate, Finance, Properties and
Tenders Committee**

Agenda

- 1. Confirmation of Minutes**
- 2. Statement of Ethical Obligations and Disclosures of Interest**
- 3. Investments Held as at 31 August 2022**
- 4. Proposed Land Classification - Part 174-186 George Street, Sydney**
- 5. Lease Variation - Suite 3.02, Level 3 and Level 5, Customs House, 31 Alfred Street, Sydney**
- 6. Tender - Natural Gas Large Market Accounts**
- 7. Tender - T-2021-655 - Reject and Negotiate - Doorstep Recycling Service**
- 8. Exemption from Tender - IT Licence, Subscription, Maintenance and Support Contracts**
- 9. Contract Variation - Wi-Fi in Community Centres and Venues for Hire**
- 10. Contract Variation – Head Contractor Stonework for the Sydney Town Hall Facade Conservation Project**
- 11. Contract Variation and Exemption from Tender - Colliers Property Management Agreement**

Disclaimer, Terms and Guidelines for Speakers at Council Committees

As part of our democratic process, the City invites members of the community to speak directly to Councillors during Committee meetings about items on the agenda.

Webcast

In accordance with the *City of Sydney Code of Meeting Practice*, Committee meetings are recorded and webcast live on the City of Sydney website at www.cityofsydney.nsw.gov.au.

Members of the public attending a council or committee meeting may have their image, voice and personal information (including name and address) recorded, publicly broadcast and archived for up to 12 months.

Consent

By attending a council or committee meeting, members of the public consent to this use of their image, voice and personal information.

Disclaimer

Statements made by individuals at a council or committee meeting, and which may be contained in a live stream or recording of the meeting are those of the individuals making them, and not of the City. To be clear, unless set out in a resolution of council, the City does not endorse or support such statements.

The City does not accept any liability for statements made or actions taken by individuals during a Council or Committee meeting that may be contrary to law, including discriminatory, defamatory or offensive comments. Such statements or actions are not protected by privilege and may be the subject of legal proceedings and potential liability, for which the City takes no responsibility.

Guidelines

To enable the Committee to hear a wide range of views and concerns within the limited time available, we encourage people interested in speaking at Committee to:

1. Register to speak by calling Secretariat on 9265 9702 or emailing secretariat@cityofsydney.nsw.gov.au before 10.00am on the day of the meeting.
2. Check the recommendation in the Committee report before speaking, as it may address your concerns so that you just need to indicate your support for the recommendation.
3. Note that there is a three minute time limit for each speaker (with a warning bell at two minutes) and prepare your presentation to cover your major points within that time.
4. Avoid repeating what previous speakers have said and focus on issues and information that the Committee may not already know.
5. If there is a large number of people interested in the same item as you, try to nominate three representatives to speak on your behalf and to indicate how many people they are representing.

Committee meetings can continue until very late, particularly when there is a long agenda and a large number of speakers. This impacts on speakers who have to wait until very late, as well as City staff and Councillors who are required to remain focused and alert until very late. At the start of each Committee meeting, the Committee Chair may reorder agenda items so that those items with speakers can be dealt with first.

Committee reports are available at www.cityofsydney.nsw.gov.au

Item 1.

Confirmation of Minutes

Minutes of the following meetings of the Corporate, Finance, Properties and Tenders Communities Committee are submitted for confirmation:

Meeting of 15 August 2022

Item 2.

Statement of Ethical Obligations

In accordance with section 233A of the Local Government Act 1993, the Lord Mayor and Councillors are bound by the Oath or Affirmation of Office made at the start of the Council term to undertake their civic duties in the best interests of the people of the City of Sydney and the City of Sydney Council and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the Local Government Act 1993 or any other Act, to the best of their ability and judgement.

Disclosures of Interest

Pursuant to the provisions of the Local Government Act 1993, the City of Sydney Code of Meeting Practice and the City of Sydney Code of Conduct, Councillors are required to disclose and manage both pecuniary and non-pecuniary interests in any matter on the agenda for this meeting.

In both cases, the nature of the interest must be disclosed.

This includes receipt of reportable political donations over the previous four years.

Item 3.

Investments Held as at 31 August 2022

Document to Follow

Item 4.

Proposed Land Classification - Part 174-186 George Street, Sydney

File No: X004710

Summary

The Lendlease Circular Quay site is located within the Alfred, Pitt, Dalley and George Streets (APDG) block close to Circular Quay.

The site is a collection of properties with frontage to Pitt, Underwood and George Streets, including:

1. Lots 181 and 182 in Deposited Plan 606865;
2. Lot 7 in Deposited Plan 629694;
3. Lots 1 and 2 in Deposited Plan 880891; and
4. Lots 2 and 3 in Deposited Plan 1213767.

On 27 June 2022, Council resolved to publicly notify a proposed resolution to classify three lots of land to be transferred to Council for future public purposes as a plaza, public cycle facility and community building - being proposed Lots 103, 105 and 106 in the land currently comprising Lots 181 and 182 in Deposited Plan 606865, Lot 7 in Deposited Plan 629694, Lots 1 and 2 in Deposited Plan 880891, and Lots 2 and 3 in Deposited Plan 1213767 - as operational land in accordance with section 31 of the Local Government Act 1993.

The proposed resolution to classify the land was publicly notified on 6 July 2022 for a period of 28 days. Submissions closed on 3 August 2022. No submissions were received.

This report seeks Council's endorsement to classify the three lots of land as operational land in accordance with section 31 of the Local Government Act 1993 land to facilitate operations within the lots and operational integration between the strata.

Recommendation

It is resolved that Council classify three lots of land to be transferred to Council for future public purposes as a plaza, public cycle facility and community building, being proposed Lots 103, 105 and 106 in the land currently comprising:

- (a) Lots 181 & 182 in Deposited Plan 606865;
- (b) Lot 7 in Deposited Plan 629694;
- (c) Lots 1 & 2 in Deposited Plan 880891; and
- (d) Lots 2 & 3 in Deposited Plan 1213767;

as operational land in accordance with section 31 of the Local Government Act 1993.

Attachments

Attachment A. Identification Plan - Plan of Subdivision

Background

1. The Lendlease Circular Quay site is located within the Alfred, Pitt, Dalley and George Streets (APDG) block close to Circular Quay.
2. The site is a collection of properties with frontage to Pitt, Underwood and George Streets, including:
 - (a) Lots 181 and 182 in Deposited Plan 606865;
 - (b) Lot 7 in Deposited Plan 629694;
 - (c) Lots 1 and 2 in Deposited Plan 880891; and
 - (d) Lots 2 and 3 in Deposited Plan 1213767.
3. On 25 July 2016, Council resolved to execute a Planning Agreement with Lendlease (Circular Quay) Pty Limited as Trustee for the Lendlease (Circular Quay) Trust.
4. The Planning Agreement relates to a planning proposal to amend the Sydney Local Environmental Plan 2012 (SLEP 2012) to facilitate a taller commercial tower with reconfigured publicly accessible open space and activated laneways.
5. The amendment to the Sydney Local Environmental Plan 2012 was made on 23 November 2016.
6. The Planning Agreement includes the following public benefits:
 - (a) Land dedication and embellishment of approximately 30m² for road and footway widening to Underwood Street.
 - (b) Land dedications to no less than 1,800m² and embellishment of public plaza spaces and laneways.
 - (c) Development and installation of public art to the public plaza space.
 - (d) Lease in stratum of nominally 3,700m² of net lettable area of office space for the purpose of business innovation space.
 - (e) Monetary contribution of \$2,200/m² by net lettable area estimated at \$8,140,000 for the fitout of the business innovation space.
 - (f) Dedication in stratum and embellishment of 677m² of a public cycle facility.
 - (g) Land dedication in stratum and construction and fitout of a small plaza edge building.
 - (h) Land transfer to the Developer of 395.6m² for building development.
 - (i) Easements and covenants to the commercial tower to deliver commercial floor space.
 - (j) Covenants for the protection of small-scale retail adjacent to the laneways.
 - (k) Commitment to environmental sustainable development in the commercial tower.

7. The Planning Agreement states that the George Street Cycle Facility Stratum and Community Building Stratum will be classified as operational land at Council's discretion.
8. On 14 May 2018, Council approved the election of the 20-year lease option for the business innovation space.
9. On 17 August 2021, a subdivision development application for the site was approved. The development application consolidates the existing lots and creates the following new lots:
 - (a) Lot 101 - Office Tower;
 - (b) Lot 102 - Jacksons on George;
 - (c) Lot 103 - Plaza George Street;
 - (d) Lot 104 - Plaza Building Retail;
 - (e) Lot 105 - Public Cycling Facility;
 - (f) Lot 106 - Plaza Building;
 - (g) Lot 107 - Office Tower Retail;
 - (h) Lot 108 - Jacksons on George Laneways Retail;
 - (i) Lot 109 - Storage/Utilities;
 - (j) Lot 110 - Proposed Laneways Road Dedication; and
 - (k) Lot 111 - Proposed Road Widening (Underwood Street).
10. Lot 103 - Plaza George Street, Lot 105 - Public Cycle Facility and Lot 106 - Plaza Building will be transferred by the Developer to the City as operational land in accordance with the Planning Agreement.
11. It is recommended that these lots be classified as operational land to facilitate operations within Lot 105 - Public Cycle Facility and Lot 106 - Plaza Building, and to facilitate operational integration between the stratum through Lot 103 - Plaza George Street.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

12. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
- (a) Direction 1 - Responsible governance and stewardship - This public benefit is being delivered as work-in-kind as part of a Planning Agreement between the City and Lendlease (Circular Quay) Pty Limited.
 - (b) Direction 5 - A city for walking, cycling and public transport - The Public Cycle Facility will encourage the use of cycling for transport.
 - (c) Direction 8 - A thriving cultural and creative life - The Plaza Building includes artwork by an Indigenous artist and will allow community events to be held in the Central Business District.

