

## NOTICE OF MEETING

# TENDERS SUBCOMMITTEE

I hereby give notice that an Ordinary Meeting of the Tenders Subcommittee will be held on:-

**DATE:**        **Friday**                    **13 June 2003**                    **TIME:**        **9.00 am**

**VENUE:**        **Civic Centre, 6 Waipareira Avenue, Lincoln, Waitakere City**

to consider the business as set out herein and to take any necessary action connected therewith.

6 June 2003



Sharon Simiona  
**COMMITTEE SECRETARY**

Telephone (09) 836 8000 extn 8820

### **MEMBERSHIP:**

Councillors    JM    Clews, QSO, JP (Chairperson)  
                  GB    Presland (Deputy Chairperson)

Chief Executive

Director: City Services

Director: Corporate & Civic Services

Director: Strategy & Development

Director: Quality & Assurance

Director: Finance

Maori Issues Manager

Mayor Bob Harvey, QSO, JP (ex officio)

Deputy Mayor CA Stone (ex officio)

(Quorum 4 members)

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(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**AGENDA FOR AN ORDINARY MEETING OF THE TENDERS SUBCOMMITTEE  
TO BE HELD IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,  
WAITAKERE CITY, ON FRIDAY, 13 JUNE 2003,  
COMMENCING AT 9.00 AM.**

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**AGENDA FOR AN ORDINARY MEETING OF THE TENDERS SUBCOMMITTEE  
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WAITAKERE CITY, ON FRIDAY, 13 JUNE 2003,  
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**1 APOLOGIES**



**2 URGENT BUSINESS**

Section 46A(7) and (7A) of the Local Government Official Information Act and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the item is a minor matter; and
- (ii) the Chairperson has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting; and
- (iii) the Committee resolves to deal with the item.

No resolution, decision, or recommendation may be made in respect of the item except to refer the item to a subsequent meeting for further discussion.

**NOTE:** Urgent Business need not be dealt with now and may be delayed until later in the meeting.



**3 CONFIRMATION OF MINUTES**

Ordinary - 30 May 2003

**RECOMMENDATION**

That the minutes of the Ordinary Meeting of the Tenders Subcommittee held on Friday, 30 May 2003, as circulated, be taken as read and now be confirmed.



#### 4 **MASSEY LEISURE CENTRE MANAGEMENT AGREEMENT**

##### **PURPOSE OF THE REPORT**

The purpose of the report is to seek approval to award Contract LS 03500A Management of the Massey Leisure Centre.

##### **BACKGROUND**

The Massey Leisure Centre is a purpose-built facility serving the northwest of the City. It has a fitness centre, two-court stadium, childcare facility for users, subdividable community meeting/activity room and associated change rooms and amenities.

The Centre has been managed by the YMCA through a management agreement for the provision of services. The contract began in December 1998 and is due to expire on 30 June 2003.

Due to the high management performance of the YMCA at the Massey Leisure Centre and the negative impact of changing the management of the facility, it was proposed that Council commence negotiations to rollover the current management contract with the YMCA. A report was presented to the Tenders Subcommittee in October 2002 recommending this proposal and the following resolution was passed:

*“That approval be given to enter into negotiations with the YMCA for the rollover of the Management Contract for the Massey Leisure Centre.”*

3029/2002

##### **SCOPE OF WORK**

The management agreement at the Massey Leisure Centre includes the functions and services necessary for the operation and management of the Centre. These functions and services include:

- employment of all staff required to effectively run the Centre, including an on-site manager;
- a variety of programming to maximise the usage of the Centre and to meet the needs of the community;
- marketing of the Centre;
- pricing of services and programmes offered to ensure they are accessible to the community;
- cleaning of the Centre;
- health and safety of the Centre;
- maintenance of the internal area of the Centre which are not required as part of the building warrant of fitness;
- supply of equipment and materials required for the operation of the Centre;
- child minding service for the users of the Centre;
- operating of the community fitness centre;
- management of the community meeting room;
- providing Council with management reports and financial practices in regards to the Centre;
- provision of youth programmes.

## MASSEY LEISURE CENTRE MANAGEMENT AGREEMENT PROPOSAL

Following the Tenders Subcommittee resolution, negotiations were entered into with the YMCA to rollover the current management agreement at the Massey Leisure Centre. Following an extensive period of negotiation, the YMCA has provided Council with a two-option proposal for the rollover the agreement.

