

REPORTS THROUGH THE GENERAL MANAGER

REPORTS FROM THE GENERAL MANAGER

a8 [GM-CM] AC2010-073 Provision of Economic Development and Tourism Promotion Services Tender

ORIGIN:

Business and Economic Development Unit

FILE NO: AC2010073PRE

SUMMARY OF REPORT:

At Council's extraordinary meeting held on 27 July 2010 it was resolved to accept a tender for Part B2 and decline tenders for all other parts:

- PART A1. Investigate and develop tourism product
- PART A2. Operate Tweed Heads and Murwillumbah Visitor Information Centres
- PART A3. Preparation and Delivery of Tourism Marketing and Promotion Strategies Plans and Related Public Relations Activities
- PART B1. Marketing and Promotion of Tweed for Business Investment

of AC2010-073 Provision of Economic Development and Tourism Promotion Services Tender.

It was further resolved to enter into direct negotiations with Tweed Tourism for Parts A1, A2 and A3 and with Tweed Economic Development Corporation (TEDC) and Tweed Tourism for the provision of Part B1.

Negotiations with Tweed Tourism in respect to all of Part A have not resulted in a reduced price to undertake these services. The original tendered price identified a discount if all Part A was awarded to Tweed Tourism.

Prior to negotiations TEDC were the preferred tenderer for the provision of Part B1. Through the negotiation process TEDC's price has been significantly increased for the provision of this Part. Tweed Tourism has reduced their price to provide the services outlined in Part B1 while TEDC has increased their price for the provision of this part.

Tweed Tourism have committed to rebrand their organisation as Tweed Marketing and refocus the organisation and the Board to facilitate a multi-disciplinary approach if successful for Part B1, reflected through the establishment of a diverse and skills based Board. This approach also offers an economy of scale through the combination of Part A3 and Part B1.

Utilising the methodology adopted by the Tender Assessment Panel an updated review of the negotiated prices has been undertaken. This has ranked TEDC considerably below Tweed Tourism. This report therefore recommends that Council enters into a contract with Tweed Tourism for the provision of all remaining Parts of this tender, notwithstanding that TEDC were originally the preferred tenderer for Part B1 on non price considerations of methodology, capability and experience.

RECOMMENDATION:

That:

- 1. Council awards the contract for the provision of services for Part A1 (Investigate and develop tourism product); Part A2 (Operate Tweed Heads and Murwillumbah Visitor Information Centres), Part A3 (Preparation and Delivery of Tourism Marketing and Promotion Strategies Plans and Related Public Relations Activities) and Part B1 (Marketing and Promotion of Tweed for Business Investment) as outlined in the Specifications and Scope of Works for Tender AC2010-073 to Tweed Tourism for a combined price of \$957,000 (inclusive of GST);**
- 2. ATTACHMENTS 1, 2 and 3 are CONFIDENTIAL in accordance with Section 10A(2)(d) of the Local Government Act, 1993, because they contain commercial information in relation to the tenders and subsequent negotiations, the disclosure of which would be likely to prejudice the commercial position of the tenderers if it was provided. The information identifies the tenderers in relation to the tender price and the evaluation of the services offered by each tenderer. If disclosed, the information would be likely to prejudice the commercial position of the tenderer in terms of market competitiveness, by giving their competitors an advantage. Accordingly, disclosure of the information is not in the public interest;**
- 3. All documentation be executed under the Common Seal of Council.**

REPORT:

Background

At Council's extraordinary meeting held on 27 July 2010 it was resolved to accept a tender for Part B2 and decline tenders for all other parts:

- PART A1. Investigate and develop tourism product
- PART A2. Operate Tweed Heads and Murwillumbah Visitor Information Centres
- PART A3. Preparation and Delivery of Tourism Marketing and Promotion Strategies Plans and Related Public Relations Activities
- PART B1. Marketing and Promotion of Tweed for Business Investment

of AC2010-073 Provision of Economic Development and Tourism Promotion Services Tender.

It was further resolved to enter into direct negotiations with Tweed Tourism for Parts A1, A2 and A3 and with Tweed Economic Development Corporation (TEDC) and Tweed Tourism for the provision of Part B1.

Negotiations with Tweed Tourism in respect to all of Part A have not resulted in a reduced price to undertake these services. The original tendered price identified a discount if all Part A was awarded to Tweed Tourism.

Prior to negotiations TEDC were the preferred tenderer for the provision of Part B1. Through the negotiation process TEDC's price has been significantly increased for the provision of this Part. Tweed Tourism has reduced their price to provide the services outlined in Part B1 while TEDC has increased their price for the provision of this part.

Tweed Tourism have committed to rebrand their organisation as Tweed Marketing and refocus the organisation and the Board to facilitate a multi-disciplinary approach if successful for Part B1, reflected through the establishment of a diverse and skills based Board. This approach also offers an economy of scale through the combination of Part A3 and Part B1.

Utilising the methodology adopted by the Tender Assessment Panel an updated review of the negotiated prices has been undertaken. This has ranked TEDC considerably below Tweed Tourism. This report therefore recommends that Council enters into a contract with Tweed Tourism for the provision of all remaining Parts of this tender, notwithstanding that TEDC were originally the preferred tenderer for Part B1 on non price considerations of methodology, capability and experience.

Negotiations

Individual negotiation meetings were held with TEDC on 29 July and Tweed Tourism on 30 July 2010. As a result of these negotiations both organisations advised that they did not intend to withdraw their tender and wanted to proceed with negotiations. Both organisations reconsidered their original tender after discussions with their respective boards.

