

- 2 RFT 20/21-39 The Police Cottage Food and Beverage Operator**  
*This item has been referred to Committee of the Whole as the report refers to information that would, if disclosed, prejudice the maintenance of law and discussion of the matter in open meeting would be, on balance, contrary to the public interest.*

**Compiled by: Rebecca Marshall, Senior Development Manager**

**Authorised by: Nathan Ritchie, Property Development Manager  
 Andrew Moore, Director - Corporate Services**

<b>Outcome</b>	<i>We have confidence in our Council</i>
<b>Strategy</b>	<i>Manage our money and our assets to be sustainable now and into the future</i>
<b>Service Activity</b>	<i>Reduce Councils reliance on rateable income, by delivering property projects to achieve financial returns or significant value to Council and the community</i>

### **Executive Summary**

Tender reference RFT20/21-39 The Police Cottage Food and Beverage Operator was advertised online through E-tendering on 1 June 2021. The tender closed on 5 July 2021.

This report advises Council of the outcome of the tender process and recommends that the tender from 2773 Pty Ltd be accepted for the Police Cottage food and beverage operator.

### **Background**

Working with our community, Council adopted the *Our River Nepean River Masterplan* in 2013 to ensure we make the most of one our City's most prized assets. The Masterplan outlines a bold vision for the Regatta Park precinct which included cafes and restaurants to complement and enhance existing community uses and events, the nearby gallery and open spaces. With the Yandhai Nepean Crossing connecting Regatta Park and the river with the City Centre, there is an opportunity to make the Police Cottage a prized destination.

Delivering a destination dining offering at the Police Cottage builds on the Masterplan, the strategic planning objectives for the Penrith region and the vision for the Western City District. It will deliver on key strategic outcomes of the Penrith Community Plan, as well as serving as a catalyst for other surrounding developments in the River and Regatta Park precincts.

The development of a dining precinct was first identified in the *Our River' Nepean River Masterplan* in 2013 and continued in the *Regatta Park and Tench Reserve Detailed Planning and Design* document in 2016 and more recently in the *McGregor Coxall Regatta Park Masterplan* in 2019.

The concept of a dining precinct and the heritage restoration and adaptive reuse of the Police Cottage into a food and beverage destination were further explored and supported in the *Dining Precinct High Level Options Assessment 2019*, the *Dining Precinct High Level Business Case 2020* and the *Police Cottage Detailed Business Case 2021*.

Reporting the outcome of a tender to Committee of the Whole is a departure from Council's normal practice, however as Council has entered into a funding agreement with the NSW Government, we are required to maintain confidentiality with respect to announcing the

successful tenderer. As such Governance advice has been sought and it was agreed to consider this item in Committee of the Whole but ensure that the report is subsequently made available on Council's website at a time that won't breach our obligations with respect to the funding agreement.

### Tender Evaluation Process

The Tender Evaluation Committee consisted of:

- Nathan Ritchie – Property Development Manager (Chair).
- Rebecca Marshall – Program Manager,
- Tatum McKee - Project Officer,
- Kate Poulter – Consultant (Brain and Poulter),
- Romana Rocchi – Consultant (Brain and Poulter)

The Tender Evaluation Committee was supported by Procurement Business Partner – Laura Stott and Probity Advisor - Bill Stanley.

The evaluation criteria advertised and used in assessing the tenders received included the following:

- Experience; Current and Previous Operations
- Compliance
- Concept for F&B outlets
- Sales Forecast & Commercial Offer
- Fit Out Costs
- Sustainability
- Local F&B Operator

Short listed tenders were then assessed against the following:

- Mood Board
- Site visit and food tasting – reverted to Interview due to COVID-19 implications

### Initial Tender Review

A full listing of the tenders received is detailed below in alphabetical order.

Company		Address	Directors
2773 Pty Limited	<ul style="list-style-type: none"> <li>• Rental Offer - \$159,000 p/a</li> <li>• 3 month's rent free period</li> <li>• Fit Out Contribution - \$598,000 (estimate)</li> </ul>	39 Linksvie Avenue, Leonay NSW 2750	Shane Simpson
Western Food Group Pty Ltd t/as The Bunker	<ul style="list-style-type: none"> <li>• Rental Offer - \$140,800 p/a</li> <li>• 3 month's rent free period</li> <li>• Fit Out Contribution - \$457,000 (estimate)</li> </ul>	1330 Werombi Road, Werombi 2570	Ross Purser
Annetts, Monique Nicole t/a El Gringos Locos	<ul style="list-style-type: none"> <li>• Rental Offer - \$100,000 p/a</li> <li>• 2 month's rent free period</li> <li>• Fit Out Contribution - \$93,000 (estimate)</li> </ul>	Shop 6/122 Station Street, Penrith	Monique Nicole Annetts

