



Request for Expressions of Interest (EOI)

For Operation of the Bernie Mullane Sporting Centre

Reference Number: EOI20-02

Background

Bernie Mullane Sporting Complex (the "Sporting Complex") is located on Community Land located in Marella Avenue, Kellyville. The current lease arrangements for the management of the premises expire in March 2020.

Hills Shire Council is now seeking applications from leading business and customer service focused leisure, recreation/sports facility management organisations, sporting organisations and developers or such combination of proponents who will work with Council to further develop, expand and operate these facilities in order to realise the maximum potential for both community benefit and financial outcomes for Council.

Scope and Location

The Sporting Complex and Buildings at Bernie Mullane forms part of:

- Lot 15 DP 880197
- Lot 13 DP 880196
- Lot A DP 372727
- Lot 881 DP 841973

The Sporting Complex ** comprise the following Facilities, Plant and Equipment:

- 2 x indoor basketball (multi-use) courts;
- Outdoor Netball Courts (that could be upgraded to multi-purpose sports)
- Café and merchandising area;
- 3 offices;
- M & F Toilets/Showers/Change rooms;
- Staff Kitchen;
- Meeting Room;
- Fire Alarm systems and ducted heating & cooling
- Weights room, gymnasium, and keep fit programs area

** Proponent's should note that the EOI for the Sporting Complex Premises does not include the Livvi's Playground, dog off leash area, cricket nets, tennis courts or artificial/grass sporting fields and associated club change rooms, toilets, showers, referee's room or canteen.

Key Aims and Objectives are:

- To maximise community use of the premises in the best interests of a range of sports.
- To maintain and improve the fabric of the buildings and facilities.
- To provide a financial return to Council.
- To ensure that the range of programs and activities conducted at the premises:
 - a. maintain as a minimum, the existing levels of usage and activities;
 - b. ensure full access by the community for a range on internal sporting activities from various sports such as but not limited to gymnasium, fitness programs, basketball, soccer, futsal, badminton etc. that currently occur in the venue;
 - c. if new sports are included, provide clear indications of an upward trend over time. Any requests to exclude any current sporting activities must be in writing to Council giving justification;
 - d. be diversified, innovative, creative, flexible and well organised;
 - e. be accessible and equitable and provide value for money;
 - f. be consistent with the approved master plan for Bernie Mullane as well as local community needs and meet the anticipated needs of user groups as expressed in community surveys conducted by the Lessee and the Lessor; and
 - g. be relevant to nominated target user markets and market segments including schools, community recreation and sporting groups, older adults, families, cultural groups, youth, people with special needs and minority sports.

If circumstances change during the operation of the lease regarding the future availability of casual hire of the tennis court and/or the synthetic football fields, Council at its sole discretion, may offer to negotiate an amendment to the agreement during the lease term to include the operation of the casual court or field hire.

The EOI for the lease is intended to encompass a range of management, operational and maintenance services and optional facility upgrades and improvements for use as a sport and recreation centre and associated activities, including if appropriate, operation of kiosk facilities and/or retail outlet. The facility cannot be used as an entertainment/function venue.

Lease agreement options available include Bernie Mullane Sporting Complex with or without facility capital development.

Proponents are required to nominate whether they propose an agreement with or without Facility Development. Proposals should also be in accordance with the uses and terms of Council's Generic Sportsgrounds Plans of Management. Council will periodically review the use of the premises to ensure compliance with the Plans of Management.

A recent review of the venue has indicated that there is an opportunity to increase indoor court usage in off peak periods, as this is usually a low use period and would require increased strategies and/or new program activities to generate income.

The café/kiosk, gymnasium and group program space have opportunities for improvement to maximise the venues potential. Redevelopment of the café/kiosk is an opportunity to extend the lounge area to the front of the building to attract surrounding park (playground, tennis/netball court and football pitch users). Council may consider a 10 plus 10 agreement with significant facility capital development. There is a large amount of internal foyer and circulation space inside the building that provides an opportunity for a low-cost internal refit to improve these spaces.