Financial Implications

13. The classification of land under the Local Government Act 1993 does not have any direct budgetary implications. Once the abovementioned parcels of land are transferred to the City, they will be recognised as in-kind contributions income, and held as land assets in accordance with the City's Infrastructure, Property, Plant and Equipment (IPPE) Asset Recognition and Capitalisation Policy.

Relevant Legislation

14. The following sections of the Local Government Act 1993 are relevant:
- (a) Section 25 requires all public land to be classified as either community or operational land;
 - (b) Section 31(2) permits Council to resolve to classify land prior to acquisition;
 - (c) in satisfaction of section 31(3), the proposed resolution is not inconsistent with the Planning Agreement (as registered on title) nor any other Act or the terms of any trust applying to the land; and
 - (d) Section 34 requires the proposed resolution to classify be publicly notified and made available for inspection by the public for a period of 28 days.

Critical Dates / Time Frames

15. The land needs to be classified within three months of transfer to the City or it automatically reverts to a community classification. As the land is proposed to transfer to the City in October 2022 the classification would need to be endorsed no later than late December 2022. The land may be classified as operational prior to transfer to the City.

Options

16. If the land is not classified as operational within three months of transfer to the City, it will revert to a community classification under the Local Government Act 1993. A community classification for unimproved land to be embellished by the City would restrict and impede the City's capacity to undertake the commercial operations and integration between stratum.

Public Consultation

17. The proposed resolution was publicly notified for a period of 28 days.
18. The proposed resolution was advertised in The Sydney Morning Herald and on the City of Sydney website.
19. No submissions were received.

KIM WOODBURY

Chief Operating Officer

Matthew Taylor, Development Manager

Attachment A

Identification Plan – Plan of Subdivision



GeoStrata

Project Surveying
Land Development and Title Consulting

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www.geostrata.com.au



LOCATION PLAN

NOTES:

- THIS PLAN SHOWS THE PROPOSED SUBDIVISION LOTS FOR THE LEND LEASE CIRCULAR QUAY DEVELOPMENT SITE.
- IT IS PROPOSED THAT THE PROPOSED STRATUM LOTS SHOWN MAY BE CREATED IN A STAGED MANNER.
- THIS PLAN HAS BEEN PREPARED FOR DA PURPOSES ONLY. THE FINAL ALLOCATED LOT NUMBERS COULD VARY SUBJECT TO STAGING.
- THE PROPOSED BOUNDARIES AND DIMENSIONS SHOWN ARE DRAFT ONLY AND SUBJECT TO THE FINAL PLAN AND FINAL SURVEY.
- THE PROPOSED BOUNDARIES ON THIS PLAN HAVE BEEN DEFINED BY ARCHITECTURAL ACAD FILES ONLY.
- THE PROPOSED LOTS WILL BE SUBJECT TO ADDITIONAL EASEMENTS AND A BUILDING MANAGEMENT STATEMENT.
- EASEMENTS FOR VARIOUS AUTHORITY SERVICES AND INFRASTRUCTURE MAY BE CREATED BY SEPARATE PLANS FOR EASEMENT PURPOSES.
- EXISTING EASEMENTS BURDENING SUBJECT LOTS HAVE NOT BEEN SHOWN ON THIS PLAN.

LOT DESCRIPTIONS

- LOT 101 - CQT TOWER (TOWER)
- LOT 102 - JACKSONS ON GEORGE (JOG)
- LOT 103 - PLAZA - GEORGE ST (COS)
- LOT 104 - PLAZA BUILDING RETAIL (TOWER)
- LOT 105 - PUBLIC CYCLING FACILITY (COS)
- LOT 106 - PLAZA BUILDING (COS)
- LOT 107 - CQT RETAIL (TOWER)
- LOT 108 - JACKSONS ON GEORGE - LANEWAYS RETAIL (JOG)
- LOT 109 - STORAGE/UTILITIES (JOG)
- LOT 110 - PROPOSED LANEWAYS ROAD DEDICATION (COS) (R1)
- LOT 111 - PROPOSED ROAD WIDENING (UNDERWOOD ST)

NOTE 2

LOT 1 IN DP1213176 IS LIMITED IN DEPTH TO RL24.7 AND UNLIMITED IN HEIGHT PT 101 & (R3) ARE BELOW AS SHOWN ON THE SUBSEQUENT SHEETS.

NOTE 24

PROPOSED ROAD WIDENING IS LIMITED IN DEPTH TO THE UNDERSIDE OF THE UNDERWOOD STREET ROAD STRUCTURE AND UNLIMITED IN HEIGHT. PT 101 IS LIMITED IN HEIGHT TO THE UNDERSIDE OF THE UNDERWOOD STREET ROAD WIDENING AND UNLIMITED IN DEPTH.

(R2) RIGHT OF CARRIAGEWAY VARIABLE WIDTH (DP1222015)

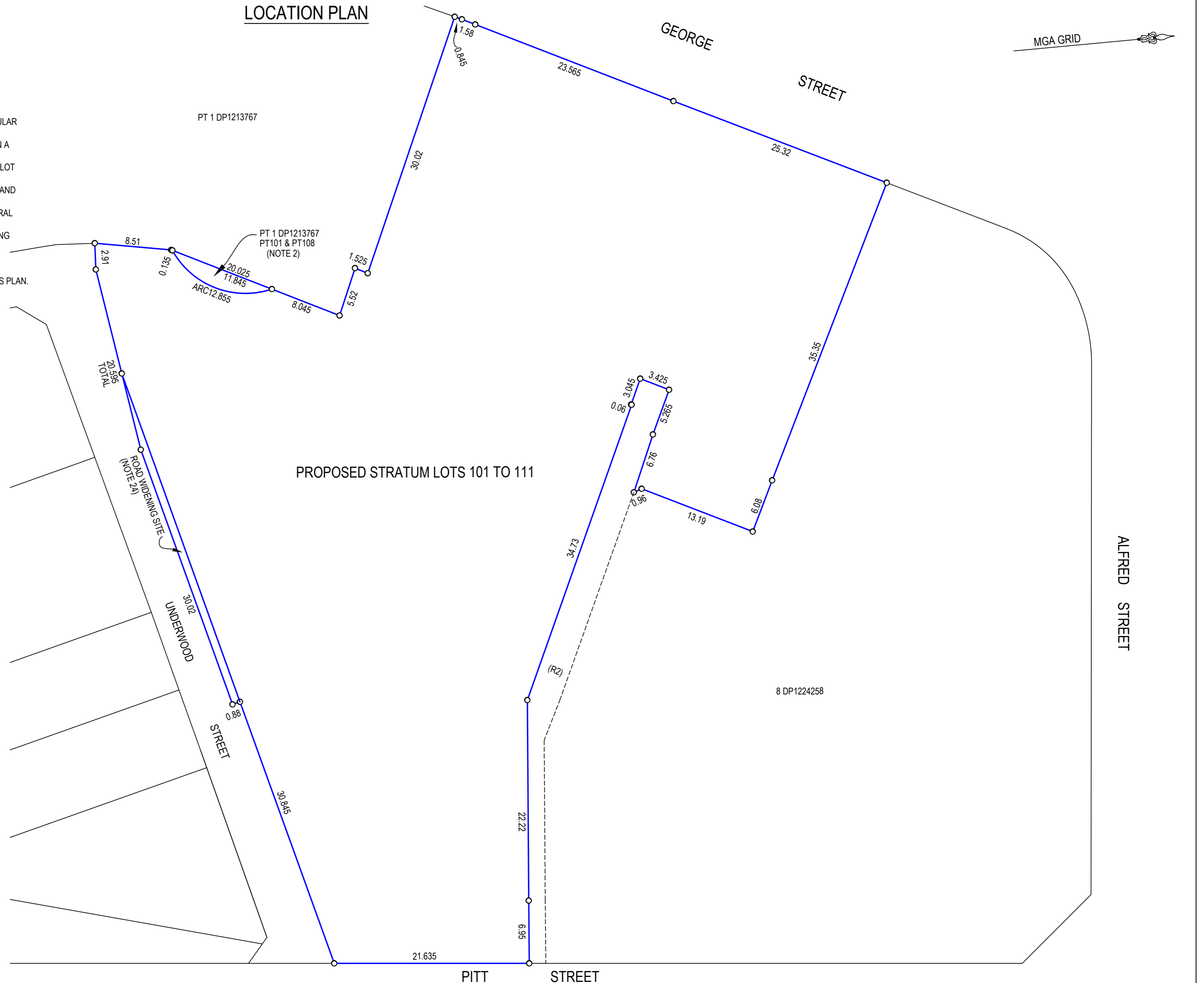
PROPOSED EASEMENTS AND RIGHTS.

- EASEMENTS AND RIGHTS WILL BE CREATED EITHER AN 88B INSTRUMENT, DEALINGS OR WITHIN THE BUILDING MANAGEMENT STATEMENT.
- A BUILDING MANAGEMENT STATEMENT REGULATES THE CONTROL, OPERATION AND MANAGEMENT OF THE BUILDING. IT WILL CONTAIN A SHARED FACILITY SCHEDULE WHICH WILL OUTLINE SHARED FACILITIES AND HOW THEIR COSTS, USE, MAINTENANCE AND REPAIR WILL BE MANAGED BETWEEN MEMBER LOTS.
- EASEMENTS AND RIGHTS LISTED ARE INDICATIVE ONLY AND COULD VARY.