### Option One

YMCA's preferred proposal is based on a 3+3+3 year contract period with the YMCA having the right of renewal after each three-year period, subject to performance to the satisfaction of Council's Chief Executive.

The total sum of the 3+3+3 year contract is \$810,000. YMCA has provided a cost for each of the nine years. This includes a fixed cost of \$100,000 (ex. GST) for each year for the first three year term, and a maximum cost for each term there after.

The proposal for the 3+3+3 year contract period is summarised in Table 1 below:

**Table 1 - Summary of Massey Leisure Centre Subsidy to YMCA, Option One (July 2003 - June 2012)**

PROPOSAL PERIOD	PROPOSAL PRICE (excl. GST)			
	Year One	Year Two	Year Three	Three Year Contract Period
Contract Period One (1 July 2003 - 30 June 2006)	\$100,000	\$100,000	\$100,000	<b>\$300,000</b>
Contract Period Two - Maximum subsidy (1 July 2006 - 30 June 2009)	\$100,000	\$90,000	\$80,000	<b>\$270,000</b>
Contract Period Three - Maximum subsidy (1 July 2009 - 30 June 2012)	\$80,000	\$80,000	\$80,000	<b>\$240,000</b>
<b>Total Proposal Price for 3+3+3 year agreement period (1 July 2003 – 30 June 2012)</b>				<b>\$810,000</b>

### Option Two

YMCA's second option is based on Council rejecting their proposal for a 3+3+3 year agreement in preference of a single three-year term. The cost of a single three-year term is \$360,000. YMCA has not considered in detail the cost of any subsequent further extensions of their contract under this option.

Discussions with the YMCA on any future subsequent extensions (years July 2006 – June 2012) under option two have indicated that the subsidy required from council would be higher than those outlined in option one for years four to nine.

This is summarised in Table 2 below:

**Table 2 - Summary of Massey Leisure Centre Subsidy to YMCA, Option Two (July 2003 - June 2006)**

PROPOSAL PERIOD	PROPOSAL PRICE (excl. GST)			
	Year One	Year Two	Year Three	Three Year Contract Period
Contract Period One (1 July 2003 - 30 June 2006)	\$120,000	\$120,000	\$120,000	<b>\$360,000</b>
<b>Total Proposal Price for 3 year agreement period (1 July 2003 – 30 June 2006)</b>				<b>\$360,000</b>

### YMCA PROPOSAL EVALUATION

The YMCA has been the sole operator of the Massey Leisure Centre since it first opened in December 1998. Efficiencies in managing the Massey Leisure Centre over time have been created, due to the Centre having now been opened for 4½ years and the experience and quality of management by the YMCA. This has seen the Council subsidy decrease over this period from \$195,000 in the first full year of operation in 1999/2000 to \$135,000 in 2002/2003. The 2003/2004 subsidy also provided for the stage two components of the facility that have come under the management of YMCA. YMCA has put forward two options for the management agreement at the Massey Leisure Centre.

The basis of the agreement terms for either option will be set on the original management agreement, but will include the necessary adjustments reflecting the learning's of both parties over the previous three years, as detailed below.

#### Option One

YMCA has proposed a Council subsidy total of \$810,000 for the 3+3+3 year contract. This is a maximum figure, as there is a potential to negotiate lower subsidies for years four to nine.

This equates to a significant decrease in the annual subsidy required by council in the previous management agreement.

The reduction in subsidy has occurred through:

- the prediction of further efficiencies to be gained through long-term management of the Centre;
- certain of continuous business planning and management for YMCA;
- significant reduced Head Office Administration Costs that were required for the initial set up of a new facility;
- continued development of partnership with Council.

YMCA has requested that Council enter into a 3+3+3 agreement with the YMCA having a right of renewal after each three-year period and Council waiving their right to put the management agreement out to tender after each period.

This will be subject to YMCA fulfilling the obligations of their contract, which does contain stringent performance measures.

The proposed subsidy will provide for an increase of youth specific programmes run by YMCA, predominantly at Massey Leisure Centre but also at New Lynn Community Centre to a value of approximately \$20,000. These proposed youth programmes are the continuation and expansion of the programmes currently offered by YMCA at these facilities.

