Purpose

1. The purpose of this report is to provide an outline of:
   1.1. the Expression of Interest (‘EOI’) advertisement and submission process in respect to the City Village concept; and
   1.2. the EOI assessment process to be undertaken.

2. To note that in the corresponding confidential session, an outline of the responses received including eligibility status, subsidy rates and space requests received from the EOI respondents is provided.

Recommendation from Management

3. That the Community Services Committee note this information report.

Key Issues

4. The City Village Expression of Interest (Advertisement Attachment One) was advertised for a period of three weeks from the 10 April 2007 through to its closing date of Monday 30 April 2007, via a marketing campaign that included:
   4.1. Thirty second radio slots on 3RRR, from Tuesday 10 April to Monday 16 April 2007;
   4.2. Advertisements in the following publications:
        4.2.1. Melbourne Yarra Leader on Wednesday 11 April 2007;
        4.2.2. The Age on Saturday 14 of April 2007;
        4.2.3. The Melbourne Times on Wednesday 18 April 2007; and
        4.2.4. Inclusion in the Living in the Arts and corporate advertisements in the MX and City Weekly throughout April 2007.
   5. It was also posted on the Expression of Interest pages of the following websites:

City of Melbourne http://www.melbourne.vic.gov.au
6. All interested parties were invited to register for a site visit of the building and briefing. This was held on Tuesday, 24 April 2007.

7. Forty-seven (47) attendees came to the site visit/briefing from thirty-two (32) organisations. Of those who attended, fifteen (15) submitted a response.

8. An additional ten organisations submitted, for a total of twenty-six (26).

4. It was made clear in the documentation as well as to those who attended the site visit and/or contacted the City of Melbourne throughout the advertisement period that the EOI was undertaken to better understand and inform Council’s decision about the future of the building.

Relation to Council Policy

9. Strategic direction 3.1 – Inclusive and Engaging City

9.1. Welcome and facilitate all sectors of the community to participate in City life.

9.2. An environment that empowers and fosters community involvement and builds social and community networks is essential to the City's future.

10. Strategic Direction 3.2 - Encourage social equity, inclusion and wellbeing

10.1. Encourage activities which contribute to the development of an inclusive and engaging place for all people and communities in the municipality.

Consultation

11. The Expression of Interest advertisement campaign, site briefing/visit and resulting responses were intended to ascertain for Council the need for CBD subsidised office space from the not-for-profit community and cultural organisational sector. This process served in part as a consultation, enabling the administration to better understand the extent of their requirements.

Government Relations

12. The State and Commonwealth Governments also have responsibility to support services of a capital city and state wide nature and many of the potential tenants receive funding from either the State or Commonwealth Governments, or both.

13. In accordance with Council’s Infrastructure Policy and Planning Framework adopted in March 2007, it is recommended Council approach the State and Federal Governments for assistance with funding for the City Village, both capital and recurrent. Given the diverse nature of the services who have expressed interest, it would be worthwhile investigating a range of other funding sources including philanthropic trusts and corporate sponsorship.
Legal

14. The report is for noting only and no legal implications arise from the recommendation from Management.

Attachments:
1. Expression of Interest Advertisement
2. Registration of Expression of Interest Document
EXPRESSSION OF INTEREST

Are you a community or cultural organisation?

City of Melbourne is seeking expressions of interest for the tenancy of subsidised office space in the heart of Melbourne's CBD.

The subsidised office space is intended to:

- Offer affordable office space in a prime city location;
- Create a community and cultural hub which facilitates information sharing; and
- Enable organisations to have access to extra resources.

The successful organisations are expected to add to the community and cultural vision for the City of Melbourne.

To obtain EOI requirements and relevant information please contact City of Melbourne

Phone: 9658 9658 or visit www.melbourne.vic.gov.au

Closing date for submissions Monday, 30 April 2007, 5pm
INVITATION TO REGISTER AN EXPRESSION OF INTEREST
For the
Proposed ‘City Village’

CONTACT FOR QUERIES:
City of Melbourne Customer Service Hotline
Telephone: 03 9658 9658

CONTACT TO REGISTER ATTENDANCE AT BRIEFING/SITE VISIT:
Allison Rundle Administration Officer
Telephone: 03 9658 9339

CLOSING DETAILS FOR REGISTRATIONS OF EXPRESSION OF INTEREST:
Date: Monday, 30th April
Time: 2pm
Document Lodgement Location: Documents to be lodged in:
Submission Box
Foyer - Council House 1
200 Little Collins Street
Melbourne VIC 3000

Responses to this document will be used to ascertain the level of community and cultural organisational need and assist in informing Council’s decision with regard to the space available in the building.

