

**CONFIDENTIAL ITEMS 2003 – JANUARY 2019**

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommend-action to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
121	3 October 2017	Tender Evaluation for the Management of Adelaide Hills Recreation Centre and Mount Barker Mountain Pool	<p>Section 90 (3) (b) Order Pursuant to Section 90(3)(b)</p> <p>1. Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer, Deputy Chief Executive Officer / General Manager Infrastructure and Projects, General Manager Corporate Services, General Manager Council Services, Manager Planning Policy and Strategy, Building and Recreation Manager, Strategic Projects Manager and Minute Secretary be excluded from attendance at the meeting for Agenda Item 18.1 (Tender Evaluation for the Management of the Adelaide Hills Recreation Centre and Mt Barker Mountain Pool).</p> <p>The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda item is information the disclosure of which would prejudice the commercial position of the Council.</p> <p>In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to</p>	That the discussion, report, attachments and all minutes remain confidential.	<p>The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda item is information the disclosure of which would prejudice the commercial position of the Council.</p> <p>In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the</p>	Until 4 weeks following the execution of the contracts for both the AHRC and Mt Barker Mountain Pool or such lesser period as may be determined by the Chief Executive Officer.	2 Oct 18	Within 12 months	<p><i>Minutes released on website 13 October 2017</i></p> <p><i>Report on website 14 January 2019</i></p>

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			<p>negotiate a cost-effective proposal for the benefit of the Council and the community in this matter and in relation to other contract negotiations.</p> <p>6. Pursuant to Section 91(7) that having considered Agenda Item 18.1 (Tender Evaluation for the Management of the Adelaide Hills Recreation Centre and Mt Barker Mountain Pool) in confidence under 90(2) and 3(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the discussion, report, attachments and all minutes remain confidential until 4 weeks following the execution of the contracts for both the AHRC and Mt Barker Mountain Pool or such lesser period as may be determined by the Chief Executive Officer.</p>		<p>information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter and in relation to other contract negotiations.</p>				

**18. CONFIDENTIAL REPORTS**

**18.1 REPORT TITLE: CONFIDENTIAL REPORT – TENDER EVALUATION  
FOR THE MANAGEMENT OF ADELAIDE HILLS  
RECREATION CENTRE AND MOUNT BARKER  
MOUNTAIN POOL**

**DATE OF MEETING: 3 OCTOBER 2017**

**FILE NUMBER: FOL/17/795 DOC/17/93249**

**ATTACHMENTS: Nil**

**Mount Barker 2035 – District Strategic Plan:****Community Wellbeing****CW:1 Community spirit and participation**

- CW 1.2 Prioritise facilities and programs that support families and young people
- CW 1.3 To facilitate the provision of community facilities and infrastructure to meet current and future needs
- CW 1.4 Support the sustainable management of local organisations and community groups
- CW 1.7 Respond to the needs of marginalised individuals and communities, the elderly and young people.

**CW:2 Community safety, public health & wellbeing**

- CW 2.3 Ensure the Mount Barker District is recognised as a 'child friendly community'

**CW:3 Quality community facilities and infrastructure**

- CW 3.1 Support a long-term approach to the development, upgrade and improvements to community facilities and infrastructure such as the library, sports grounds, community halls and venues and play spaces

**CW:5 Recreation and physical activity development**

- CW 5.1 Promote and support recreation and sport
- CW 5.2 Provide facilities and space that encourages physical activity

**Governance and Leadership****GK:4 Effective management and financial sustainability**

- GL 4.3 Strive for efficiencies, collaboration and partnerships to reduce the cost of delivering services.

**Purpose:**

To seek Council's approval of the pursuit of execution of contracts with the preferred tenderer for the management and operation of the Adelaide Hills Recreation Centre and Mount Barker Mountain Pool.

**Summary – Key Issues:**

1. The previous Adelaide Hills Recreation Centre (AHRC) and Mount Barker Mountain Pool (MBMP) Management Contracts expired on 30 June 2017.
2. Under delegation YMCA have been extended on a month by month basis at both sites while the evaluation of responses process has progressed to its conclusion.
3. The contracts to manage the two facilities were offered on a separate or joint management basis.

**Recommendations:**

That Council:

**Section 90 (3) (b) Order**

Pursuant to Section 90(3)(b)

1. Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer, Deputy Chief Executive Officer / General Manager Infrastructure and Projects, General Manager Planning and Development, General Manager Corporate Services, General Manager Council Services, Building and Recreation Manager and Minute Secretary be excluded from attendance at the meeting for Agenda Item 18.1 (Tender Evaluation for the Management of the Adelaide Hills Recreation Centre and Mt Barker Mountain Pool).

The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda item is information the disclosure of which would prejudice the commercial position of the Council.

In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter and in relation to other contract negotiations

2. Approves Belgravia Leisure as the recommended tenderer for management services at both the Adelaide Hills Recreation Centre (AHRC) and Mt Barker Mountain Pool (MBMP).
3. Authorises staff negotiating contract terms (including a 3 + 2 year term) with Belgravia Leisure for the AHRC with appropriate KPIs and performance incentives.

4. Authorises staff negotiating contract terms (including a 3 + 2 year term) with Belgravia Leisure for the MBMP with appropriate KPIs and performance incentives.
5. Authorises the CEO and Mayor to execute contracts for both sites following successful negotiation of terms.

**Section 91(7) Order**

6. Pursuant to Section 91(7) that having considered Agenda Item 18.1 (Tender Evaluation for the Management of the Adelaide Hills Recreation Centre and Mt Barker Mountain Pool) in confidence under 90(2) and 3(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the discussion, report, attachments and all minutes remain confidential until 4 weeks following the execution of the contracts for both the AHRC and Mt Barker Mountain Pool or such lesser period as may be determined by the Chief Executive Officer.