Their performance will be based on the delivery of the following:

Current programmes

- weekly 'Raise up n Represent' youth night at New Lynn Community Centre;
- weekly youth night at Massey Leisure Centre;
- monthly 'Raise up n Represent' youth night at Massey Leisure Centre;
- 9-13 year old Holiday Programme;
- youth fitness - special rate for a six-month membership.

Under option one, YMCA also proposes to provide these additional programmes, which would be an additional cost under option two.

**Additional programmes to be set up and run over the next three years**

- provision of skateboard ramps every Friday after school during summer months;
- running of youth based activities during the School Holidays at Massey Leisure Centre, New Lynn Community Centre and in other parts of Waitakere City such as Massey High School or Te Pai Skate Park;
- holding four outdoor recreation days per year for youth to participate in;
- holding a minimum of one workshop per term with a theme linked to youth personal growth;
- providing homework space every afternoon at Massey Leisure Centre, which will include supervision;
- providing information to youth on other service providers in health, education and law;
- managing a leadership committee who will direct the staff in needs and requests for youth based programmes and services;
- managing a volunteer programme for young people and adults from the community who are committed to assisting in the running of Raise up n Represent programmes and events;
- supporting youth space at Massey Community House;
- developing the Youth Fitness brand and service to cater more directly to young people achieving their fitness goal;
- providing a Hip Hop Dance exercise class on Friday nights.

In recognition to the cost of activities being identified in the Youth Needs Survey 2001 as a major barrier to participation by youth, YMCA offers over 60% of their programmes and events with no cost for youth to participate. This enables young people the chance to be involved in a safe, healthy environment in which to relax and socialise.

In addition to the subsidy contribution by Council, YMCA will also continue to seek outside funding and sponsorship of events and equipment to ensure the youth programmes can continue to grow and develop.

## Option Two

YMCA's second option is based on a three-year agreement only, and the cost of this is \$360,000. This represents a higher annual Council subsidy of \$20,000 per year compared to option one.

YMCA has indicated that any subsequent further extensions to their contract under option two would result in higher yearly subsidies than those maximum subsidies offered under option one.

This higher annual subsidy is due to:

- a shorter termed agreement increases the business risk for YMCA, which would be reflected in higher Head Office Administration Costs;
- less incentive to invest in and develop long lasting programmes and relationships with other stakeholders.

It is also worth noting that no portion will be specifically committed to running youth programmes, therefore some of the current programmes will still continue to be run but would not be developed further.

YMCA has also stated that further investment into the Massey Leisure Centre would also be reassessed. They will need to determine the feasibility and extent of ongoing investment in equipment, youth programmes and programme development on the basis of only a three-year tenure.

## Differences in Option One and Option Two

The main point of difference between option one and option two in YMCA's proposal is that option one saves Council \$20,000 per annum for the next three years, and will provide for an increase in youth programmes offered by the YMCA to an approximate value of \$20,000 each year. It also provides the Council long-term certainty with respect to lower subsidy cost for the six years after the initial three-year term.

## Management performance of YMCA at Massey Leisure Centre

The YMCA over the past four years, in partnership with Council, has developed the facility into one of New Zealand's best leisure centres. In 2003 this was recognised by the New Zealand Recreation Association in Massey Leisure Centre winning the 'SPARC - Win/Win best facility award - the ultimate achievement in New Zealand leisure and recreation.

They have also won for the last two years the YMCA's national best youth programmes in terms of delivery, service and meeting youth's needs.

The highlights over the initial period are as follows:

- a decreasing operational subsidy;
- growth in programmes, services and visitor numbers;
- a successful Friday night youth night;
- steady growth in the fitness centre, with over 800 members;
- a holiday programme that now averages over 200 children per day;
- a high level of customer satisfaction recently achieved through a survey conducted by Leisure Services of the Massey Ward.

It is envisioned that a longer-term association with a progressive organisation such as the YMCA will enhance this high level of service.

### SUMMARY

YMCA has provided a high level of management of the Massey Leisure Centre, witnessed by the recent high performance in a customer satisfaction survey, the SPARC National Best Facility Award, and the YMCA's National Best Youth Programme Award for two consecutive years.

On the basis of this and the financial proposal of Option One, it is recommended that approval be given to execute an agreement with YMCA for a 3+3+3 year term.