It is not a lease application.
## CONTENTS

<table>
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<th>Section</th>
<th>Title</th>
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<td>2</td>
<td>Space, Building and Lease Details</td>
</tr>
<tr>
<td>3</td>
<td>Registration of Expression of Interest Criteria and Eligibility</td>
</tr>
<tr>
<td>4</td>
<td>Registration of Expression of Interest Checklist</td>
</tr>
</tbody>
</table>
SECTION 1

INTRODUCTION
INTRODUCTION

1. BACKGROUND TO CITY VILLAGE

Located at 225 Bourke Street Melbourne is the Commonwealth Bank Building, previously a Council staff building. Following the completion of the new 6 green star rated CH2, the City of Melbourne is considering the opportunity to convert part of the building at 225 Bourke St Melbourne into community and cultural group office accommodation, to be known as City Village.

This Expression of Interest registration process is intended to ascertain the level of interest in the building and understand fully its capacity to meet community and cultural needs, in its current fit out/condition, to potentially provide office space within a subsided rental scheme.

Conditions of the subsidy scheme will require successful tenants to work collaboratively within a supportive environment sharing resources, expertise and knowledge and increasing their capacity to meet their not-for-profit objectives given the provision of a professional office environment.

City of Melbourne envisages a mixed model of small, medium and large community and cultural organisations and this interest registration process will assist in determining the most suitable configuration and management model for the project.

The primary intention for this project is to provide access to office space that would not otherwise be affordable to community and cultural organisations offering co-location, resource sharing and capacity building opportunities to enable more cost effective services and sustainable organisations.

2. REGISTERING AN EXPRESSION OF INTEREST

To better understand and inform Council’s decision about the future of the building, the City of Melbourne invites Registrations of Expressions of Interest from community and cultural organisations who would seek to obtain a lease for office space at City Village.

Registering an Expression of Interest is the first of a two stage process designed to identify interested organisations and their needs, in order to further develop and inform the model and capacity of the project.

Registrations of Expressions of Interest received will be assessed on the criteria stated in Section 3 of this document.

3. INDICATIVE TIMETABLE

The indicative timetable for the Registration of Expression of Interest Process is:

- 5th – 29th April: Registration of an Expression of Interest is advertised
- 24th April: Briefing Session/ Site Visit (to register, see details on cover page)
- 30th April: Registration of an Expression of Interest closing date
- 29th May: Council Assessment of Registrations complete
SECTION 2

SPACE, BUILDING and LEASE DETAILS
4. VACANT OFFICE SPACE

There is close to 2500 square metres of vacant space within the building. Each level is 360 square metres approximately.

Previous Council partitioning is in place and will be included in the subsidised lease agreements. This is comprised of existing office partitioning, meeting rooms, kitchenettes and alternate male and female toilets on each floor.

Each level has a reception area and is carpeted, heated and air conditioned, contains existing phone and IT cabling and averages 23 workstations, a meeting room and on all but level; there is at least one enclosed office per floor.

The table below outlines the current layout of the vacant space:

<table>
<thead>
<tr>
<th>Level</th>
<th>Workstations</th>
<th>Enclosed Office</th>
<th>Meeting Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>27</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>15</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>18</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>18</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>19</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>25</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>22</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>20</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td><strong>164</strong></td>
<td><strong>13</strong></td>
<td><strong>7</strong></td>
</tr>
</tbody>
</table>

5. THE BUILDING

225 Bourke St was built in 1941 and there is a heritage overlay on the façade of the building.

Up until recently, levels 2 – 9 were used as Council staff offices. There is no car parking specifically allocated to the building, however it is very well located with respect to public transport and nearby off street car parks.

Last refurbished in 1991, it is City of Melbourne’s intention that the building undergo a series of capital works to upgrade services and provide equity of access in the medium to long term subject to budgetary approval, however the space available can only be offered in it current form.

There are significant access issues that impact on the building, the most considerable of which are:

- Building entrance is not accessible for people with disabilities, with the alternate entry through the ground floor café space currently available only during business hours. The café entrance is not fully access compliant.

- External and internal stairs have poor handrails, lack visual nosing and do not have warning tactile indicators
• Currently there is no accessible toilet for people with disabilities in the building, nor provision for car parking bays for people with disabilities

It is important that the above is considered when lodging a Registration of Expression of Interest.