- EASEMENT FOR SERVICES
- EASEMENT FOR FUTURE SERVICES
- EASEMENT FOR SUPPORT AND SHELTER
- EASEMENT FOR EMERGENCY EGRESS PURPOSES

SHARED FACILITIES COULD INCLUDE BUT ARE NOT LIMITED TO

- MECHANICAL AND CARPARK VENTILATION, SPRINKLER AND FIRE SYSTEMS, LIGHTING, ROLLER DOORS, SECURITY SYSTEMS, GREASE ARRESTOR, SHARED PLANT AREAS, KITCHEN EXHAUST, SERVICE RISERS, PEST CONTROL, CLEANING, LIFTS, STORMWATER SYSTEM, ELECTRICAL SYSTEMS, HYDRAULIC SERVICES, GAS SUPPLY, ACCESSWAYS, LOADING DOCK USE



| | | | | |
|---|---|--|-------------------|---|
| <p>SURVEYOR Name: PATRICK JOHN WALSH Date: 16/5/2019 Reference: 1410 CQT 01</p> | <p>PLAN OF SUBDIVISION OF LOTS 181 & 182 IN DP606865, LOT 7 IN DP629694, LOTS 1 & 2 IN DP880891 AND LOTS 2 & 3 IN DP1213767</p> | <p>LGA: SYDNEY Locality: SYDNEY Reduction Ratio 1: 300 Lengths are in metres</p> | <p>Registered</p> | <p>PLAN OF PROPOSED SUBDIVISION DATED: 8-7-2020</p> |
|---|---|--|-------------------|---|



Project Surveying
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LOWER GROUND FLOOR

LOTS SHOWN ON THIS PLAN ARE LIMITED IN DEPTH TO THE LOTS SHOWN AT THE LEVEL BELOW AND LIMITED IN HEIGHT TO THE LOTS SHOWN AT THE LEVEL ABOVE UNLESS NOTED OTHERWISE.



NOTES:

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LOT DESCRIPTIONS

- LOT 101 - CQT TOWER (TOWER)
- LOT 102 - JACKSONS ON GEORGE (JOG)
- LOT 103 - PLAZA - GEORGE ST (COS)
- LOT 104 - PLAZA BUILDING RETAIL (TOWER)
- LOT 105 - PUBLIC CYCLING FACILITY (COS)
- LOT 106 - PLAZA BUILDING (COS)
- LOT 107 - CQT RETAIL (TOWER)
- LOT 108 - JACKSONS ON GEORGE - LANEWAYS RETAIL (JOG)
- LOT 109 - STORAGE/UTILITIES (JOG)
- LOT 110 - PROPOSED LANEWAYS ROAD DEDICATION (COS) (R1)
- LOT 111 - PROPOSED ROAD WIDENING (UNDERWOOD ST)

NOTE 24
PROPOSED ROAD WIDENING IS LIMITED IN DEPTH TO THE UNDERSIDE OF THE UNDERWOOD STREET ROAD STRUCTURE AND UNLIMITED IN HEIGHT.
PT 101 IS LIMITED IN HEIGHT TO THE UNDERSIDE OF THE UNDERWOOD STREET ROAD WIDENING AND UNLIMITED IN DEPTH.

- (R2) RIGHT OF CARRIAGEWAY VARIABLE WIDTH (DP1222015)
- (RA) DENOTES PROPOSED RIGHT OF ACCESS

PROPOSED EASEMENTS AND RIGHTS.

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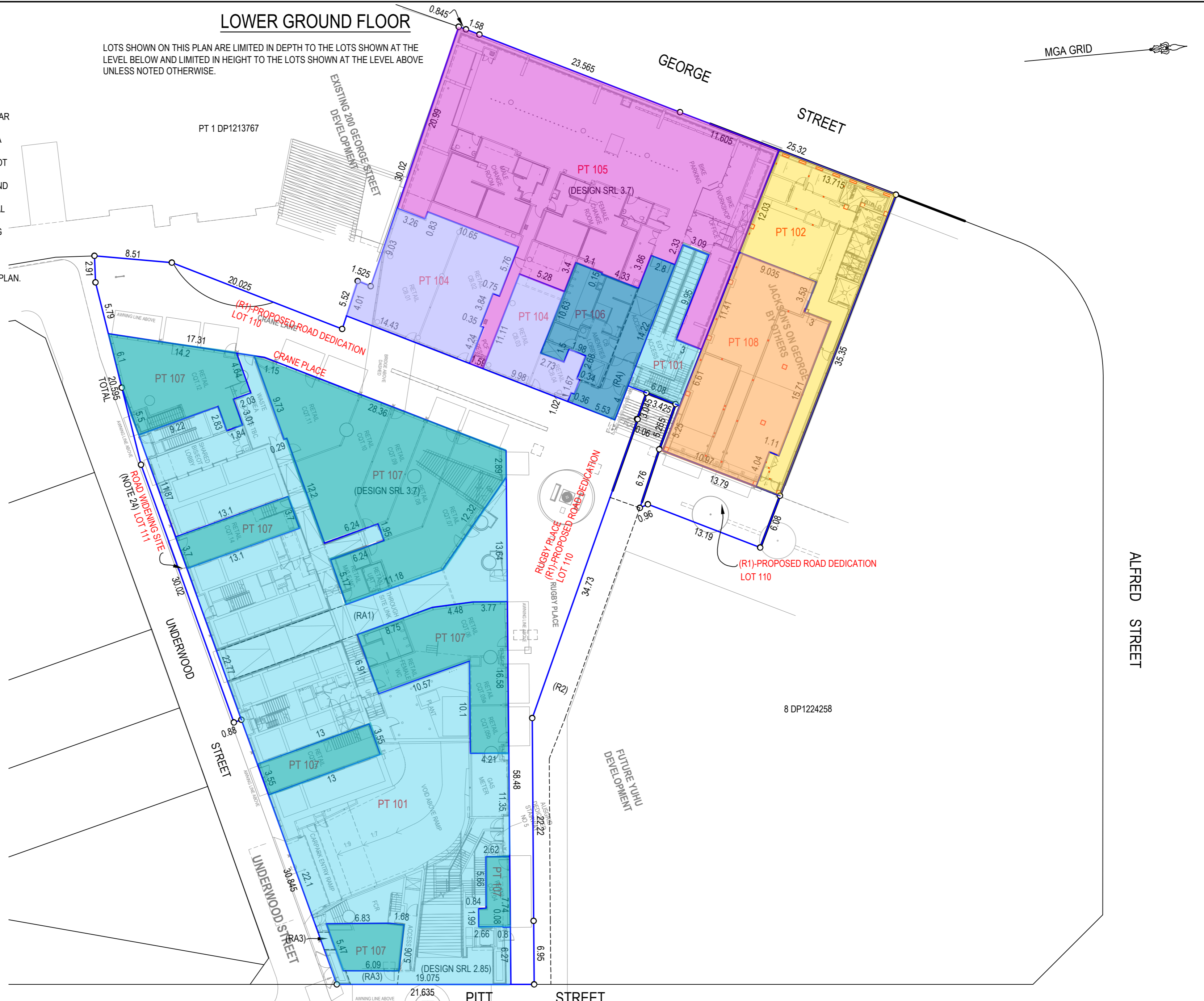
- EASEMENT FOR SERVICES
- EASEMENT FOR FUTURE SERVICES
- EASEMENT FOR SUPPORT AND SHELTER
- EASEMENT FOR EMERGENCY EGRESS PURPOSES

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ADDITIONAL PROPOSED EASEMENTS (BUT NOT LIMITED TO)

| LOT | NAME |
|---------|-------------------------------|
| LOT 101 | CQT Tower Stratum |
| LOT 107 | CQT Retail Stratum |
| LOT 106 | Plaza Building |
| LOT 104 | Plaza Building Retail Stratum |
| LOT 105 | PCF |
| LOT 102 | Jacksons on George |
| LOT 108 | Jacksons on George (Laneway) |
| LOT 109 | Storage Utilities |



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|---|--|--|------------|---|
| SURVEYOR Name: PATRICK JOHN WALSH Date: 16/5/2019 Reference: 1410 CQT 01 | PLAN OF SUBDIVISION OF LOTS 181 & 182 IN DP606865, LOT 7 IN DP629694, LOTS 1 & 2 IN DP880891 AND LOTS 2 & 3 IN DP1213767 | LGA: SYDNEY Locality: SYDNEY Reduction Ratio 1: 300 Lengths are in metres | Registered | PLAN OF PROPOSED SUBDIVISION DATED: 8-7-2020 |
|---|--|--|------------|---|



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- LOT 109 - STORAGE/UTILITIES (JOG)
- LOT 110 - PROPOSED LANEWAYS ROAD DEDICATION (COS) (R1)
- LOT 111 - PROPOSED ROAD WIDENING (UNDERWOOD ST)

PLAZA TREE PITS WILL FOR PART OF LOT 103.

NOTE 22
NEW WALKWAY STRATUM AREA (PT101) IS
- LIMITED IN DEPTH TO A DETERMINED RL BEING THE LOWER SURFACE OF THE WALKWAY STRUCTURE AND
- LIMITED IN HEIGHT TO APPROXIMATELY 4.0 ABOVE THAT SURFACE.

THE STRATUM LIMITS ARE SUBJECT TO DESIGN AND SURVEY.