Emu Hall Pty Ltd / XS Espresso	<ul style="list-style-type: none"> <li>Rental Offer - \$80,000 p/a</li> <li>10% turnover rent at \$2,000,000</li> <li>2 month's rent free period</li> <li>20% of term-of-lease incentive contribution.</li> <li>Fit Out Contribution - \$810,000 (estimate)</li> </ul>	13 Twin Creek Drive, Luddenham 2745	XS Espresso - Roky Gorgees - 100% ownership Emu Hall - Roky Gorgees - 50% Gary Gorgees - 50% ownership
Doutmost Pty. Ltd t/a Oliver Brown	<ul style="list-style-type: none"> <li>Rental Offer - \$78,000 p/a</li> <li>15 month's rent free period</li> <li>Fit Out Contribution - \$318,000 (estimate)</li> </ul>	29/38-46 South Street. Rydalmere NSW 2116	Byung Sun Song
Nozbot Traders Pty Ltd t/a High Street Depot	<ul style="list-style-type: none"> <li>Rental Offer - \$75,900 p/a</li> <li>3 month's rent free period</li> <li>3 month's half rent</li> <li>Fit Out Contribution - \$288,000 (estimate)</li> </ul>	Shop 1, 488 High Street Penrith 2750 NSW	Noreen Bryan & Tim Bryan
Frm Cafe Pty Ltd	<ul style="list-style-type: none"> <li>Rental Offer - \$65,000 p/a</li> <li>6 month rent free period</li> <li>Fit Out Contribution - \$840,000 (estimate)</li> </ul>	1 Castlereagh Street Penrith 2750	Jacob Farragher 35/100, Fedlallah Hallani 30/100, Terry Chaouk 35/100

All tenders were evaluated in detail against the weighted evaluation criteria before considering the tenderer's commercial offer. The tender review panel then short listed two operators as their submissions were considered as providing best overall offer to Council, these were:

- 2773 Pty Ltd and
- Western Food Group Pty Ltd t/as The Bunker

2773 Pty Ltd and Western Food Group Pty Ltd t/as The Bunker then provided mood boards and due to the impacts of COVID-19 completed an online interview in lieu of a site visit and menu tasting.

### Evaluation of the Preferred Tender

Following the initial assessment and after reviewing short listed submissions, 2773 Pty Ltd was considered the preferred tenderer and their proposal has the highest effectiveness score among the tenders.

2773 Pty Ltd more clearly demonstrated their vision for the Police Cottage from the mood board and interview.

The recommended company, 2773 Pty Ltd was selected based on their:

- 1) Experience in both their current establishment and previous operations
- 2) Compliance with the tender evaluation criteria including in relation to heritage,
- 3) Demonstrated ability to meet Council's requirements and their concept for food and beverage
- 4) Sales forecast and commercial offer
- 5) Fit Out Contribution estimates; and
- 6) Highest overall effectiveness

The Tender Evaluation Committee thoroughly reviewed the information provided pertaining to experience of the proposed tenderer. 2773 Pty Ltd has provided, evidence of operating

food and beverage premises of a similar scale, as well as an understanding of working within the heritage scope of the project.

### **Financial Implications**

Included in the assessment of tenders was the commissioning of independent reference checks, financial analysis, and performance analysis on 2773 Pty Ltd. These checks were completed by Equifax Australasia Credit Ratings Pty Ltd. Financial Services have reviewed the financial information provided by the tenderer and have not identified any reason why the contract should not be awarded.

This report advises Council of the outcome of the tender process and recommends that the tender from 2773 Pty Ltd be accepted for the Police Cottage food and beverage operator. Rental income from the lease as outlined in the report will provide an ongoing source of income to contribute towards the maintenance of this and other Council owned commercial properties.

### **Tender Advisory Group Comments**

The objective of the Tender Advisory Group (TAG) is to support the Council to achieve fair and equitable tender processes. The TAG, consisting of Andrew Moore - Director Corporate Services, Brian Steffen – Director City Services, Glenn McCarthy - Governance Manager, Lana Axford – Supply Coordinator Financial Services and Neil Farquharson – Financial Services Manager were briefed by the Property team about the background and the process followed.

The TAG considered the recommendations in relation to the tender RFT20/21-39 The Police Cottage Food and Beverage Operator noting that the recommended tender is providing the best overall offer. The company has demonstrated their ability to meet Council's requirements and their proposal was considered to be the most advantageous to Council. The TAG reviewed the evaluation process outlined within the report and is satisfied that the selection criteria have been correctly applied in making the recommendations.

### **Risk Implications**

The tender process outlined in this report includes controls regarding probity and ensuring value for Council, overseen by the Tender Advisory Group.

### **Conclusion**

The Tender Evaluation Committee is of the opinion that 2773 Pty Ltd provided the most advantageous tender and it is recommended that 2773 Pty Ltd be accepted for the Police Cottage food and beverage operator.

### **RECOMMENDATION**

That:

1. The information contained in the report on RFT 20/21-39 The Police Cottage Food and Beverage Operator be received
2. The recommended tender 2773 Pty Ltd be accepted for RFT20/21-39 The Police Cottage Food and Beverage Operator
3. The common seal of the Council of the City of Penrith be affixed to all documents as required, and the General Manager (or his delegate) be authorised to sign all necessary legal documents in relation to this matter.

4. A copy of this report be made available on Council's website at an appropriate time.

**ATTACHMENTS/APPENDICES**

There are no attachments for this report.