

Item 6

Report of the Corporate, Finance, Properties and Tenders Committee - 12 November 2018

Item 6.1

Disclosures of Interest

No Councillors disclosed any pecuniary or non-pecuniary interests in any matters on the agenda for this meeting of the Corporate, Finance, Properties and Tenders Committee.

The Committee recommends the following:-

Item 6.2

2018/19 Quarter 1 Review – Delivery Program 2017–2021

It is resolved that Council:

- (A) note the financial performance of Council for the first quarter, ending 30 September 2018, including the Quarter 1 Net Deficit of \$30.2M and the full year Net Surplus forecast of \$7.2M, as outlined in the subject report and summarised in Attachment A to the subject report;
- (B) note the Quarter 1 Capital Works expenditure of \$91.3M and a revised full year forecast of \$269.5M, and approve the proposed adjustments to the adopted budget, including bringing forward \$3.0M of funds into 2018/19 capital budget, as detailed in Attachment B to the subject report;
- (C) note the Information Services capital expenditure of \$1.7M, net of disposals, and a full year forecast of \$12.6M;
- (D) note the Quarter 1 Plant and Assets expenditure of \$2.5M, net of disposals, and the full year forecast of \$20.6M;
- (E) note the Quarter 1 Property Divestment proceeds of \$0.01M, and the full year forecast net Divestment of \$58.3M;
- (F) note the supplementary reports, including contracts issued over \$50,000, major legal issues and the Quick Response, Banner Pole and Reduced Rate Grant Programs in Quarter 1, as detailed in Attachment C to the subject report.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by the Chair (the Lord Mayor), and carried unanimously.)

S096187

The Committee recommends the following:-

Item 6.3

Investments Held as at 30 September 2018

It is resolved that the Investment Report as at 30 September 2018 be received and noted.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by Councillor Scully, and carried unanimously.)

X020701

The Committee recommends the following:-

Item 6.4

Public Presentation of the 2017/18 Financial Statements and Auditor's Reports

It is resolved that Council:

- (A) present the 2017/18 Annual Financial Statements and auditor's reports to the public; and
- (B) adopt the 2017/18 Annual Financial Reports subject to the receipt of any submissions over the ensuing 7 day period.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by the Chair (the Lord Mayor), and carried unanimously.)

X018037

The Committee recommends the following:-

Item 6.5

Audit Risk and Compliance Committee Annual Report to Council 2017/18

It is resolved that Council note the Audit Risk and Compliance Committee's 2017/18 Annual Report, as shown as Attachment A to the subject report.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by the Chair (the Lord Mayor), and carried unanimously.)

Speakers

Ms Elizabeth Crouch - Chair of the Audit, Risk and Compliance Committee, addressed the meeting of the Corporate, Finance, Properties and Tenders Committee on Item 6.5.

S083523

The Committee recommends the following:-

Item 6.6

Cancellation of Tender - Energy Services Upgrade - Cook and Phillip Park Aquatic Centre

It is resolved that:

- (A) Council cancel tender 1876 for Energy Services Upgrade at Cook and Phillip Park Aquatic Centre;
- (B) Council not invite fresh tenders on the basis that a more satisfactory result would not be achieved, taking into account the lack of response to the open tender process;
- (C) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contract with suitably qualified contractors to undertake the scope of work; and
- (D) Council be informed of the successful tenderer by CEO update prior to executing and administering the contract relating to this tender.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by Councillor Miller, and carried unanimously.)

X012321

The Committee recommends the following:-

Item 6.7

Property Disposal - Stockton House 73-75 William Street, East Sydney

It is resolved that:

- (A) Council endorse the sale of Stockton House, 73-75 William Street, East Sydney;
- (B) Council endorse the proceeds from the sale being placed in the Commercial Properties Reserve to allow for future reinvestment in commercial property, further supplementing the City's non-rate-based income; and
- (C) authority be delegated to the Chief Executive Officer to develop due diligence material including, but not limited to, a disposal plan, implementing opportunities to leverage value, determining the optimum method of sale, negotiating with interested parties as required and entering into all necessary documentation to effect the sale at a price to be supported by at least two independent valuations.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by Councillor Scully, and carried unanimously.)

X007669

The Committee recommends the following:-

Item 6.8

Property Acquisition - Bourke Road, Alexandria

It is resolved that:

- (A) Council endorse the acquisition of a portion of 35-39 Bourke Road, Alexandria being Lot 102 within a proposed plan of subdivision of Lot 1 in Deposited Plan 592162 and Lot 2 in Deposited Plan 618204 at the price supported by independent valuation as detailed in Confidential Attachment B to the subject report;
- (B) authority be delegated to the Chief Executive Officer to finalise all negotiations relating to the proposed acquisition in accordance with these resolutions and enter into a Contract for Sale and any other documentation required to complete the sale;
- (C) subject to agreement of the terms of the acquisition in accordance with these resolutions, Council approve the public notification of the following proposed resolution: 'It is resolved to classify the City's proposed acquisition of part 35-39 Bourke Road Alexandria being Lot 102 within a proposed plan of subdivision of Lot 1 in Deposited Plan 592162 and Lot 2 in Deposited Plan 618204 as operational land under Section 31 of the Local Government Act 1993'; and
- (D) Council note that a further report to inform the outcomes of the public notification of the proposed resolution in Clause (C) and recommendation on land classification will follow the notification period.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by Councillor Miller, and carried unanimously.)

X020957

The Committee recommends the following:-

Item 6.9

Property Acquisition - Sydney

It is resolved that Council adopt the recommendation contained in Confidential Attachment A to the subject report.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by the Chair (the Lord Mayor), and carried unanimously.)

