

**ITEM 21. TENDER – CITY RECITAL HALL MANAGEMENT****FILE NO: S049581****TENDER NO: 0654****SUMMARY**

Council has a 99 year lease over City Recital Hall from AMP (which expires on 26 September 2098). City Recital Hall was developed specifically for Sydney's fine music chamber groups who could not be appropriately catered for by the Sydney Opera House or other existing venues.

Pegasus Venue Management Pty Ltd has managed the venue since its opening and their current contract expires on 31 March 2007.

The City has called for tenders for the continuing management of the venue and this report summarises the outcome of the tender process.

**RECOMMENDATION**

It is resolved that Council:

- (A) reject all tenders for the management of the City Recital Hall;
- (B) commence negotiations with the tenderers with a view to achieving an acceptable outcome;
- (C) authority be delegated to the Chief Executive Officer to enter into a contract subject to the conclusion of negotiations; and
- (D) Tender Evaluation Summary, Attachment A to the subject report, remain confidential in accordance with Section 10A(2)(D) of the Local Government Act 1993.

**ATTACHMENTS**

**Attachment A:** Tender Evaluation Summary (Confidential)

**BACKGROUND**

1. The City Recital Hall (CRH) was specifically developed for Sydney's fine music Chamber groups who required a medium size purpose built recital hall.
2. The construction of the Hall was predominately financed through development contributions associated with the development of the adjoining commercial building "Angel Place" by AMP. The City contributed \$4.5 million to the project. The property is held by way of a 99 year lease from AMP which expires in 2098.
3. The Hall is set apart from other venues in Australia by a combination of exceptional acoustics which allows patrons to enjoy live chamber music at world class levels; seating capacity (smaller than the 2,600 SOH Concert Hall, larger than other chamber venues such as the Verbrugghen Hall at the Sydney Conservatorium of Music); a central City location; and architectural merit and interior design.
4. The servicing of the fine music market is the CRH's highest priority. Its size means it is large enough for small symphonic works, concerts and staged operas, but small enough for a variety of chamber and solo works.
5. In the last financial year the venue was used on 196 days. Full capacity of the venue is around 240 days use. This allows necessary down time for maintenance and bumping in and out. On this basis the venue is presently operating at 82% capacity.
6. Prior to the development of the tender specifications for City Recital Hall, Brian Keogh Management Consultancy (a specialist Arts Management Consultancy) was engaged to conduct a nationwide benchmarking survey to measure the current performance of City Recital Hall.
7. Of the specialist music venues surveyed, only the Concert Hall at the Opera House had a higher level of utilisation (in use for 229 days in 2005). The Concert Hall has the additional advantage of having its major hirer, Sydney Symphony Orchestra, in residence.
8. The survey found the minimum level of subsidy for specialist music venues was 30% of total expenditure (including some repairs and maintenance, but not including capital expenditure). The highest level of subsidy was well above 40% of total expenditure (Sydney Opera House). This finding was consistent with an Australian Bureau of Statistics survey of Performing Arts Venues in 1999/2000 which found the average subsidy of venues was 29%.
9. The City of Sydney subsidises City Recital Hall by 10-11% of total expenditure.

**CURRENT POSITION**

10. As the current venue management contract with Pegasus Venue Management Pty Ltd expires in March 2007, the City has requested tenders from suitably qualified and experienced operators to continue the management of the venue.
11. The Request for Tender objectives are:-
  - (a) To maintain a focus for City Recital Hall as a venue of fine music
  - (b) To foster the City Recital Hall's reputation as a music venue of international excellence

- (c) To improve the commercial viability of the Venue,

### INVITATION TO TENDER

12. The Tender was advertised in the Sydney Morning Herald on 21, 26 and 27 September 2006.
13. Eight companies requested and were sent tender documents.

### TENDER SUBMISSIONS

14. Two organisations submitted tenders:
- Pegasus Venue Management Pty Ltd (the present managers) – one conforming and two non-conforming submissions.
  - The Venue Management Unit (City of Sydney) – one conforming submission.

### TENDER EVALUATION

15. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
16. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
17. All submissions were assessed in accordance with the approved evaluation criteria being:
- (a) Price
  - (b) Business Plan (including an operation plan, box office plan and marketing plan)
  - (c) New entrepreneurial activities
  - (d) Transition plan
  - (e) Profile, experience and references
  - (f) Environmental management plan

### PERFORMANCE MEASUREMENT

18. The specific outcomes Council requires of the manager is to:
- (a) Manage the hirings to maximise the use of the Venue
  - (b) Manage the relationship with the key hirers
  - (c) Build relationships with potential new users
  - (d) Program and manage the Venue to improve the commercial viability of the venue

- (e) Increase the profile of the Venue

**FINANCIAL IMPLICATIONS**

- 19. There is sufficient provision for management services within the 2006/2007 budget, and adequate provisions will be included in the 2007/2008 budget and future years.

**RELEVANT LEGISLATION**

- 20. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
- 21. Information provided by tenderers which is commercial-in-confidence has been protected and will not be disclosed in accordance with section 10A(2)(D) of the Local Government Act 1993. A consistent standard for all tenderers has been used in assessing any request for confidentiality by a tenderer.

**CRITICAL DATES / TIME FRAMES**

- 22. The present management group completes its current extension of contract on 31 March, 2007. It would be beneficial to the smooth management of the Recital Hall to provide certainty of the new management arrangements by the beginning of January, 2007.

**PUBLIC CONSULTATION**

- 23. Continuous feedback from the Priority 1 hirers has been sought and offered over the life of the previous management contract
- 24. The tenderers have submitted endorsements and references from Priority 1 hirers as part of their bids.

**JOHN BARBELER**

Director Corporate Services

John Barrett, Manager Property