

## 16.4 LATE ITEM - INVITATION FOR TENDER – KARRATHA AIRPORT TERMINAL UPGRADE CONCESSION SPACES

<b>File No:</b>	<b>TT.410</b>
<b>Responsible Executive Officer:</b>	<b>Director Strategic Projects &amp; Infrastructure</b>
<b>Reporting Author:</b>	<b>Airport Commercial Coordinator</b>
<b>Date of Report:</b>	<b>17 March 2014</b>
<b>Applicant/Proponent:</b>	<b>Nil</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachment(s)</b>	<b>1. Confidential Evaluation &amp; Recommendation Report 2. Confidential Evaluation Summary 3. Confidential Evaluation Score Sheet 4. Confidential Commercial Consideration 5. Confidential Capital Fit out</b>

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### **PURPOSE**

To seek Council's endorsement to invite suitable proponents from the EOI 21-13/14 Karratha Airport Terminal Upgrade – Expression of Interest Concession Spaces to proceed to Tender by Invitation.

### **BACKGROUND**

The upgrade of the Karratha Airport Terminal is part of an integrated redevelopment strategy for Karratha Airport previously approved by Council at the June 2013 Council Meeting, and consistent with the 2013-2033 Airport Master Plan and Land Use Plan.

As a result of the upgrade, five (5) new Concession spaces for retail, food and beverage outlets will be created as below:

Café / News / Gift	-	297.83m <sup>2</sup> .
Fast Food outlet	-	91.55m <sup>2</sup> and 14.37m <sup>2</sup>
Bar	-	14.12m <sup>2</sup> and 6.6m <sup>2</sup>
Duty Free	-	13.92m <sup>2</sup>
Grab and Go	-	33.96m <sup>2</sup>

The Expression of Interest (EOI) aimed to identify suitable Proponents to progress for invitation to tender for these Concessions.

EOI's were advertised on 29 November 2013 and closed 3 February 2014.

Four EOI's were received by the closing date from:

- LS Retail Travel Pacific (Four separate proposals)
- Dome Coffees Australia Pty Ltd (Compliant and Alternate Proposal)
- Karratha Kantinas Pty Ltd trading as Go Sushi
- Karratha and Districts Tourist Information Centre Incorporated trading as Karratha Visitors Centre

The EOI's were evaluated by a three person panel comprising of:

- Mitchell Cameron – Karratha Airport General Manager
- Shelley Davis – Airport Commercial Coordinator
- Trish Hoerlein – Tien Tsin Inne Supervisor

The EOI's were first assessed for compliance with the EOI documents. The EOI's were then assessed against the qualitative criteria that were weighted.

The criteria and associated weightings were endorsed by Council at the November OCM, resolution number 152688, as follows:

<b>Criteria</b>		<b>Weighting</b>
1.	Consideration Offered ( <i>based on Minimum Guaranteed Rent and Percentage Turnover</i> ) as well as the projected Tenant's Sales and the substantiation of projections	20%
2.	Sustainability, quality and relevance of the brand/offer	20%
3.	Quality and relevance of the Concept, Concept Design and delivery	15%
4.	Quality and relevance of the Business Plan	15%
5.	Evidence of financial capability	15%
6.	Demonstrated experience in a relevant food and beverage or retail outlet(s)	15%

It is proposed that the same criteria be adapted for the shortlisted tender.

A copy of the Evaluation and Recommendation Report is contained as a confidential attachment to this agenda item.

#### **LEVEL OF SIGNIFICANCE**

In accordance with Council Policy CE-8 Significant Decision Making Policy, this matter is considered to be of high significance in terms of the potential to enter into partnership with the private sector to carry out significant activities at the Karratha Airport.

#### **COUNCILLOR/OFFICER CONSULTATION**

Consultation has taken place between panel members in evaluating and analysing the content of each tender submission.

#### **COMMUNITY CONSULTATION**

Community consultation is required in the form of advertising to dispose of the property under Section 3.58 of the Local Government Act 1995.

#### **STATUTORY IMPLICATIONS**

Tenders will be called in accordance with Section 3.57 of the *Local Government Act 1995* and Part 4, Division 2 – Tenders for providing goods or services of the *Local Government (Functions and General) Regulations 1996*.

The proposed Lease will be required to comply with the *Local Government Act 1995*, Section 3.58 Disposal of Property and under the management order for the site, it is a requirement that all leases are endorsed by the Minister of Lands. Advertising to dispose of the property is required.

## **POLICY IMPLICATIONS**

Policy CE-13 Tender Evaluation criteria is applicable. The endorsed criteria is not consistent with the policy and hence required Council consideration. The endorsed criteria was designed to shortlist capable organisations to deliver quality service and commercial outcomes to the airport.

## **FINANCIAL IMPLICATIONS**

In responding to the EOI, Proponents were asked to identify their financial return to the Shire of Roebourne on the basis of a minimum guaranteed rent and percentage turnover.

The EOI 21-13/14 Commercial Consideration (attached) summarises each commercial offer.

## **STRATEGIC IMPLICATIONS**

The Concession spaces to be leased are integral to the immediate foreseeable Terminal Upgrade.

This item is relevant with the Council's approved Strategic Community Plan 2012-2022 and Corporate Business Plan 2012-2016. In particular the Operational Plan 2013-2014 provided for this activity:

Our Program:	1.a.2.2	Operate Karratha Airport to achieve a Commercial outcome.
Our Services:	1.a.2.3	Provide strategic planning for the Airport

## **RISK MANAGEMENT CONSIDERATIONS**

Passenger numbers underlying the proponent's commercial offers are currently softening.

## **IMPACT ON CAPACITY**

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

## **RELEVANT PRECEDENTS**

Council has previously gone to the Market for Tenders to determine levels of commercial interest in the provision of goods and services.

## **VOTING REQUIREMENTS**

Simple Majority

## **OPTIONS**

### Option 1

As per Officer's recommendation.

### Option 2

That Council by Simple Majority pursuant to Section 3.57 of the *Local Government Act 1995* RESOLVES to NOT support the Officers recommendation and PROPOSE a substitute to invite to Tenderer.

## **CONCLUSION**

The Evaluation Panel considered EOI submissions against the compliance criteria, qualitative criteria and a predetermined price structure as detailed in the publicly advertised Request for EOI.

In considering the compliance and qualitative criteria it was considered that LS Travel Retail Pacific (Newslink) and Dome Coffees Australia Pty Ltd have demonstrated the ability to provide the required services to the Shire of Roebourne at Karratha Airport.

The Evaluation Panel recommends inviting these proponents to Tender for the Concession Spaces at Karratha Airport.

In addition, it is proposed to support and promote the Karratha and Districts Visitor Information Centre Incorporated as a wholesaler of souvenir products and booking agent to these prospective tenants.

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## **OFFICER'S RECOMMENDATION**

**That Council by SIMPLE Majority pursuant to Section 3.57 of the *Local Government Act 1995* RESOLVES to:**

- 1. INVITE LS Travel Retail Pacific (Newslink) and Dome Coffees Australia Pty Ltd to tender for the concession spaces associated with the Karratha Airport Terminal Redevelopment, based on the assessment of the compliance criteria, qualitative criteria and pricing structures offered under EOI 21-13/14 – Karratha Airport Terminal Upgrade – Concession Spaces.**
- 2. STIPULATE a requirement within the Request for Tender that compels LS Travel Retail Pacific (Newslink) and Dome Coffees Australia Pty Ltd to include a provision for space for Visitor Information Services within their tender bids.**