



8.6 **NEW LEASE FOR KIOSK 2, 6 JACKA BOULEVARD, ST KILDA**

WARD: LAKE

GENERAL MANAGER: CHRIS CARROLL, ORGANISATIONAL PERFORMANCE

PREPARED BY: LYANN SERRANO, PROPERTY ADVISOR
NEVILLE SMITH, PROPERTY ADVISOR

TRIM FILE NO: 14/02/17007

ATTACHMENTS: Nil

PURPOSE

This report seeks Council's approval to commence the statutory procedures pursuant to the *Local Government Act 1989 (Vic) (Act)* to consider granting a lease to Ice Cream Delights Pty Ltd for Kiosk 2, 6 Jacka Boulevard, as a result of the Expression of Interest Evaluation Report TenderLink No. 14/02/17007.

1. RECOMMENDATION

That Council:

- 1.1 Resolves that the statutory procedures be commenced under Section 190 of the Local Government Act 1989 (the Act) for a lease to be granted to Ice Cream Delights Pty Ltd for Kiosk 2, 6 Jacka Boulevard, St Kilda.
- 1.2 Proposes a lease to Ice Cream Delights Pty Ltd to enable the operation of a kiosk and an outdoor area including the preparation, service and sale of food and non-alcoholic refreshments for up to five years for an annual fee commencing at \$70,000 inclusive of GST.
- 1.3 Directs the public notice of the proposed lease be given under section 223 of the Act.
- 1.4 Authorises the Chief Executive Officer or delegate to undertake the administrative procedures necessary to enable Council to carry out its functions under section 223 of the Act.
- 1.5 Resolves to hear and consider any submissions received pursuant to section 223 of the Act at a Council meeting to be held on 6 December 2017.

2. BACKGROUND

- 2.1 Kiosk 2 at 6 Jacka Boulevard, St Kilda has been in operation for about 30 years. The pre-existing 5 year lease has expired.



- 2.2 An Expression of Interest (EOI) process was undertaken to find a suitable tenant capable of providing food and refreshments from the kiosk as a service to visitors to the foreshore area.
- 2.3 The proposed lease is for a five-year period and the lease is to be in the standard state government format for leases of Crown land.
- 2.4 The documentation for the EOI includes an invitation to make a submission and an evaluation plan.
- 2.5 The EOI was advertised on 25 March 2017 and the process was conducted through TenderLink.
- 2.6 The Tender Evaluation Panel (TEP) consisted of three Council officers who signed the standard form indicating that they had no conflict of interest to declare and that they would keep the tender information confidential.
- 2.7 Prior to the tenders being advertised, the evaluation criteria and weightings were established. The criteria and weightings were as follows:

Criteria	% Weighting
1. Price	50
2. The managerial, technical and financial capacity of the respondent to fulfil all contractual obligations	15
3. Prior operational/business experience	15
4. The proposed use (including the range of services and/or products) and its fit with Council's strategic direction for the property and the foreshore area	20

3. KEY INFORMATION

- 3.1 Submissions were received from Ice Cream Delights Pty Ltd and one other. After an initial evaluation by the TEP, the submissions were scored.
- 3.2 In order to get a better understanding of the submissions, the TEP interviewed both submitters. The interviews clarified the TEP's understanding of the submissions against the criteria.
- 3.3 The TEP's scoring was revised following the interviews with the two submitters. The final weighted scores are below. The rental offered by Ice Cream Delights Pty Ltd is significantly higher than that offered by the other submitter, resulting in higher scoring for Ice Cream Delights Pty Ltd.



Submitter		Ice Cream Delights Pty Ltd	Other Submitter
Criteria	Weighting %	Weight Score	Weight Score
1. Price	50	500	333.93
2. The managerial, technical and financial capacity of the respondent to fulfil all contractual obligations	15	60	120
3. Prior operational/business experience	15	75	120
4. The proposed use (including the range of services and/or products) and its fit with Council's strategic direction for the property and the foreshore area	20	100	140
Total (out of 1000)		735	713.93

3.4 The preferred tenant is Ice Cream Delights Pty Ltd.



FURTHER SUPPORTING INFORMATION

4. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 4.1 The EOI process and recommendation of granting a new lease for Kiosk 2, 6 Jacka Boulevard, St Kilda align with the Strategic Direction 6 in the Council Plan 2017-2027 through supporting:
 - 4.1.1 Transparent governance and an actively engaged community
 - 4.1.2 A financially sustainable, high performing and community focused organisation.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 The EOI process has been conducted in accordance with Council Procurement Policy, Council Property Policy and the State Government Policy for the leasing of Crown land.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 The recommended tenant holds the required public liability insurance equal to that specific value in the lease terms and conditions.
- 6.2 Documenting the respective property responsibilities and obligations through a legally binding lease which conforms to legislative requirements mitigates risk.
- 6.3 The proposed lease is subject to approval by the Minister for the Department of Environment Land Water and Planning. The Minister may decide to modify aspects of the proposal if considered appropriate.

7. SUSTAINABILITY – Triple Bottom Line

7.1 ENVIRONMENTAL IMPLICATIONS

- 7.1.1 Ice Cream Delights Pty Ltd have expressed knowledge and commitment of Waste Wise, a program of waste and litter reduction in Port Phillip.
- 7.1.2 Other sustainability conditions will be included in the lease.

7.2 SOCIAL & CULTURAL IMPLICATIONS

- 7.2.1 The kiosk will continue to provide services to the visitors to the foreshore area. Information will be available to tourists.

7.3 ECONOMIC IMPLICATIONS

- 7.3.1 The leasing of the kiosk to Ice Cream Delights Pty Ltd will continue to provide a local business opportunity and support the visitor offer along the foreshore.

7.4 FINANCIAL IMPLICATIONS

- 7.4.1 The proposed commencement rental is \$70,000 per annum inclusive of GST (with annual increments of Year 2 - \$72,250, Year 3 - \$74,500, Year 4 - \$76,000, Year 5 - \$78,400). The income exceeds Council's budget projections and will provide revenue to support Council services.



8. IMPLEMENTATION STRATEGY

8.1 TIMELINE

8.1.1 A Notice of Intention to Lease will be published in the Port Phillip Leader newspaper on 31 October 2017.

8.1.2 Any submissions will be considered by Council on 6 December 2017.

8.2 COMMUNICATION

8.2.1 Ice Cream Delights Pty Ltd will be advised of Council's decision.

8.2.2 The other submitter will be advised of the outcome of the process.

9. OFFICER DIRECT OR INDIRECT INTEREST

9.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.