X009118

Item 6.10

Property Matter - Sydney

Note – Item 6.10 was withdrawn from the agenda of the Corporate, Finance, Properties and Tenders Committee and will be dealt with at Item 9 at Council.

The Committee recommends the following:-

Item 6.11

New Lease - Customs House Cafe

It is resolved that:

- (A) Council approve a new sublease to Customs House Café Pty Ltd for Suite 1 - Level 3 and the whole of Level 5, 31 Alfred Street, Sydney. The proposed new sublease for a term of 10 years would extend Café Sydney's tenure to 23 November 2029; and
- (B) authority be delegated to the Chief Executive Officer to finalise the terms and enter into the sublease substantially in accordance with Attachment A to the subject report.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by Councillor Forster, and carried unanimously.)

S099079.006

The Committee recommends the following:-

Item 6.12

Proposed Lease - Pedestrian Link Stratum, Wynyard Lane

It is resolved that:

- (A) pursuant to Section 149 of the Roads Act 1993, Council approve the granting of a stratum lease to BSREP Wynyard Place Retail Landowner Pty Ltd as trustee for BSREP Wynyard Place Retail Landowning Trust Pty Ltd ABN 91 865 529 217 for proposed stratum over Wynyard Lane as part the proposed office development known as One Carrington Street Sydney; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the stratum lease referred to in Clause (A) above consistently with the Essential Lease Terms and Conditions in Confidential Attachment A to the subject report.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by Councillor Thalys, and carried unanimously.)

S094584.062

The Committee recommends the following:-

Item 6.13

Proposed Lease - Office Stratum, Wynyard Lane

It is resolved that:

- (A) pursuant to Section 149 of the Roads Act 1993, Council approve the granting of a stratum lease to BSREP Wynyard Lane Office Landowner Pty Ltd as trustee for BSREP Wynyard Lane Office Landowning Trust ABN 37 468 069 987 Pty Ltd for the proposed stratum over Wynyard Lane as part the proposed office development known as One Carrington Street Sydney; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the stratum lease referred to in Clause (A) above consistently with the Essential Lease Terms and Conditions in Confidential Attachment A to the subject.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by Councillor Thalys, and carried unanimously.)

S094584.062

The Committee recommends the following:-

Item 6.14

Exemption from Tender - Preparation of Principal's Project Requirements Documentation for Interior Fit Out of Business Innovation Space in Lendlease Circular Quay Voluntary Planning Agreement

It is resolved that:

- (A) Council note that due to extenuating circumstances, a satisfactory result would not be achieved by inviting tenders for the preparation of Principal's Project Requirements documentation for the fit out of the Business Innovation Space at 174-186 George Street and 33-35 Pitt Street, Sydney;
- (B) Council note that the reasons a satisfactory result would not be achieved by inviting tenders are:
 - (i) Lendlease Building Pty Limited has existing knowledge of the base building that is required to meet the deadline for notification of base building modifications; and
 - (ii) existing knowledge of the base building is not as readily available to other potential tenderers and as a result they would not be able to present proposals that would represent value for money or meet the deadline for notification of base building modifications;
- (C) Council approve an exemption from tender for the preparation of Principal's Project Requirements documentation for the fit out of the Business Innovation Space at 174-186 George Street and 33-35 Pitt Street, Sydney;
- (D) authority be delegated to the Chief Executive Officer to negotiate, finalise and enter into any documentation necessary to give effect to this approval and to administer the contracts; and
- (E) Council note the financial implications, as outlined in Confidential Attachment A to the subject report.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by Councillor Forster, and carried unanimously.)

X004710

The Committee recommends the following:-

Item 6.15

Tender - Reject and Negotiate - Sydney Park Skate Facilities

It is resolved that:

- (A) Council reject all tender offers for Sydney Park Skate Facility and enter into negotiations with any person for the works;
- (B) Council note the reason for determining to enter into negotiations with any person is that no conforming tenders were received resulting from incorrectly submitted returnable schedules;
- (C) Council 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;
- (D) authority be delegated to the Chief Executive Officer to enter into negotiations with any person with a view to entering into a contract in relation to the subject matter of the tender;
- (E) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (F) Council be informed of the successful company by CEO Update prior to executing and administering the contracts relating to the tender.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by Councillor Thalys, and carried unanimously.)

X000387

The Committee recommends the following:-

Item 6.16

Tender - Water Features Maintenance Services

It is resolved that:

- (A) Council accept the tender offer of Tenderer A for Water Feature Maintenance Services for a period of four years, with the option of an extension of three years if appropriate;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (C) authority be delegated to the Chief Executive Officer to exercise the option, if appropriate, and negotiate the price to extend the contract accordingly.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Kok, seconded by Councillor Scully, and carried unanimously.)

X018336

The Sub-Committee recommends the following:-

Item 6.17

Sponsorship - Mercedes-Benz Fashion Week Australia 2019-21

It is resolved that:

- (A) Council approve a sponsorship of \$85,000 (excluding GST) per annum in cash and up to \$70,000 (excluding GST) per annum in value in kind for Council-owned civic space and venue hire fee waiver, for three years, to International Management Group of America Pty Ltd for Mercedes-Benz Fashion Week Australia 2019, 2020 and 2021; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer a sponsorship agreement with International Management Group of America Pty Ltd for the sponsorship described in Clause (A) above.

(Note – at the meeting of the Corporate, Finance, Properties and Tenders Committee, this recommendation was moved by Councillor Vithoukas, seconded by Councillor Thalys, and carried unanimously.)

S104486.012