The operator could prioritise these improvements and seek to fund these over the agreed longer lease period greater than 5 years up to 21 years. Lease longevity terms for either agreement will reflect the capacity for the operator to realise a return on investment. Subject to the Minister's approval (if required), the following terms are proposed:

- a) **Agreement without Facility Development:** Term 5 years.
- b) **Agreement with Facility Development:** Term 5 years plus. Depending on the level of investment, proponents may have an opportunity to seek an extended tenure for their facility through a Licence Agreement.
- c) Under such Licence Agreements Proponents may be able to negotiate with Council tenures of up to 10 years for investments up to \$250,000 or up to 21 years for investments exceeding this amount on a case by case basis at Council sole discretion.
- d) Where extended tenures are sought through a Licence Agreement, such proposals must be reported to Council for consideration. Under the Plan of Management, a Lease or Licence can extend up to 21 years. Terms beyond 21 years up to a maximum 30 year are rare and would require significant capital investment and also require Ministerial approval.
- e) Sub leasing is not allowable unless approved by Council.

Capital Contribution Options

Where the project proponent has nominated an agreement with Facility Development, project proponents will need to provide:

- A recommended facility capital development plan and proposed lease term;
- Comparative financial analysis & justification of the capital development plan; annual performance indicators, business and operational plan; and
- Capital financing/funding strategy (how capital will be raised, finance terms and payment and sources) to fund the capital development.

The Capital Facility Development plan “must” consider the list the “Schedule of Desirable Capital Improvements” for the facilities, the adopted master plan for Bernie Mullane identified by Council in order to provide high quality sporting/leisure facilities and/or equipment, surrounds and/or playing surfaces (where appropriate), that meet industry standards, cater for current, anticipated community needs or new and emerging sports, and are operationally sustainable.

Schedule of Desirable Capital Improvements (not limited to)

Venue	Desirable Capital Improvements
Bernie Mullane Sporting Complex	<ul style="list-style-type: none"> • The installation to Council’s satisfaction of an enclosed heated Learn to Swim Pool to cater for the rapid growth of young families in the surrounding suburbs; • The installation of synthetic multi-purpose surfaces on the nearby netball courts; • Development of a childminding or gymnasium to cater for existing and increased customer base; • Redevelopment of the café area to open it to the outside for patrons of Livvi’s Playground; • Improvements and/or addition suited to indoor play or similar for “young” children; • Improvements and/or additions suited to “active” indoor activities/entertainment or similar for youth.

Whilst, flexibility will be afforded to negotiate final component selection and specification at the time of construction, with the successful Tenderer, the components at time of construction will not substantially differ from what was tendered.

Council may or may not accept any or only partially the recommended Capital Facility Development Plan. Acceptance of the plan will be subject to the usual and appropriate planning and development processes and approvals etc.

The Facility Development Plan must include the following specifications and requirements:

- Technical details of proposed facility upgrades and/or new facility components,
- Consideration of existing site capacity and concept site layout plan,
- Likely capital cost at time of development; and
- Development timing/staging.

The Capital Facility Development Plan should clearly identify what additional facilities are required to support the new development components and optimum operational performance (i.e. car-parking requirements, vehicular access, amenities etc.).

In relation to the recommended desired capital improvements identified by Council, tenderers must clearly identify any they propose to implement. This should include a cost benefit analysis comparing alternate options.

The business & operational plan must include the following:

- Income and expenditure projections clearly separated income streams;
- Asset Life-Cycle Costing – capital cost, operations, cost of finance, maintenance and depreciation.

Agreed targets would include but not be limited to:

- Diversity of Sports using the Venue
- Patronage Usage and Financial Performance Targets
- Safety and Compliance Record
- Achievement of Capital Improvements, aligned to agreed development plan
- Customer Satisfaction & Complaints Record

The lease will then be drafted by Council to reflect the targets and Council’s requirements. However, Proponents can assume that the lease will include the normal conditions found in a commercial lease, and if required, the lease will comply with the requirements of the Retail

Leases Act 1994 and the Council will serve the appropriate Lessor's Disclosure Statement under that Act.

It is Council's intention to grant to the successful Proponent a Lease to operate the Sporting Complex in accordance with the requirement to provide community access for the widest range of sports possible.

This Lease will require the successful Proponent to properly manage, operate and maintain the Sporting Complex at its own risk.