NOTE 24
PROPOSED ROAD WIDENING IS LIMITED IN DEPTH TO THE UNDERSIDE OF THE UNDERWOOD STREET ROAD STRUCTURE AND UNLIMITED IN HEIGHT.
PT 101 IS LIMITED IN HEIGHT TO THE UNDERSIDE OF THE UNDERWOOD STREET ROAD WIDENING AND UNLIMITED IN DEPTH.

(R2) EXISTING RIGHT OF CARRIAGEWAY VARIABLE WIDTH (DP1222015).

PROPOSED EASEMENTS AND RIGHTS.

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3. EASEMENTS AND RIGHTS LISTED ARE INDICATIVE ONLY AND COULD VARY.

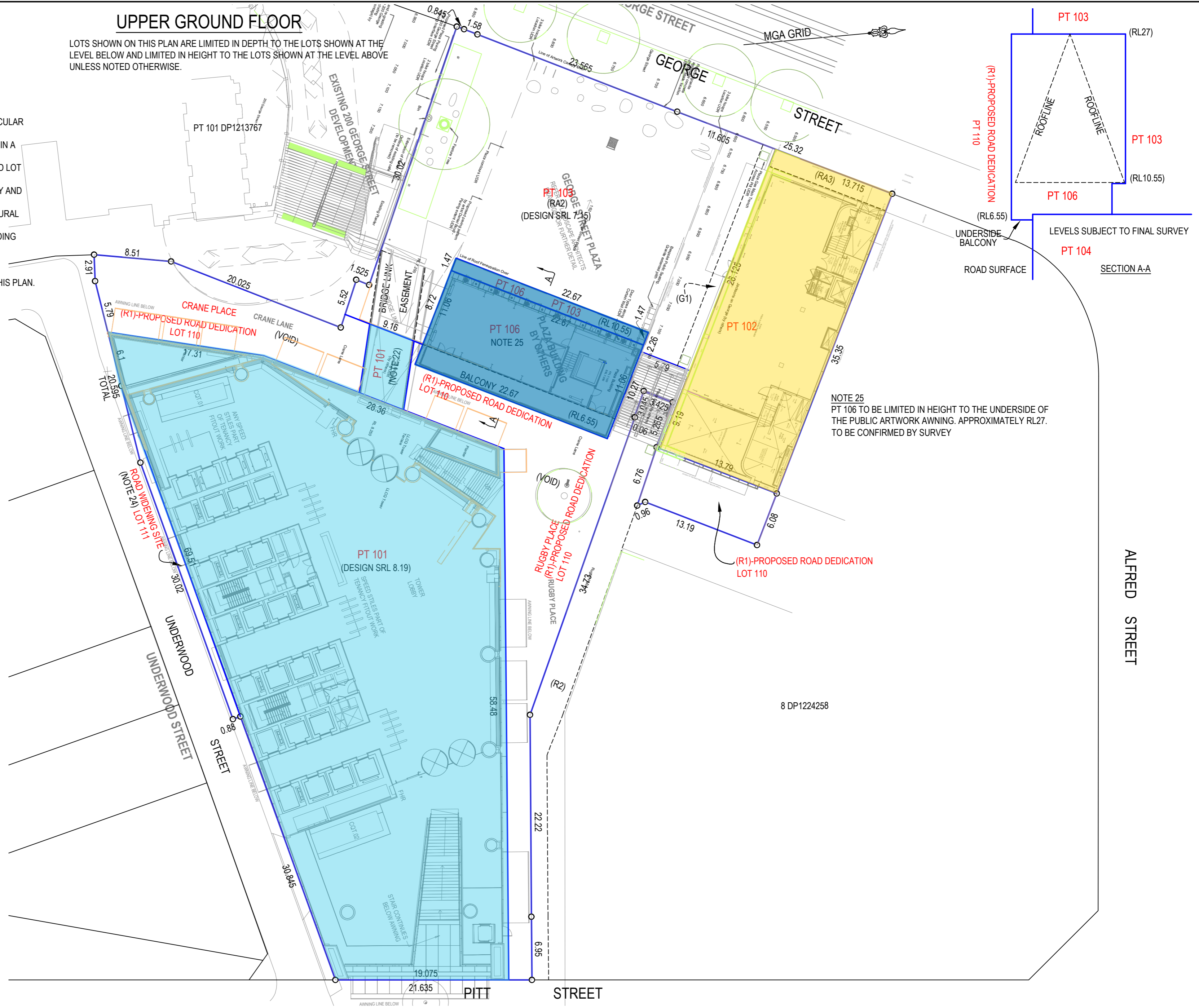
- EASEMENT FOR SERVICES
- EASEMENT FOR FUTURE SERVICES
- EASEMENT FOR SUPPORT AND SHELTER
- EASEMENT FOR EMERGENCY EGRESS PURPOSES

SHARED FACILITIES COULD INCLUDE BUT ARE NOT LIMITED TO
- MECHANICAL AND CARPARK VENTILATION, SPRINKLER AND FIRE SYSTEMS, LIGHTING, ROLLER DOORS, SECURITY SYSTEMS, GREASE

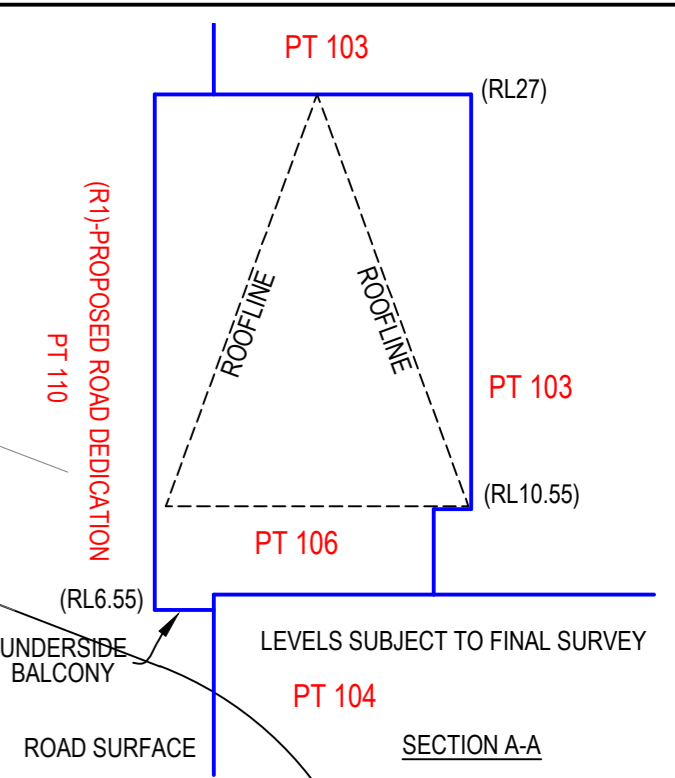
| LOT | NAME | ICE RISERS, ELECTRICAL, LOADING |
|---------|-------------------------------|---------------------------------|
| LOT 101 | CQT Tower Stratum | |
| LOT 107 | CQT Retail Stratum | |
| LOT 106 | Plaza Building | |
| LOT 104 | Plaza Building Retail Stratum | |
| LOT 105 | PCF | |
| LOT 102 | Jacksons on George | |
| LOT 108 | Jacksons on George (Laneway) | |
| LOT 109 | Storage Utilities | |

UPPER GROUND FLOOR

LOTS SHOWN ON THIS PLAN ARE LIMITED IN DEPTH TO THE LOTS SHOWN AT THE LEVEL BELOW AND LIMITED IN HEIGHT TO THE LOTS SHOWN AT THE LEVEL ABOVE UNLESS NOTED OTHERWISE.



NOTE 25
PT 106 TO BE LIMITED IN HEIGHT TO THE UNDERSIDE OF THE PUBLIC ARTWORK AWNING. APPROXIMATELY RL27. TO BE CONFIRMED BY SURVEY



| | | | | |
|---|---|--|-------------------|---|
| <p>SURVEYOR Name: PATRICK JOHN WALSH Date: 16/5/2019 Reference: 1410 CQT 01</p> | <p>PLAN OF SUBDIVISION OF LOTS 181 & 182 IN DP606865, LOT 7 IN DP629694, LOTS 1 & 2 IN DP880891 AND LOTS 2 & 3 IN DP1213767</p> | <p>LGA: SYDNEY Locality: SYDNEY Reduction Ratio 1: 300 Lengths are in metres</p> | <p>Registered</p> | <p>PLAN OF PROPOSED SUBDIVISION DATED: 8-7-2020</p> |
|---|---|--|-------------------|---|

Item 5.**Lease Variation - Suite 3.02, Level 3 and Level 5, Customs House, 31 Alfred Street, Sydney****File No: S099079****Summary**

This report seeks Council approval to vary two leases to Customs House Café Pty Limited, trading as Café Sydney, for Suite 3.02 Level 3 and Level 5, Customs House, 31 Alfred Street, Sydney.

Customs House is a prominent heritage listed building at Circular Quay which is owned by the City of Sydney.

Customs House is occupied by the City of Sydney Visitor Information Centre on the ground floor and two levels of public library and function rooms on Levels 1 and 2. Hub Sydney, which is a co-working environment, lease part Level 3 and Level 4 on a commercial basis and Café Sydney Restaurant is on part Level 3 and Level 5.

In accordance with the National Code of Conduct for Covid Relief for Retail and other Commercial Tenancies, lessors and impacted lessees are to renegotiate rent and other terms of the lease if one party requests the renegotiation.

