

SC149 LEASE PORTION OF RESERVE 50100 (Lot 506) – REST CENTRE
--

AGENDA REFERENCE:	D-14-29392
AUTHOR:	B Robertson A/Manager Marketing Economic & Property Development
EXECUTIVE:	P Melling, Director Sustainable Communities
DATE OF REPORT:	29 April 2014
FILE REFERENCE:	R50100
APPLICANT / PROPONENT:	Anti Slip WA Pty Ltd
ATTACHMENTS:	Yes x 1 (Confidential)

EXECUTIVE SUMMARY:

The purpose of this report is to seek Council's support to enter into a lease agreement with the successful respondent following an Expression of Interest for the lease of the existing Rest Centre on the Geraldton foreshore.

EXECUTIVE RECOMMENDATION:

That Council by Simple Majority pursuant to Section 3.58 of the Local Government Act 1995 RESOLVES to:

1. GIVE local public notice of the intent to lease a portion of Crown Reserve 50100 and the City's Rest Centre Building for the purpose of Café to Anti Slip WA Pty Ltd;
2. MAKE the determination subject to:
 - a. advertising notice period of not less than 14 days inviting public submissions;
 - b. consent from the Minister for Lands;
3. SET the proposed conditions as:
 - a. enter into a five (5) year lease agreement commencing 1 July 2014 with two further term options of five (5) years subject to:
 - i. the first three (3) years of the lease term, the lease fee will include applicable rates and taxes;
 - ii. at the commencement of year four and for the duration of the lease term, all applicable rates and taxes will be payable by the lessee additional to the lease fee;
 - iii. adjust the lease fee at 2.5% per annum as at 1 July annually;
 - b. a current market valuation will be conducted at year seven to establish the new lease fee;
 - c. set the commencement lease fee at \$25,000 plus GST per annum;
4. THE Lessee being responsible for separately paying:
 - a. all applicable electricity charges;
 - b. 50% of the legal expenses associated with the preparation, execution and registration of the lease; and
5. REFER the matter back to Council for final consideration if any submissions are received.

PROPONENT:

The proponent is Anti Slip WA Pty Ltd.

BACKGROUND:

The City currently owns and operates a small 'kiosk'/public toilet and shower facility (known as the Rest Centre) in a highly strategic location on the Foreshore adjoining the children's playground. This has come about from an historic perceived need for secure and clean facilities for people (women in particular) to use the facility for breastfeeding and childcare changing facilities when they visit Geraldton from the country and surrounding areas. Neighbouring Councils would contribute financially to these facilities for use by their residents visiting Geraldton; however contributions from other Councils have long since ceased and this facility is now fully funded and operated by the City.

The former rest centre was located on Lot 50, 221 Foreshore Drive in a building owned by the City. With the Foreshore redevelopment, a new building was included in a prime position next to the playground and water park. This facility is open 7 days per week 9.30am – 5.00pm, including weekends and is staffed by one full time equivalent staff member.

The facility is located on a portion of Reserve 50100 which has a Management Order vested in the City. The Management Order gives the City the power to lease for a period of up to 42 years with consent from the Minister for Lands.



The cost of running this facility (circa \$110,000 per annum) has prompted a review of potential options with an overall objective of reducing the cost to the City, while continuing to offer a high level of amenity to the community. The preferred option is to seek a commercial lease for the building and include in the lease terms some conditions regarding accessibility of amenities for community members and visitors.

Council at its meeting of the 27 August 2013 resolved the following:

That Council by Simple Majority pursuant to Section 5.20 of the Local Government Act 1995 RESOLVES to:

1. *ADVERTISE for Expressions of Interest for commercial lease of Portion of Lot 506, Reserve 50100 Foreshore Drive (known as the 'Rest Centre').*

The City advertised an EOI seeking interest from businesses or community groups seeking a formal lease over the premises to operate a small business whilst providing essential City services in its current form. Operators were advised as part of the scope that they should be willing to assume responsibility for community outcomes stipulated as part of their lease. Potential operations could include a basic kiosk, commercial hire of beach equipment, sale of beach/tourism products or a casual seaside café with outdoor seating.