As part of the negotiation process it was outlined to both parties that the Scope of Works for the tender were still relevant as Council had previously based its decision on what should be covered in the Scope of Works through a Council Workshop and subsequent Council report on 16 March 2010.

Revised Prices

Both organisations provided revised prices for Part B1 and Tweed Tourism provided revised prices for Parts A1, A2 and A3. Utilising the methodology adopted by the Tender Assessment Panel an updated review of the negotiated prices has been undertaken. This review is provided as a confidential attachment to this report.

PART A

Negotiations with Tweed Tourism in respect to all of Part A have not resulted in a reduced price to undertake these services. The original tendered price identified a discount if all Part A was awarded to Tweed Tourism. The original tendered price and the negotiated prices are detailed in the confidential attachment to this report.

PART B1

Tweed Tourism has reduced their price to provide the services outlined in Part B1. Alternatively TEDC have increased their price to undertake Part B1. When TEDC's original tender was presented to Council on 27 July 2010 it was clearly enunciated by the organisation that their original tender price had been split evenly between Parts B1 and B2 to remain confirming. However they also clearly stated that they would not be willing to accept either part separately. In this instance the entire tendered price from TEDC to undertake Part B1 has been reduced marginally over that previously tendered for both Part B1 and Part B2.

Utilising the price assessment methodology used by the Tender Assessment Panel the revised prices for Part B1 provided by Tweed Tourism and TEDC have been compared against each other. This utilises a non price / Price split of 60% / 40%. The non-price scoring has not been modified from the original Tender Assessment Panels' assessment as the submitted tender and their proposed methodologies to undertake the scope of works still remains relevant to the negotiations.

Negotiated Price Evaluation
Review of Revised Prices for B1

	NON PRICE TOTAL	PRICE	GRAND TOTAL	Rank
Weighting	60	40	100	
TEDC	49.4	13.8	63.2	2
Tweed Tourism	44.5	40.0	84.5	1

Economic Development and Tourism Budget - 2010 / 2011

The 2010/11 budget for economic development and tourism promotion is \$1,018,855. It must be stressed that this amount is inclusive of GST as all tendered and negotiated prices are GST inclusive. All prices in this report are GST inclusive. All of Council's budgets are exclusive of GST and therefore the actual budgeted amount will appear less than the amounts identified in this report.

The resolution on 27 July 2010 awarded Part B2 to ID Consulting for a total price of \$58,300. With this budget allocation already determined there is a reminder of \$960,555 to be allocated through this process;

Tourism / Economic Development Budget 2010/11	1,018,855
Award B2 to ID Consulting Pty Ltd	<u>\$58,300</u>
	\$960,555

Options

With the remaining available funds in the economic development / tourism budget there are four (4) options available to Council;

Option 1

This option proposes to award Part A1 and Part A2 to Tweed Tourism and aware Part B1 to TEDC. This would leave insufficient funds to undertake Part A3 and in this option it would need to be abandoned. This option would leave a deficit which would need to be sourced from a reallocation of Council's existing budget funds.

Option 2

Option 2 proposes Part A1, Part A2 and Part A3 be awarded to Tweed Tourism and Part B1 be awarded to TEDC. This would leave a deficit which would need to be sourced from a reallocation of Council's existing budget funds.

Option 3

This option proposes to allocate all outstanding Parts (Part A1, Part A2, Part A3 and Part B1) to Tweed Tourism. This option would leave a budget saving.

Option 4

Finally option 4 proposes to allocate Part A1 and Part A2 to Tweed Tourism. This option would not award Part A3 and Part B1 but bring these services in house. There is a natural synergy in the provision of these services. The budget surplus would allow Council to employ suitably qualified staff with a modest surplus remaining for promotion of both tourism and economic development. The draw back of this approach is that it would require any new staff a period of time to become completely proficient due to the establishment of a new method of delivery, and also it is questionable whether Tweed Tourism would agree to continue to undertake Part A1 and Part A2 if this option was adopted.

Review

The revised prices put forward by TEDC through the negotiation process are not considered to provide value for money and cannot be accommodated in the current budget without creating a deficit. TEDC have experience in the field of economic development and have established technology to assist in this area.

Bringing promotion services in house is not a preferred option as it would leave a minimal budget for promotion services and would require the appointment of skilled staff.

The reallocation of budget resources and allocations is not considered a suitable approach due to the ongoing nature of the contracts. These re-allocations would need to be permanent opposed to a once off to cover the ongoing commitments of the contracts.

Tweed Tourism have committed to rebrand their organisation as Tweed Marketing and refocus the organisation and the Board to a multi-disciplinary approach. This would be reflected through the diversity of a skills based Board. This approach also offers an economy of scale through the combination of Part A3 and Part B1.

Therefore it is recommended that Option 3 be adopted. This proposal would award the tender contract for Part A1, Part A2, Part A3 and Part B1 to Tweed Tourism. All parts to this tender, including Part B2 which has already been awarded, would be awarded within the adopted Council budget for economic development and tourism promotion. Also by awarding the tender, as recommended, to Tweed Tourism would allow for an immediate commencement of the work from 1 October 2010.

LEGAL/RESOURCE/FINANCIAL IMPLICATIONS:

This report recommends the allocation of the 2010/2011 budget allocation for Economic Development and Tourism Promotion through a tender process.

POLICY IMPLICATIONS:

Nil.

UNDER SEPARATE COVER:

1. **Confidential Attachment** – Revised Offer from Tweed Tourism (ECM: 20166516)
 2. **Confidential Attachment** – Revised Offer from Tweed Economic Development Corporation (ECM: 20375102)
 3. **Confidential Attachment** – Financial Assessment of Assessment of revised offers (ECM: 20391922)
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