### JOB COSTS

<b>This is based on Option One</b>	<b><u>EXCL. GST</u></b>
Sum for subsidy (2003/2004)	\$100,000
Sum for subsidy (2004/2005)	\$100,000
Sum for subsidy (2005/2006)	\$100,000
Proposed max. sum for subsidy (2006/2007)	\$100,000
Proposed max. sum for subsidy (2007/2008)	\$ 90,000
Proposed max. sum for subsidy (2008/2009)	\$ 80,000
Proposed max. sum for subsidy (2009/2010)	\$ 80,000
Proposed max. sum for subsidy (2010/2011)	\$ 80,000
Proposed max. sum for subsidy (2011/2012)	<u>\$ 80,000</u>
 Total Job Cost for 3+3+3 Year Agreement Period	 \$810,000

### SOURCE OF FUNDING

#### 2003/2004 Draft Annual Plan

Budget Description	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Massey Facility	46-6440-30290	\$135,000	Nil	\$100,000	\$35,000

For years 2004/2005 through to 2006/2007, \$100,000 each year is to be included in the draft annual plan for the Massey Facility Budget. (This has been included in the Long Term Council Community Plan).

For years 2007/2008, \$90,000 is to be included in the draft annual plan for the Massey Facility Budget. (This has been included in the Long Term Council Community Plan).

For years 2008/2009 through to 2011/2012 \$80,000 each year is to be included in the draft annual plan for the Massey Facility Budget. (This has been included in the Long Term Council Community Plan).

### RECOMMENDATIONS

1. That the information be received.
2. That approval be given to enter into an agreement with YMCA for the management of the Massey Leisure Centre for a 3+3+3 year term, with YMCA retaining a right of renewal for each of the three-year terms, subject to performance by the YMCA to the satisfaction of the Chief Executive of Council.

3. That approval be given to enter into a contract with the YMCA for the management of the Massey Leisure Centre for a period of three years in the sum of \$300,000.00 plus GST of \$37,500.00, totalling \$337,500.00.
4. That approval be given to commit funding of \$100,000.00 plus GST of \$12,500.00, totalling \$112,500.00 against 2003/2004 financial year.
5. That approval be given to commit funding of \$100,000.00 plus GST of \$12,500.00, totalling \$112,500.00 against 2004/2005 financial year.
6. That approval be given to commit funding of \$100,000.00 plus GST of \$12,500.00, totalling \$112,500.00 against 2005/2006 financial year.
7. That approval be given to commit funding of \$100,000.00 plus GST of \$12,500.00, totalling \$112,500.00 against 2006/2007 financial year.
8. That approval be given to commit funding of \$90,000.00 plus GST of \$11,250.00, totalling \$101,250.00 against 2007/2008 financial year.
9. That approval be given to commit funding of \$80,000.00 plus GST of \$10,000.00, totalling \$90,000.00 against 2008/2009 financial year.
10. That approval be given to commit funding of \$80,000.00 plus GST of \$10,000.00, totalling \$90,000.00 against 2009/2010 financial year.
11. That approval be given to commit funding of \$80,000.00 plus GST of \$10,000.00, totalling \$90,000.00 against 2010/2011 financial year.
12. That approval be given to commit funding of \$80,000.00 plus GST of \$10,000.00, totalling \$90,000.00 against 2011/2012 financial year.
13. That authority be given to the Director: City Services to enter into a contract for a three year term for the management of the Massey Leisure Centre commencing 1 July 2003, and exercise the right of renewal for the three-year periods beginning at the 2006/2007 and 2009/2010 financial years, subject to Council providing the budget for each of these years.

Report prepared by: Danny O'Donnell, Leisure Services Manager.



**5 CONTRACT NUMBER CC03058A - PROVISION OF CAFETERIA SERVICES AT THE CIVIC CENTRE AND 131 LINCOLN ROAD BUILDINGS**

**PURPOSE**

The purpose of this report is to seek approval to award contract number CC03058A for the provision of cafeteria and catering services.

**BACKGROUND**

The current cafeteria contract is held by Eurest and expires on the 30 June 2003. The current contract has run for two years meaning that a new tender process was required to be undertaken. The tender process took into account that a new Civic Centre is being built and therefore this contract is for two years with provision for an extension.