6. TENANCY OVERVIEW

The City of Melbourne is seeking interest in a range of tenancy sizes to potentially take up space in the building.

For example, larger community and/or cultural organisations may have the capacity to lease whole or part floor areas, while medium and smaller organisations are more likely to have lesser staff numbers and thus, smaller space requirements.

Successful applicants/groups who satisfy the eligibility and condition criteria outlined in Section 3. will be provided with a gross commercial rental lease subsidy. Each group will be responsible for any specific fit out requirements, including responsibility for loose fittings and furniture, meeting room management, IT equipment (including fax and photocopier), kitchen appliances and specific contractual office cleaning arrangements.

A lease within the building will include use of all existing reception and office partitioning (including meeting rooms and offices) and open plan workstations, current phone and IT cabling, kitchen and bathroom facilities, in addition to mechanical, lift and electrical building service and utility costs.

7. RENTAL SUBSIDY OPPORTUNITY

External market advice indicates that if the available space was leased commercially on a gross rental basis (that is, without a subsidy), it would generate a rental fee of approximately $250 per square metre gross.

Given the availability of approximately 360 square metres on each level from 2 – 9 in the building, this equates to $90,000 gross rental annually, per floor.

The table below is an indication of a range of subsidy rates that will potentially be made available to community and/or cultural organisations.

<table>
<thead>
<tr>
<th>Subsidy Rate*</th>
<th>Annual Subsidised Rental per floor**</th>
<th>Approximate Annual Subsidised Workstation rental per floor***</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 % subsidy</td>
<td>$67,500</td>
<td>$2935</td>
</tr>
<tr>
<td>(+i.e. $187.50 sqm gross)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40 % subsidy</td>
<td>$54,000</td>
<td>$2348</td>
</tr>
<tr>
<td>($150 sqm gross)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50 % subsidy</td>
<td>$45,000</td>
<td>$1957</td>
</tr>
<tr>
<td>($125 sqm gross)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>60 % subsidy</td>
<td>$36,000</td>
<td>$1565</td>
</tr>
<tr>
<td>($100 sqm gross)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Based on a $250 square metre commercial rate

**Based on approximately 360 square metres available per floor

***Based on an average of 23 workstations per floor
Registrants must, as part of their Expression of Interest registration lodgement, submit:

1. The subsidy rate, on either a floor or workstation basis, that their organisation would seek from the City of Melbourne, in accordance with the above table.
2. The amount of space, on either a floor or workstation number basis, that their organisation would seek from the City of Melbourne, in accordance with the above table.

Assessment of this information will provide the City of Melbourne with a greater understanding of organisational space needs and financial capability.

8. LEAD TENANCY OPPORTUNITY

City of Melbourne is seeking nominations from organisations who may have the capacity and resource capability to be the City Village’s lead tenant, working in partnership with our organisation to manage tenancy and occupancy issues.

If appropriate, demonstration of the organisation’s experience and capability to nominate as a lead tenant should be included in your registration of expression of interest lodgement.

9. CONDITIONS ON REGISTRATION OF EXPRESSION OF INTEREST LODGEMENT

Each organisation in lodging a registration and applying for subsided rental in the proposed City Village, must acknowledge the following:

- The space will be offered in its existing layout and fit out;
- The space will be offered with the existing physical access limitations;
- Potential users of the space will need to use toilets on adjacent floors, given male and female toilets are located on alternate levels;
- All potential occupants will need to meet the existing building security access system obligations;
- All potential occupants will need to cooperate with the City of Melbourne’s contractors and service providers; and
- All potential occupants must be committed to work cooperatively, in light of the intent of City Village.
SECTION 3

EXPRESSION OF INTEREST
ELIGIBILITY AND CRITERIA
10. ELIGIBILITY AND REGISTRATION OF EXPRESSION OF INTEREST CRITERIA

A subsidised commercial rental rate will potentially be available to cultural and community groups that satisfy the stated criteria below and each registrant will be assessed, without prejudice, in accordance with those criteria.

10a. Eligibility/Not Eligibility

Only community and/or cultural groups who are incorporated and are not-for-profit organisations will be considered.

The capacity to provide your own public liability insurance is also required, in addition to a demonstration of an understanding and acceptance of the conditions of occupation for City Village space, as outlined in Section 9.

i. Community and Cultural Vision

Registrants must address the following mandatory criteria within their registration lodgement:

- A clearly articulated community and/or cultural vision for the City of Melbourne
- Demonstrated community and cultural leadership, with plans for the future; and a
- Record of community and/or cultural assistance and guidance to the community and/or cultural sector

In addition, each registrant must articulate:

- Why a CBD presence will be beneficial to your organisation’s operations and stakeholders
- The value that your organisation can deliver to the City and its residents, workers and visitors
- Why is the organisation seeking a subsidy, in the form of a reduced market rental rate, from a Capital City Local Government as opposed to applying for State or Federal Funding?

ii. Financial Viability

All registrants must have a demonstrated history of responsible financial management with existing managerial and financial skills to realise future plans.