It is recommended that Council approves the proposed variations to Customs House Café Pty Limited for Suite 3.02 Level 3 and Level 5, Customs House, 31 Alfred Street, Sydney as per Confidential Attachment A. The variation is to extend both leases, currently expiring on 23 November 2029, by five years so that the new expiry date will be 23 November 2034.

Recommendation

It is resolved that:

- (A) Council approve the variation of the current lease to Customs House Café Pty Limited for Suite 3.02, Level 3, Customs House, 31 Alfred Street, Sydney, by extending the term of the lease by an additional five years. The lease termination date will be extended from 23 November 2029 to 23 November 2034;
- (B) Council approve the variation of the current lease to Customs House Café Pty Limited for Level 5, Customs House, 31 Alfred Street, Sydney, by extending the term of the lease by an additional five years. The lease termination date will be extended from 23 November 2029 to 23 November 2034; and
- (C) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the terms of the variation of each lease in accordance with Confidential Attachment A to the subject report.

Attachments

Attachment A. Essential Lease Terms and Conditions (Confidential)

Background

1. Customs House is a prominent heritage listed building at Circular Quay which is owned by the City of Sydney.
2. Customs House is occupied by the City of Sydney Visitor Information Centre on the ground floor and two levels of public library and function rooms on Levels 1 and 2. Hub Sydney, which is a co-working environment, lease part Level 3 and Level 4 on a commercial basis and Café Sydney Restaurant is on part Level 3 and Level 5.
3. Customs House Café Pty Limited, trading as Café Sydney, is a well-known restaurant that has been operating on Level 5, of Customs House since 28 June 1999.
4. Customs House Café Pty Limited has a second lease for administration offices on Level 3 of Customs House.
5. Both leases commenced 24 November 2019, each being for a term of 10 years, and will expire 23 November 2029. Neither lease has an option to renew.
6. In accordance with the National Code of Conduct for Covid Relief for Retail and other Commercial Tenancies, lessors and impacted lessees are to renegotiate rent and other terms of the lease if one party requests the renegotiation.
7. Café Sydney has requested that the City of Sydney forego the annual three per cent rent increase for both leases which is due 24 November 2022. This will assist the business to recover from the impact of Covid.
8. It is recommended that the City forgoes the three per cent rent increase due 24 November 2022 if Café Sydney is willing to extend the term of both leases by five years.
9. Café Sydney has agreed to the extension of term so that both leases will terminate on 23 November 2034.

Financial Implications

10. Should the City agree to no rent increase for November 2022 then there will be a minor shortfall to the remaining seven months of the 2022/23 budget. The shortfall in the current year's budget is offset by securing Café Sydney for an additional five-year term which will provide the City with continuous revenue with no period of vacancy until November 2034.

Relevant Legislation

11. 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.
12. Attachment A contains confidential information and details which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
14. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise the City's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

KIM WOODBURY

Chief Operating Officer

David Graham, Commercial Property Manager

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Item 6.

Tender - Natural Gas Large Market Accounts

File No: S084740

Summary

The City has driven down our emissions by 76 per cent compared to 2006 baselines, resulting in the City achieving our 2030 carbon emissions target nine years ahead of schedule in the 2020/21 period.

The City has committed to the electrification of its portfolio by including it as an objective in the 10-year capital plan. The electrification will entail switching from gas assets to electric and transitioning certain pools that reached the end of life to electric water heating. Retrofitting existing buildings is more complicated and higher cost and the optimal time to do this is when a building is undergoing a major refurbishment or otherwise equipment is due for replacement.

The City's properties that require a Natural Gas Large Market account contract are Town Hall House, Cook & Philip Aquatic Centre, Gunyama Aquatic Centre, Prince Alfred Aquatic Centre and Ian Thorpe Aquatic Centre. Collectively these five sites used 75 terajoules (TJ) of natural gas in 2020/21, accounting for 86 per cent of the City's total natural gas demand. The primary use for natural gas at Town Hall House is for operating the tri-generation system, and at aquatic centres is for pool heating, space heating and cogeneration systems.

When the City installed trigeneration to Town Hall House it reduced emissions compared to the electricity grid. However, this changed in July 2020 when the City started using emissions-free renewable electricity.

The City's aquatic centres use a mix of cogeneration, electric heat pumps, gas boilers and heat recovery for pool heating. At present no single technology can replace gas for pool heating. Electrification also often requires more space for equipment using currently available technologies, but this is expected to change over time.

The natural gas market has experienced unprecedented volatility due to increased international demand, and a shortage of gas supply as some energy generators have increased gas-powered electricity generation.

Due to this market volatility, the City's previous natural gas retailer (Weston Energy Pty Limited) was suspended from retail natural gas operations on 23 May 2022. Consequently, as of 24 May 2022, the Australian Energy Retailer (AER) triggered the "Retailer of Last Resort" (ROLR) placing the City's natural gas accounts on default natural gas rates and terms. The physical supply of natural gas to the City's facilities was not affected by the suspension. The natural gas-related operations continue to operate as per business as usual.

For the large market accounts, the Southern Sydney Regional Organisation of Councils (SSROC) conducted a procurement activity for five affected councils. This activity requested pricing for various contract terms ranging from six months to three years. The market did not offer pricing for a six-month term. Based on the submissions received, SSROC recommended a one-year term, expiring on 30 June 2023.

Councillors were briefed about the situation on 20 June 2022 and the presentation is provided in Confidential Attachment C.

The Chief Executive Officer on 27 June 2022 approved contracts with Origin Energy LPG Limited for the provision of retail natural gas supply for the City's large market accounts for a period of one year, noting that the current market conditions meant that these contracts were required to be entered into on an emergency basis under section 55(3)(k) of the Local Government Act 1993.

The current projections of the natural gas market, by the Australian Competition and Consumer Commission (ACCC) and industry bodies, are anticipating a shortfall in 2023 and 2024. The shortfall would lead to elevated prices for any gas procured closer to that period. It is important that the City goes to market for the new supply of retail Natural Gas at the right time, as the market prices can fluctuate extensively in the current environment.

The natural gas procurement exercise also needs to accommodate the short validity period for market pricing offers which typically are valid for approximately one week. Short validity periods are a result of the dynamic nature of the natural gas wholesale market where local and international factors can influence the pricing in a matter of weeks.

It is therefore recommended that the City continue to review market conditions and call tenders at the estimated optimal timing between now and early 2023 for a new Large Market Gas Supply Contract, noting the financial information and natural gas market forecast as outlined in Confidential Attachment A and Attachment B. Given the short validity period offered in this industry at present, it is recommended that Council delegate authority to the Chief Executive Officer to accept the tender and negotiate, execute and administer such contract.

Recommendation

It is resolved that:

- (A) Council note that a tender will be issued by May 2023 for a new Large Market Natural Gas Supply Contract, noting the financial implications and natural gas market forecast as outlined in Confidential Attachments A and B to the subject report;
- (B) Council note that the timing of tender release will be based on a staff assessment of optimal market conditions to achieve the best outcome for Council;
- (C) authority be delegated to the Chief Executive Officer to:
 - (a) approve the acceptance of the tender for Large Market Natural Gas Supply with the prior consultation of the Chief Financial Officer, following a tender process in accordance with the Local Government Act 1993 and relevant regulations; and
 - (b) negotiate, execute and administer the Large Market Natural Gas Supply Contract; and
- (D) Council note that it will be provided with a CEO Update following the award of the Large Market Natural Gas Supply Contract.

Attachments

- Attachment A.** Financial Implications (Confidential)
- Attachment B.** Natural Gas Market Forecast (Confidential)
- Attachment C.** 20 June 2022 Councillor Briefing (Confidential)

Background

1. The natural gas market has experienced unprecedented volatility due to increased international demand, and a shortage of gas supply as some energy generators have increased gas-powered electricity generation due to supply shortages.
2. Due to this market volatility, the City's previous natural gas retailer (Weston Energy Pty Limited) was suspended from retail natural gas operations on 23 May 2022. Consequently, as of 24 May 2022, the Australian Energy Retailer (AER) triggered the Retailer of Last Resort (ROLR) placing the City's natural gas accounts on default natural gas rates and terms. The physical supply of natural gas to the City's facilities was not affected by the suspension. The natural gas-related operations continue to operate as per business as usual.
3. For the large market accounts, the Southern Sydney Regional Organisation of Councils (SSROC) conducted a procurement activity for five affected councils. This activity requested pricing for various contract terms ranging from six months to three years. The market did not offer pricing for a six-month term. Based on the submissions received, SSROC recommended a one-year term, expiring on 30 June 2023.
4. An update on the natural gas market forecast is provided in Confidential Attachment B with predictions on future prices based on industry feedback. Councillors were briefed on the situation on 20 June 2022 and that presentation is provided in Confidential Attachment C.
5. The Chief Executive Officer on 27 June 2022 approved contracts with Origin Energy LPG Limited for the provision of retail natural gas supply for the City's large market accounts for a period of one year, noting that the current market conditions meant that these contracts were required to be entered into on an emergency basis under section 55(3)(k) of the Local Government Act 1993.
6. Natural gas pricing was at a historical low and stable from 2018 to early 2021. This was primarily because of excess supply within domestic and international markets. However, since late 2021, the gas market has become volatile due to pressures within the electricity market and increased demand from international markets.
7. The current projections of the natural gas market, by the Australian Competition and Consumer Commission (ACCC) and industry bodies, are anticipating a shortfall in the years 2023 and 2024. The shortfall could lead to further elevated prices for any gas procured closer to that period. It is important that the City goes to market for the new supply of Natural Gas at the right time, as the market prices can fluctuate extensively in the current environment
8. The City's current agreement for the supply of Retail Natural Gas that covers the Large Market accounts within the City's portfolio is set to expire on 30 June 2023.
9. A large market account typically consumes greater than 10,000 GJ per annum. However, while this is the industry benchmark, gas retailers are currently forcing customers on Large Market accounts for annual consumption as low as 5,000 GJ. The large market accounts cover approximately 90 per cent of the City's natural gas demand.
10. The City's properties that require a Large Market account contract are Town Hall House, Cook & Philip Aquatic Centre, Gunyama Aquatic Centre, Prince Alfred Aquatic Centre and Ian Thorpe Aquatic Centre.