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**Background:**

1. Previously Council approved on 6 August 2012 that the YMCA be awarded a three year contract for the management of the AHRC.
2. Previously Council approved on 20 August 2012 that YMCA be awarded a three year contract for the management of the MBMP.
3. Both contracts were extended to 30 June 2017 on a month by month basis.
4. Elected Members were informed by memo on 6 June 2017 of the proposed evaluation process for management of both assets.
5. The evaluation panel ('the Panel') comprised of:
  - a. Manager Community and Customer Service (Nick Day);
  - b. Procurement and Contracts Coordinator (Bill Graham);
  - c. Building and Recreation Manager (Michelle Bell);
  - d. Manager Financial Strategy (Alex Oulianoff);
  - e. Neil Tredwell (Tredwell Management), an independent sporting and recreation consultant.
6. The Project Sponsor is the General Manager Council Services.
7. The panel's agreed evaluation criteria were:
  1. Proposed service model
  2. Proposed financial model
  3. Any value adding proposals
  4. Community & Region benefit
  5. Local employment opportunities
  6. Work Health & Safety management system

7. Environmental management system
  8. Quality management system
  9. WorkCover registration
  10. Registration & licensing
  11. Financial backing of registrant
  12. Organisational structure
  13. Annual business plan & budget
  14. Public health & safety plan
  15. Risk management plan.
8. Two responses were received from:
- a. YMCA SA
  - b. Belgravia Leisure ('Belgravia').
9. The two respondents also made formal presentations to the Panel, Project Sponsor and the General Manager, Corporate Services on 1 August 2017 and 3 August 2017 respectively.

**Discussion:**

10. Following detailed review of the submissions for both sites/facilities and the respondents presentations to the panel, the Panel were unanimous in recommending Belgravia Leisure as the preferred respondent for management of both assets.
11. The Belgravia submission was superior on the following key criteria:
- a. Proposed service model
    - Belgravia was able to demonstrate a proactive, strategic service growth approach at other similar sites it manages on behalf of Councils both intra- and inter-state.
  - b. Proposed financial model
    - Belgravia offered a reduced management fee both sites
    - Belgravia offered a financial model that after 2 years of operation they would guarantee a financial result as a target (as opposed to Council paying the losses as in the first 2 years)
    - Belgravia offered cost savings by managing both sites.
  - c. Any value adding proposals- Belgravia offered an impressive variety of operational, financial, strategic and community value added proposals.
  - d. Community & Region benefits linked to goals as set out in Council's Strategic Plan eg
    - 90% target for locally and currently employed staff at AHRC
    - The first organisation in the leisure management sector to self-fund the role of National Disability and Diversity Manager, accompanied by Inclusion Officers as part of a broader disability and diversity program.
12. On 21 August 2017 Panel members Bill Graham and Michelle Bell inspected four Belgravia sites in the City of Salisbury and Barossa Council Districts, namely:

- Ingle Farm Recreation Centre, Ingle Farm;
  - Gardens Recreation Centre, Parafield Gardens;
  - Nuriootpa Pool, Nuriootpa;
  - The Rex Barossa Aquatic Fitness Centre, Tanunda.
13. These sites were found to be in excellent condition, displaying a range of community programs and managed by professional and knowledgeable Belgravia staff.
14. As part of Belgravia's submission it was agreed that the façade of the AHRC have a refresh and new branding to provide it with a 'recognised image'.
15. The highlighted differences to the new negotiated contracts will be:
- a. The aim is to have a negotiated capped loss amount to alleviate Council's risk exposure.
  - b. There will be financial and non-financial performance targets that will incentivise Belgravia to improve efficiency and effectiveness of the facilities.
  - c. There will be a guaranteed financial result from year three.
16. Next steps:
- a. The proposed contracts will be for an initial term of 3 years with a further option of two years subject to Council's satisfaction with the performance of Belgravia Leisure in the first three years.
  - b. The Chief Executive Officer will execute the contracts under delegation with a proposed commencement date for the successful respondent of mid November 2017 with a month of handover prior.
  - c. A risk management plan will be implemented to manage transitional risks moving from the old operator to the new.
  - d. A transitional plan will be requested from Belgravia to ensure a smooth takeover at both sites.
17. Belgravia are experienced in the business of taking over responsibility of Council owned recreational facilities from both Council staffed arrangements and other contractors.

**Community Engagement:**

Informing only	Appropriate communications will be used for current users and user groups by both Council and the new operator during and after the transition period.
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**Policy:**

N/A

**Budget:**

The Belgravia Leisure tendered offers are envisaged to reduce the net losses at both sites over the contract terms.

**Statutory/Legal:**

Local Government Act – complies with Council's Community Land Management Plan for this site.

**Staff Resource Requirements:**

The contracts will be managed and monitored within existing staff resources.

Every endeavour will be made to retain local staff currently employed by the YMCA.

**Environmental:**

Environmental considerations are included in the contract including water and energy use.

**Social:**

Both facilities are valued and valuable community facilities serving Council's community well-being goal.

**Risk Assessment:**

A Risk management plan associated with transitioning from an existing operator to a new operator at both sites has been developed and will be implemented once contracts have been executed.

**Asset Management:**

The AHRC will have some planned renewal during the term of the contract to maximise the utilisation and community enjoyment of the facility.

**Conclusion**

Council staff have undertaken a thorough evaluation of both responses and conclude that Belgravia Leisure are the preferred contractor for the ongoing management and operation of both the Adelaide Hills Recreation Centre and Mount Barker Mountain Pool.

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**Key Contact**

Michelle Bell, Building and Recreation Manager

**Manager or Sponsor of Project**

Greg Parker, General Manager, Council Services