## SCOPE OF WORK

The contract is for the provision of cafeteria services at the Civic Centre and 131 Lincoln Road cafeterias. This includes:

- the provision of food for purchase at both cafeteria sites, based upon the normal opening hours of the cafeterias;
- the provision of standard tea, coffee, milo, milk, sugar and any other related supplies, supplied free of charge to employees of Council at both cafeteria sites in accordance with Council's employment contract obligations. The successful Tenderer is required to ensure that standard supplies are appropriately stocked and conveniently made available to cafeteria users;
- compliance with all applicable food sanitation and compliance, and Health and Safety laws and regulations;
- the contract period shall commence on 1 July 2003 and expire on 30 June 2005 with provision for an extension of up to one year. Any extension of the contract period shall only be by the mutual agreement of the parties formalised in writing.

The provision of function catering to Council has been excluded from this contract, and Council are not obligated to place function catering orders with the successful Tenderer. However, the successful Tenderer is expected to have the capacity to provide these services.

The contract will allow the successful Tenderer use of the kitchen areas at the Civic Centre and 131 Lincoln Road for catering for Waitakere City Council purposes. It does not grant exclusive use and will not permit use for other external functions.

## REGISTRATIONS OF INTEREST

The Council conducted a pre-tender registration of interest process in April 2003. Eleven registrations were received:

- Mike Gibson - Orakei, Auckland;
- George Tzolov - Pakuranga, Auckland;
- Eurest New Zealand - Penrose, Auckland;
- Lifestyle Caterers - Mt Albert, Auckland;
- Spotless Services NZ Limited - Penrose, Auckland;
- Food Haven Foodbar - Henderson, Waitakere City;
- Kay Finn - Henderson, Waitakere City;
- Creative Functions Limited - Silverdale, Auckland;
- Marie Stormont - Te Atatu Peninsula, Waitakere City;
- Gay Heald - Te Atatu Peninsula, Waitakere City;
- Sean - Henderson, Waitakere City.

Council determined to invite all of these parties to tender.

## TENDERS

From those parties invited to tender, one tender submission was received:

TENDERER	REG. OFFICE	TENDER PRICE excl GST
Eurest New Zealand	485 Great South Road, Penrose	\$83,964.00

Because only one tender was received, staff conducted phone checks with other registrants to see why they had not submitted a tender. In most cases this was due to the scale of the operation required.

## EVALUATION

A summary of the evaluation results is shown below:

Tender Evaluation	Attributes	Sustain-ability	Func-tions	Programmes for H&S and Service	Sample Menus and Prices	Experience and Track Record	Price	Total Weights
	Weights	10	10	15	15	20	30	100
Tenderer	Tender Sum	Grades						INDEX
Eurest	\$83,964.00	60	80	85	75	75	50	68
Med.n Tender Price	\$83,964.00							

Eurest was the only tender received and holds the current cafeteria contract. They have been the contractor with Council since 1997 and their performance with Council over the past six years is of a standard to warrant their selection. While over that time there have been some issues raised in relation to performance as part of the ongoing relationship, these have been dealt with satisfactorily.

## CREDIT CHECK

Eurest New Zealand have been the providers of cafeteria and function catering services to Council since August 1997. They are also one of the largest catering companies in New Zealand. A credit and risk analysis has been undertaken by Dun and Bradstreet, which showed no adverse information against the company or any of its Directors.

## SUMMARY

Eurest met all the requirements in the Tender guidelines and scored favourably in most areas. Eurest are working to improve sustainability with further work on Waste Minimisation, safer alternatives to cleaning products and working with suppliers on sustainability being undertaken. The Cleaner Production team are assisting them with this initiative.

Eurest New Zealand already provide cafeteria services to Council and have the expertise and resources to fulfil this function.

## RESOURCES

Resourcing for this contract is currently provided for in the Long Term Council Community Plan and the Annual Plan.

Code	Budget	Amount for this project	Surplus
15-1170-20530	\$84,000	\$83,964	\$36.00

## RECOMMENDATIONS

1. That the information be received.
2. That the tender from Eurest New Zealand for contract number CC03058A Provision of Cafeteria Services for the period 1 July 2003 to 30 June 2005 in the sum of \$83,964.00 plus GST, total \$94,459.00 per annum be accepted.
3. That the Director: Corporate & Civic Services be delegated authority to enter into contracts specified above on behalf of Waitakere City Council.

Report prepared by: David Tait, Manager: Unit Co-ordination & Support and Charlotte Holt, Administration Assistant