Carbon Emissions Profile

11. The City has driven down our emissions by 76 per cent compared to 2006 baselines, resulting in the City achieving our 2030 carbon emissions target nine years ahead of schedule in the 2020/21 period.
12. This significant overall reduction has been implemented through electricity initiatives such as:
 - (a) the offsite renewable contract;
 - (b) rooftop solar and building efficiencies at multiple City sites including office buildings, childcare centres, libraries, community centres and sporting fields; and
 - (c) LED streetlighting.
13. The City has committed to the electrification of its portfolio by including it as an objective in the 10-year capital plan. The electrification will entail switching from gas assets to electric and transitioning certain pools that reached the end of life to electric water heating. Retrofitting existing buildings is more complicated and higher cost and the optimal time to do this is when a building is undergoing a major refurbishment or otherwise equipment is due for replacement.
14. Future initiatives include:
 - (a) renewable gas to further minimise natural gas related emissions; and
 - (b) the electrification program to further enable the move away from fossil fuels.

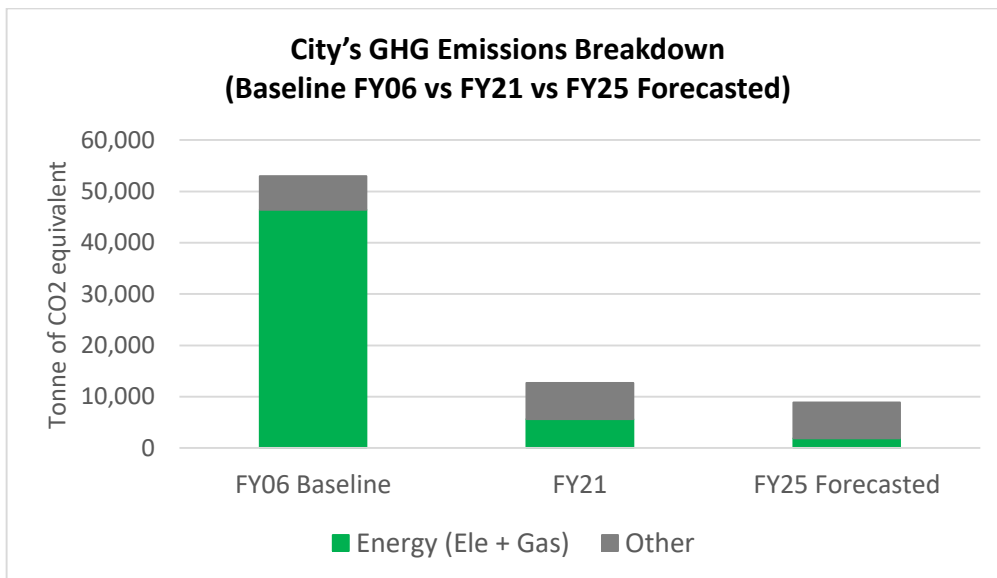


Table 1 - City of Sydney Carbon Emissions

Procurement Process

15. The City will undertake a standard procurement process, however must accommodate the short validity period for any prospective market pricing offers which typically are valid for around a week maximum. Short validity periods are a result of the dynamic nature of the natural gas wholesale market where local and international factors can influence the pricing in a matter of weeks.
16. It is therefore recommended that the City continue to review market conditions and call tenders at the estimated optimal timing between now and March 2023 for a new Large Market Gas Supply Contract, noting the financial information as outlined in Confidential Attachment A.
17. Given the short validity period offered by suppliers in this industry at present, it is also recommended that Council delegate authority to the Chief Executive Officer to accept the tender and negotiate, execute and administer the contract. This delegation is being sought as it is anticipated that the total contract value of this contract will exceed the \$5M limit on the current delegation to the Chief Executive Officer to accept tenders.

Key Implications

Financial Implications

18. The market has indicated that the retail gas price increase of over 300 per cent compared to pre-2022 rates could be maintained for several years.
19. Due to budget timings, the increased cost was not included in 2022/23 budget. Assumptions behind this shortfall are provided in Confidential Attachment A. The City will attempt to absorb any shortfall but may request additional funds from CEO Contingency.
20. The revised pricing will be included in the annual operating cost forecast for Gas and inform the next iteration of the Long Term Financial Plan

Relevant Legislation

21. Local Government Act 1993.
22. Local Government (General) Regulation 2021.
23. Local Government Act 1993 - section 377(1) allows Council to resolve to delegate the award of this tender to the Chief Executive Officer.
24. 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.

25. Attachments A, B and C contain confidential commercial information 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.
26. 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

27. The City's current agreement for the supply of Retail Natural Gas that covers the Large Market accounts within the City's portfolio is set to expire on 30 June 2023.
28. The City will continue to review market conditions and call tenders at the estimated optimal timing for a new Large Market Gas Supply Contract.

Options

29. The City has the following options in regard to the Large Market natural gas retail supply contracts:
 - (a) delegate authority to the Chief Executive Officer to award the tender to enable staff to engage with the market when appropriate. This is the recommended option as it is expected to achieve the best value for money outcome for Council.
 - (b) continue without a pre-approval for a predetermined contract amount. This option is not recommended because the City would be unable to execute the contract within an anticipated short validity period of the offer of approximately one week.
 - (c) allow the City to be placed on default rates post from July 2023. This is not recommended as it would expose the City to 20 to 30 per cent greater than procured rates.
 - (d) utilise SSROC to undertake procurement activities on City's behalf. This is not recommended as the City requires active involvement in tender process and discussion with potential retailers regarding site complexities.

KIM WOODBURY

Chief Operating Officer

Kunal Johri, Utilities Manager

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Item 7.**Tender - T-2021-655 - Reject and Negotiate - Doorstep Recycling Service****File No: X084834****Tender No: T-2021-655****Summary**

This report provides details of the tenders received for the Doorstep Recycling Service.

The Doorstep Recycling Service is an on-demand recycling collection service that allows residents to have tricky items collected directly from their homes through online bookings. Items that can be collected include small electronics, clothing, soft plastics, expanded polystyrene, batteries, light globes, and mobile phones.

The City has trialled this service successfully since November 2020 with the current service provider's contract ending 30 November 2022. The Service Provider is responsible for delivering the entire service including customer management, service bookings, collection, sorting, reporting and promotion.

An open tender was conducted to select a suitable service provider to deliver the Doorstep Recycling Service for a term of 3+1+1 years. Based on the tender evaluations, all submissions were identified as non-conforming.

This report recommends that Council decline to accept the tender offers received for the Doorstep Recycling Service and enter into negotiations with suitable vendors.

Recommendation

It is resolved that:

- (A) Council decline to accept the tender offers for the Doorstep Recycling Service for the reasons set out in Confidential Attachment A to the subject report;
- (B) Council does not invite fresh tenders, as it is considered that inviting fresh tenders would not attract additional suitable vendors over and above those that have responded to this tender;
- (C) authority be delegated to the Chief Executive Officer to enter into negotiations with any person with a view to entering into a contract for the Doorstop Recycling Service on terms that are appropriate in relation to the subject matter of the tender;
- (D) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (E) Council be informed of the successful vendor via the CEO Update.

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Background

1. The City has committed to an ambitious source separation target of 35 per cent by 2030 in its Leave Nothing to Waste Strategy, 2017-2030. The City is working to eliminate materials sent to landfill, reduce contamination in kerbside bin services, and provide more opportunities for residents to recycle a broader range of materials.
2. To help achieve this, the City trialled a doorstep recycling service for a period of 12 months from November 2020 where residents could have eligible items collected directly from their doorstep or apartment lobby at a time that suited them by placing bookings via their mobile device. Due to the success of the first 12 months and to provide time to conduct the tender, the service was extended to 30 November 2022.
3. The trial was well-received by residents and over a 12-month period the service:
 - completed 3882 collections;
 - generated 1382 unique users;
 - recycled 16.8 tonnes; and
 - collected 11 different streams for recycling and reuse including small electronics such as household batteries and mobile phones, clothing, shoes, working toys, soft plastics (LDPE), expanded polystyrene, light bulbs, printer cartridges, x-rays, paint (<2L) and coffee pods.
4. The Service Provider is responsible for delivering the entire service including coordination of service bookings with residents, collection, separation and transport of eligible items to the City's depots for recycling, whole of service management including communications and promotion, managing all customer service matters and data management and reporting. City staff manage the processing of the collected materials that the Service Provider delivers to the City's Alexandria Canal Depot for recycling.
5. The service runs completely independently of the City's existing residential kerbside waste and recycling collection services, including the City's pick-up collections for bulky household items and larger electronics.
6. The current service provider's contract ends on 30 November 2022. Due to the success of the trial, the City conducted a tender to appoint a Service Provider to provide the service to residents for a term of three years with two extensions of one year each (3+1+1 years).