Registrants must therefore articulate and/or demonstrate:

- Their organisation’s nominated rental subsidy rate
- Their organisation’s nominated space requirement
- On-going financial viability and capacity to pay subsidised rental rate
- A track record of securing project funding and/or sponsorship from other bodies
- The capacity to secure future funding and revenue streams
## Conditions of Registration of Expression of Interest Summary

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Eligibility/Weightings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the organisation not-for-profit?</td>
<td>Yes - Eligible</td>
</tr>
<tr>
<td></td>
<td>No - Ineligible</td>
</tr>
<tr>
<td>Is the organisation incorporated?</td>
<td>Yes - Eligible</td>
</tr>
<tr>
<td></td>
<td>No - Ineligible</td>
</tr>
<tr>
<td>Does the organisation hold Public Liability Insurance?</td>
<td>Yes - Eligible</td>
</tr>
<tr>
<td></td>
<td>No - Ineligible</td>
</tr>
<tr>
<td>Have you read and understood the conditions of occupying space in the building, as outlined in part 9. of this document?</td>
<td>Yes - Eligible</td>
</tr>
<tr>
<td></td>
<td>No - Ineligible</td>
</tr>
</tbody>
</table>

### Community/Cultural Vision Assessment

Please provide succinct documentation that outlines the following:

- The value that the organisation can deliver to the City and its residents, workers and visitors: 20%
- Why a CBD presence will be beneficial to the organisation's operations and stakeholders: 15%
- A business plan or similar document that articulates the organisation's scope of operation and management/governance structure: 10%
- A clearly articulated community and/or cultural vision for Melbourne: 10%
- Demonstrated community and cultural leadership, with plans for the future: 10%
- Record of community and/or cultural assistance and guidance: 10%

**Sub-total:** 75%

### Financial Capability Assessment

Please provide succinct documentation that outlines:

- An annual budget or information regarding expenditure and income: 15%
- A demonstration of the organisation's financial operations over the previous two financial years: 10%

**Sub-total:** 25%

**Total:** 100%

*Note: Successful registrants will be requested to provide additional information to the above in order for a final tenancy offer to proceed.*
SECTION 4
REGISTRATION OF EXPRESSION OF INTEREST CHECKLIST
(N.B. THIS PAGE MUST ACCOMPANY ALL REGISTRATION DOCUMENTATION)

Briefly state below the nature of your organisation’s business:

Please submit below a subsidy rental rate in accordance with the outline in Section 7 of this document: (e.g. 25% subsidy/ 60 % subsidy etc)

Please indicate below the desired amount of floor space and/or number of workstations your organisation would be seeking to occupy: (e.g. whole floor part floor/ 2 workstations/ 10 workstations etc)

Do you understand and accept the conditions under which City of Melbourne can offer occupancy of the building, as outlined in part 9 of this document:  Yes/No

| 1.0 Does your registration of Expression for Interest lodgement documentation include: |
|---|---|
| 1.1 Demonstration of the eligibility/non-eligibility criteria, as outlined in part 10 of this document: | Yes/No |
| | |
| 1.2 Demonstration of the organisation’s community and cultural vision, addressing the criterion outlined in part 10 of this document: | Yes/No |
| | |
| 1.3 Demonstration of the organisation’s financial viability, addressing the criterion outlined in part 10 of this document: | Yes/No |
| | |
| 1.4 Does the organisation have the desire and capacity to nominate for lead tenancy of the building and if so, has evidence been provided of the organisation’s capability to do so? | Yes/No |

Signature of Authoriser  Printed Name of Signatory  

Position of Authoriser  Dated this day  of  2007.
FINANCE ATTACHMENT

‘CITY VILLAGE’ – EXPRESSION OF INTEREST STATUS REPORT

There are no direct financial implications associated with the recommendations contained in this report.

Joe Groher
Manager Financial Services
LEGAL ATTACHMENT

‘CITY VILLAGE’ – EXPRESSION OF INTEREST STATUS REPORT

The report is for noting only and no legal implications arise from the recommendation from Management.

Kim Wood
Manager Legal Services