Minimum requirements in either lease will include, but not be limited to:

- The lessee must maintain the Premises, (including plant and equipment and any property associated with the Premises) and improvements on the site (including any upgrading works done by the lessee) and leave them on termination of the lease in the same condition as at the commencement of the lease (or completion of the upgrading works), fair wear and tear excepted.
- The rent will be reviewed annually in accordance with CPI movements or on some other basis accepted by Council.
- A Bank Guarantee or surety for payment of rent.
- The lessee will be required to pay all usage charges for electricity, gas and telephone as supplied to the Premises as follows. Water usage required for a learn to swim pool would be the lessors responsibility.

ELECTRICITY ESTIMATES		
Note - 91% Paid by Lessee		
9% Paid by Council		
Electricity for 2016/17	FY 2016 -17	\$ 61,402.58
Electricity for 2017/18	FY 2017 -18	\$ 50,296.78
Electricity for 2018/19	FY 2018 -19	\$ 82,458.11
Electricity for 2019-to date	FY2019 - 20	\$ 30,638.25
2016 - present	Total	\$ 224,795.72

Lessee (91%)	Council (9%)	Total
\$55,876.35	\$ 5,526.23	\$ 61,402.58
\$45,770.07	\$ 4,526.71	\$ 50,296.78
\$75,036.88	\$ 7,421.23	\$ 82,458.11
\$27,880.81	\$ 2,757.44	\$ 30,638.25
\$148,687.76	\$ 14,705.38	\$ 163,393.14

- The lessee will be required to pay legal costs and out of pocket expenses, stamp duty and registration fees (if appropriate) in relation to the lease and its preparation.
- The lessee will be required to carry public liability insurance of not less than \$20 million noting Council's interest and Worker's Compensation Insurance.
- The need to ensure maintenance of appropriate climate control (including heating and ventilation) at a standard to be determined by Council.
- The need to ensure maintenance of appropriate lighting levels (illumination) at a standard to be determined by Council and appropriate to the requirements of different sporting codes.
- The requirement to provide use of the Premises as a shelter for people affected by major emergencies and that the lessee may not make a claim against the Lessor if the Premises are used for emergency accommodation.
- The venue cannot be used as a function centre.

Those operations where necessary, are compliant with all regulatory and compulsory safety requirements. It is expected that the Proponent will exceed these requirements.

That significant potential future trends are being constantly identified through a process of extensive consultation and that the following performance and reporting schedules are consistent with these consultations and identified trends:

- (i) Preparation of a Strategic Plan which shall include:
 - a. Marketing, promotional and sponsorship activities including competitive positioning strategies;
 - a. Strategies designed to develop strong working relationships with Council and other relevant local organisations and or business partners;
 - b. Capital Improvements if proposed by the Proponent; and
 - c. Sporting, recreational, educational, social and cultural activities proposed by the Proponent.
- (ii) Preparation of Annual Business and Operational Plans which shall include:
 - a. Annual financial budget with budget assumptions including projected Proponent's Revenue for the next year with a clear outline of areas of revenue generation, cost structures and target profit margins; and
 - b. A documented quality assurance program and details of continuous improvement strategies relating to all aspects of the Proponent's business conducted at the premises including customer relations, cleaning, maintenance, health and safety, security, risk and contingency management and where relevant, evidence of being energy efficient and environmentally friendly.

That the premises are seen as safe, comfortable, enjoyable and aesthetically appealing, where:

- (i) Cleanliness and appearance are of the highest standard;
- (ii) Car parking is considered suitable, safe and secure;
- (iii) Equipment is of a high quality, well maintained and capable of meeting current and future trends; and
- (iv) Customer complaints are dealt with in an appropriate and timely manner consistent with requirements of Council.

Council may require key staff and directors to provide Council with a Police background check and where required, current accreditation for activities such as gym instructors and working with children checks.

That the premises are well maintained in accordance with a specified asset maintenance program and an agreed capital improvements schedule.

That through a partnership approach, the Council and Proponent(s) work to improve the premises and the financial performance of the premises.

Contact Details

Enquiries should be directed to:

Daniel Sales

Manager - Community Outcomes

Telephone (02) 9843 0191

Email dsales@thehills.nsw.gov.au