Invitation to Tender

7. The tender was released through Tenderlink on the City's e-Tender portal on 24 June 2022 and closed on 15 July 2022.

Tender Submissions

8. Two submissions were received from the following organisations:
 - RecycleSmart Australia Pty Ltd; and
 - Southern Cross Recycling Group Pty Ltd.
9. No late submissions were received.

Tender Evaluation

10. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
11. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
12. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) The schedule of rates and economies of scale.
 - (b) Organisational ability to carry out the work under the contract terms including service delivery and program methodology including bookings, collections, sorting and transportation.
 - (c) Company experience and managerial capability, qualifications and experience of personnel including indigenous and sub-contractor involvement.
 - (d) Demonstrated capacity to meet the requirements outlined for communications and marketing including customer interaction and innovation.
 - (e) Demonstrated commitment to environmental management and quality assurance.
 - (f) Items proposed to be collected and ability to meet data collection and reporting requirements.
 - (g) Work, Health and Safety Policy including a COVID-19 safety plan.
 - (h) Financial and commercial integrity including insurances.

Performance Measurement

13. The tender required that the service would need to be delivered in accordance with the specified service requirements and key performance indicators as specified in the tender documents. This included:
- 95 per cent of bookings collected within 24 hours of scheduled booking date;
 - 100 per cent contamination identified, removed and resident notified;
 - 95 per cent alleged accidents acted upon within 48 hours;
 - 100 per cent of eligible materials sorted into correct containers;
 - performance meetings held quarterly between Service Provider and City; and
 - operational meetings held every six weeks between Service Provider and City.

Financial Implications

14. There are sufficient funds allocated for this project within the current year's operating budget and future years' forward estimates (subject to the final confirmed pricing).

Relevant Legislation

15. The tender has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.
16. 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.
17. Attachment A 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.
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. Current contracted service concludes on 30 November 2022.
20. Pending Council approval in September 2022, it is anticipated that the City will complete negotiations and execute a contract with a suitable service provider to commence by 1 December 2022. If this date is missed the service will be paused until a contract is entered into by a suitable service provider.

Options

21. The following alternative options were also considered:
 - (a) Option 1 - Cancel and re-advertise the tender. This option is not recommended as it is highly probable it would result in the same outcome as there are very few suppliers in the market and only two possible providers that have indicated they are offering this service. Additionally, it would not be possible to complete the tender process ahead of the expiry of the existing contract in November 2022.
 - (b) Option 2 - Cancel the tender and discontinue the service. This option is not recommended because the Doorstep Recycling Service has shown to be a successful way to increase the recovery of tricky items from residents and is an action that will help the City reach its source separation target of 35 per cent by 2030 as committed in the City's Waste Strategy. All of the City's residents can access this service.

VERONICA LEE

Director City Services

Kath McLaughlin, Resource Recovery Manager

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Item 8.

Exemption from Tender - IT Licence, Subscription, Maintenance and Support Contracts

File No: S064539

Summary

The City utilises a broad range of IT applications, platforms and appliances that are critical to the delivery of its business functions. These products perform within an ecosystem of interrelated platforms and systems that are managed via the City's strategy for core systems and digitalisation as set out in the operating plan. In most cases, these systems cannot simply be swapped out for alternate products, they are planned to be uplifted and/or replaced via project work over a rolling five-year horizon. It is thus imperative to continue the subscription, licencing, maintenance and support arrangements in line with the product management cycle.

Most of these applications have the subscription, licencing, maintenance and support contracts in place that were established with suppliers at the time the products were procured and which have been updated as required since then.

This report recommends that Council grant an exemption from tender for the IT maintenance, support, subscription and licencing of the software applications, platforms and hardware appliances' agreements with suppliers and for the periods listed in Confidential Attachment A.

The estimated total contract value with each supplier listed in Confidential Attachment A is anticipated to exceed \$250,000 (excluding GST). The detailed reasons supporting each exemption from the tender request are outlined in Confidential Attachment A.

The requirement to invite tenders in section 55(1) of the Local Government Act 1993 does not apply to those contracts if Council decides by resolution that, because of the unavailability of competitive or reliable tenderers, a satisfactory result would not be achieved because of the unavailability of successful tenderers (section 55(3)(i) of the Local Government Act 1993).

Recommendation

It is resolved that:

- (A) Council approve an exemption from tender for the provision of the maintenance, support, subscription and licencing of the software applications, platforms and hardware appliances upon the expiry of the current agreements, for the respective extension period along with the optional extension, if appropriate, as listed in Confidential Attachment A to the subject report, noting that because of extenuating circumstances, a satisfactory result would not be achieved by inviting tenders;
- (B) Council note the reasons why a satisfactory outcome would not be achieved by inviting tenders differ for each application, platform or appliance and include:
 - (i) a lack of availability of alternative suppliers;
 - (ii) high costs and/or extensive business disruption associated with a transition to a new provider; and
 - (iii) upgrades or changes to service requirements are planned to be implemented within the next five years;
- (C) Council note that the detailed reasons as to why a satisfactory result will not be achieved by inviting tenders are outlined further in Confidential Attachment A;
- (D) Council enter into the subscription, licencing, maintenance and support agreements with the suppliers upon the expiry of the current agreements for the respective extension period along with the optional extension, if appropriate, as listed in Confidential Attachment A to the subject report; and
- (E) authority be delegated to the Chief Executive Officer to negotiate, execute and administer (including exercising options, if appropriate) the subscription, licencing, maintenance and support agreements with the relevant suppliers as listed in Confidential Attachment A to the subject report.

Attachments

- Attachment A.** List of IT Licence, Subscription, Maintenance and Support Agreements (Confidential)

Background

1. The City has a number of software applications, platforms and hardware appliances that are in daily use and are critical to the delivery of its services to the community. The agreements associated with these applications, platforms and appliances have been established with suppliers and will require renewal. The estimated total contract value with each supplier listed in Confidential Attachment A is anticipated to exceed \$250,000 (excluding GST). The detailed reasons supporting each exemption from the tender request are outlined in Confidential Attachment A.
2. Every organisation maintains software assets that enable efficiencies and productivity gains and enhance internal and external customer relationships.
3. As part of its software asset management strategy, the City is identifying software in use City-wide and confirming current use and contract periods with a view to planning future contract requirements and terms and also understanding and planning for replacements.
4. Software applications of this type have historically been licensed in perpetuity with additional annual support. However, technological advances have changed the licence model over time.
5. Maintenance and support are essential to ensure the availability and reliability of software by guaranteeing suppliers' availability to troubleshoot and rectify errors, and / or to extend the lifecycle of an application or appliance through product enhancement. In many cases, retaining maintenance and support payments is integral to the licensing of the software.
6. A previous request for exemption from tender for a range of IT applications and appliances was granted by the Council on 9 September 2019 for a period of three years, with the option of an extension for a two-year period.
7. The relevant IT applications, platforms and appliances were each originally procured using the required procurement processes.
8. Technology and Digital Services frequently examines the market through market scans and tendering related to project work to identify alternatives to ensure IT applications, platforms and appliances deliver the best value for the City, its residents and visitors.
9. Due to the essential nature of some IT applications, platforms or appliances, it is anticipated that there will be future reports to Council to approve other exemptions from tender, as required.
10. This report recommends approval of the exemption from tender for the provision of the maintenance, support, subscription and licencing of the software applications, platforms and hardware appliances upon the expiry of the current agreements for the respective extension period, along with the optional extension, if appropriate, as listed in Confidential Attachment A to the subject report.

Performance Measurement

11. Operational and financial performance targets are monitored on a monthly, quarterly and annual basis and through a combination of meetings, audits, inspections and reporting.

Financial Implications

12. There are sufficient funds allocated for these subscription, licencing, maintenance and support agreements within the current years' operational budget and future years forward estimates.

Relevant Legislation

13. 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.
14. Attachment A contains confidential commercial information of the suppliers which, if disclosed, would:
 - (a) confer a commercial advantage on a person or company with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person or company who supplied it.
15. 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

16. The majority of the current subscription, licencing, maintenance and support agreements listed in Confidential Attachment A are due to expire on different dates within the next year (as further specified in Confidential Attachment A).

Options

17. There are no other substantially different options to this proposal. Maintenance and support not only extends the lifecycle of an application or appliance through product enhancements, but in many cases is also integral to the licensing of the software.

Public Consultation

18. No public consultation has been undertaken.

SUSAN PETTIFER

Director People, Performance and Technology

Rahul Palem, PMO and Procurement Analyst, Technology and Digital Services

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Item 9.

Contract Variation - Wi-Fi in Community Centres and Venues for Hire

File No: X039997

Summary

This report seeks a contract variation for Wi-Fi services to City community centres and venues for hire. The current service agreement concludes in November 2022 and this report requests Council approve an 18-month contract extension for the services delivered by Easyweb Digital Pty Ltd (ABN # 79 145 583 099) for these facilities.

Wi-Fi in our community centres and venues for hire provides digital access and inclusion for community, and in particular vulnerable community members, and is a core element of the City's digital strategy as well as the Social Inclusion strategy. In addition, there is a community expectation that free Wi-Fi will be available in these facilities.

The provision of Wi-Fi services to community centres and venues for hire was initially contracted through a procurement process in 2013 and a three-year contract was awarded to Easyweb Digital Pty Ltd. This included the initial design, installation and three years of support and maintenance.

Over the last six years, the City has been working to integrate the provision of public Wi-Fi services to community centres and venues for hire into the broader roll-out of public Wi-Fi across the city. Annual approvals under delegation have been sought to continue to extend the current contract whilst working towards a longer-term solution.

A Wi-Fi service to replace the existing contract with Easyweb Digital Pty Ltd for these facilities was included as an option in the Tender for Public Access IT (PAIT). At the 22 August 2022 Council meeting, Council endorsed entering into a Reject and Negotiate process for the Public Access IT tender, and it was noted that Wi-Fi services at community centres and venues for hire would undergo a separate procurement process.

This report recommends that Council approve an 18-month extension of the current contract with Easyweb Digital Pty Ltd, to maintain services at community centres and venues for hire, as an interim arrangement to enable completion of a tender process, which includes the expanding of Wi-Fi services at community centres and venues for hire from 12 community centre and venue for hire locations to 30 community centre and venue for hire locations.

Recommendation

It is resolved that:

- (A) Council approve the contract variation to extend the term of the existing contract for the provision of Wi-Fi services to the City of Sydney community centres and venues for hire by 18 months;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute, and administer the variation to the contract with Easyweb Digital Pty Ltd for an 18-month term; and
- (C) Council note the total contract sum is detailed in Confidential Attachment A to the subject report.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. The provision of Wi-Fi services to community centres and venues for hire was initially contracted through RFT 5313 in 2013 and a three-year contract was awarded to Easyweb Digital Pty Ltd.
2. Between November 2016 and November 2022, the City sought annual approval under delegation to continue to extend the current contract whilst working towards a longer-term solution.
3. In April 2022, the City released an open Tender for the Public Access Information Technology (PAIT) project and Wi-Fi for community centres and venues for hire was included as an optional item.
4. The Public Access Information Technology (PAIT) Tender responses were evaluated in May 2022 and none of the suppliers responded to the Wi-Fi option.
5. At the 22 August 2022 Council meeting, Council endorsed entering into a Reject and Negotiate process for the Public Access IT tender.
6. Wi-Fi for community centres and venues for hire was an optional part of the Public Access IT tender and will be now tendered separately in line with the Council approval.
7. A Tender in market is expected to commence from October 2022 for providing Wi-Fi services to community centres and venues for hire that align with the longer-term solution, which expands Wi-Fi service at community centres and venues for hire from 12 locations to 30 locations.
8. It is recommended that the current contract is extended by 18 months with Easyweb Digital Pty Ltd to enable continuity of service to the community for the existing 12 locations only. The 18-month extension period will ensure sufficient time is allowed for any specific building works needed to deliver both internet carriage and local network connectivity at the current 12 locations and expansion to 30 locations that will allow for the Wi-Fi delivery.

Financial Implications

9. The Wi-Fi services to community centres and venues for hire are funded through the City Life divisional operating budget.
10. There are sufficient funds allocated for this contract extension within the current and future year's operating budget.

Relevant Legislation

11. 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.

12. Attachment A contains confidential commercial information of the service provider 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.
13. 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

14. The existing contract with Easyweb Digital Pty Ltd concludes on 30 November 2022.
15. Negotiation with Easyweb Digital will be undertaken and completed prior to November 2022 whilst drafting of the new Tender documentation will commence.

Options

16. Another option is to end the current Wi-Fi service with Easyweb Digital Pty Ltd after the current contract period. This option is not recommended because the service provides digital access and inclusion for vulnerable community members, which aligns with the City's Social Inclusion strategy. In addition, there is a community expectation that free Wi-Fi is provided in the City's community centres and venues for hire.

Public Consultation

17. No public consultation has been undertaken.

EMMA RIGNEY

Director City Life

Brett Pozniak, Program Manager - IT Portfolio

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Item 10.

Contract Variation – Head Contractor Stonework for the Sydney Town Hall Façade Conservation Project

File No: X034234.011

Summary

The Sydney Town Hall Façade Conservation Stage 3 works represent the final stage of a broader Sydney Town Hall external conservation project. Previously delivered conservation works for Sydney Town Hall include the Clock Tower (Stage 1) in 2012 to 2014 and works to the east and north façades and a portion of the south façade (Stage 2) in 2013 to 2015.

Works for Stage 3 are focused on stonework masonry repairs to the southern, western and clerestory façades, repair work to the roofs and external stairs, as well as refurbishment of the clerestory stained glass to the Centennial Hall.

HBS Group Pty Ltd (HBS) were originally engaged as the Head Contractor for the works to the stone and roof areas in February 2020. HBS have been delivering works on site for the last two years, with the stonework to the south and west façades now complete. Works are now taking place on the roof areas, such as turrets and domes.

During construction, additions in scope have been identified, particularly in the heritage fabric of the roof elements such as domes and turrets. The extent of deterioration and required repairs was only able to be confirmed during the construction phase via inspection from scaffolding. The cost to complete these additional works exceeds the available contract contingency previously approved by Council.

These repair works are required to be undertaken from scaffolding. This scaffolding is currently in place and therefore it is considered expedient to undertake these works now while access is possible. If these repair works were to be undertaken at a later date additional costs and scaffolding would be required.

This report recommends that the contract contingency for the Sydney Town Hall Façade Conservation Stage 3 works be increased to cover this additional works, noting that there is no need to vary the project budget.

Recommendation

It is resolved that Council:

- (A) approve an increased contingency value for the existing Head Contractor contract for the Sydney Town Hall Façade Conservation Stage 3 works to cover additional services as described in Confidential Attachment B to the subject report; and
- (B) note the financial implications detailed in Confidential Attachment B to the subject report.

Attachments

Attachment A. Photos of Sydney Town Hall Roof Elements

Attachment B. Financial Implications (Confidential)

Background

1. Construction of the Sydney Town Hall commenced in 1868 and it is one of the finest examples of High Victorian Second Empire architecture in the country. The elaborately decorated exterior (and interior) is significant and includes the first known use of Australian flora and fauna in an architectural setting.
2. The Sydney Town Hall Façade Conservation Stage 3 works represent the final stage of a broader external conservation project. Previously delivered conservation works include the Clock Tower (Stage 1) in 2012-2014, and sandstone masonry work to the east and north facades and a portion of the south façade, and east façade lighting replacement (George Street facing) (Stage 2) in 2013-2015. Past and future works are being undertaken in accordance with the building's Conservation Management Plan.
3. The works for Stage 3 are focused on the southern, western and clerestory facades, roofs, northern stairs, the vestibule dome and the clerestory stained glass in Centennial Hall. The planned conservation works include sandstone masonry, roof works and stained glass window refurbishment. Refurbishment of the stained glass is the subject of a separate contract, due to the specialist nature of the works involved.
4. In February 2020, Council endorsed a tender for HBS for the sandstone and roof conservation works. Site works have been ongoing since May 2020, with sandstone repair works to the western and southern facades complete and work progressing on the roof.
5. During construction, investigations revealed that the extent of deterioration to the turrets and dome areas was more significant than originally anticipated. It is noted that most of these current façade elements are approximately 140 years old. Many variations are a result of latent conditions where the extent of façade deterioration and repair scope was only able to be confirmed during the construction phase from up close inspection via scaffolding. Photos of roof elements are provided at Attachment A for reference.
6. Items requiring repair include treatment of metal structural members within the domes and guttering flashing works to reduce future water ingress and further corrosion. Repair works are required to be undertaken using scaffolding which is currently in place, therefore access is currently possible, noting it would be less cost effective to undertake these repair at a later date.
7. The cost to complete these additional works exceeds the available contract contingency previously approved by Council.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

8. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 3 - Public places for all - Sydney Town Hall is the city's most popular central meeting place and the stage for many of Sydney's public civic events.
 - (b) Direction 8 - A thriving cultural and creative life - Sydney Town Hall is the largest and most ornate late 19th century civic building in Australia. This project seeks to preserve a building of exceptional heritage significance so that it may be enjoyed for future generations to come.

Financial Implications

9. There are sufficient funds allocated for this project within the current year's capital works budget and future year's estimates. Refer to Confidential Attachment B for further details.

Relevant Legislation

10. The original tender was conducted in accordance with the Local Government Act 1993 and the then Local Government (General) Regulation 2005.
11. 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.
12. Attachment B contains confidential commercial information of the contractor and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
13. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise the City's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

14. Works commenced on site in May 2020 and are expected to be complete by the end of 2022.

Options

15. Sydney Town Hall is a nationally significant heritage building and should be preserved for future generations. These façade works represent the final stage of a broader external conservation project and, as such, the option of deferring or cancelling the remaining works is not considered prudent, particularly with a contractor currently on site.
16. To deliver the refurbishment works to the domes requires access via scaffolding, which is currently in place. Therefore, it is more expedient to deliver these works now with access in place.

Public Consultation

17. Consultation with both internal and external stakeholders has been ongoing throughout the project, in particular Sydney Town Hall Venue Management, Security and Ventia.

KIM WOODBURY

Chief Operating Officer

Sam Wheatley, Delivery Manager

Attachment A

Photos of Sydney Town Hall Roof Elements

Attachment A – Reference Photos of Sydney Town Hall Roof



Figure 1. South-western turret (foreground) and South-eastern turret (background).



Figure 2. Deterioration to turret.



Figure 3. Northern Dome.



Figure 4. Southern Dome.



Figure 5. Interior of Dome showing line of rusted steel on L-angle base plate probably caused by water ingress.



Figure 6. Dome cupola cladding showing the loss of galvanising and associated corrosion.



Figure 7. Dome Lantern, showing the deteriorated condition of the original galvanized steel sheet.



Figure 8. Dome Lantern, interior face of a portion of the removed original architrave panels with visible corrosion.

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Item 11.

**Contract Variation and Exemption from Tender – Colliers Property
Management Agreement**

Document to Follow