The scope of work required was as follows:

1. It is anticipated that as part of the lease, lessees would be responsible for keeping the facilities clean and accessible to the public at a minimum of 9.30am to 5.00pm, seven (7) days a week as per the lease agreement;
2. Maintain clear wheelchair access to and inside the premises at all times in line with the lease agreement conditions;
3. Securing the premises when unattended by ensuring that all external doors and windows are locked and that the alarm is activated;
4. The Lessee must promptly report maintenance and repairs to the City. For urgent repairs within 2 hours of finding and for non-urgent repairs 24 hour hours;
5. Maintaining the current services provided at the facility including the public toilets, showers, baby changing facilities, parenting room and access to the beach wheel chair; and
6. Ensuring the use of the premises is consistent with the requirements and standards of the overall Foreshore as outlined in the City's Strategic Community Plan 2013 – 2023.

A current market valuation was conducted by a licenced valuer prior to the EOI and an annual net lease fee of \$35,600 (+GST) was determined as a best case scenario. It is noted that at this level of rent a lessee would be making no allowance for the cost of running the ablutions services and would therefore be making a very optimistic view that the balance of the lettable space could generate sufficient income to subsidise cleaning and staffing of this area of the premises.

To this end, it is considered that a rental subsidy of equal to or less than \$27,700 would be required to secure a tenant under the current limitations and conditions of the EOI.

The advertising of the EOI commenced on 18 October 2013 and closed on 7 November 2013. One submission was received at the close of the EOI. This submission was from the proponent Anti Slip WA Pty Ltd. A copy of the Business Case from Anti Slip WA Pty Ltd is attached as Confidential Attachment No. SC149.

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:

Economic:

This facility has the potential to offer a viable business opportunity for a local business or business from outside the community looking for an opportunity to locate in a prime Geraldton location. Small businesses, such as one that could be operated from this site, add to the economic vibrancy and vitality of our community.

Social:

A small business, such as a café could enhance social quality of life by providing another meeting place for people, particularly those with young children using the playground and play areas in the vicinity.

Environmental:

There are no environmental impacts.

Cultural & Heritage:

There are no cultural, heritage or indigenous issues.

RELEVANT PRECEDENTS:

The City leases Crown Reserves for a variety of purposes consistent with the Management Order. The Dome Café is located on a portion of the same reserve as the Rest Centre and leased by the City.

The City has current precedents of providing assistance for leasing of land/developments including the Dome Coffee Shop. The Dome lease provided a two year period of no lease rental at the commencement of the lease on the 1 October 2009. Following that period a fixed rent of \$2,500 per annum was applied to the year 2028. Annual rates as assessed on the vacant land during development and construction at the time were not applied until 1 July 2010.

The above terms with Dome were applied as the result of the Company building the facility on the foreshore and at year 20 of that lease the building is then passed to the full ownership of the City hence the lease provisions granted at that time.

COMMUNITY/COUNCILLOR CONSULTATION:

This item was presented at the Council Concept Forum on 6 August 2013 for information and further at Council meeting 27 August 2013.

Should Council agree to grant approval to enter into a lease agreement with Ant Slip WA Pty Ltd, that intention will be advertised and public submissions will be invited for a period of not less than 14 days pursuant to Section 3.58 of the Local Government Act 1995.

LEGISLATIVE/POLICY IMPLICATIONS:

Section 3.58 of the Local Government Act 1995 details the process for Disposing of Property.

Section 6.47 of the Local Government Act 1995 (as amended) –
Concessions Subject to the Rates and Charges (Rebates and

Deferments) Act 1992, a local government may, when imposing a rate or service charge or at a later date resolve to waive a rate or service charge or resolve to grant other concessions in relation to a rate or service charge.

FINANCIAL AND RESOURCE IMPLICATIONS:

This proposal has the potential to save the City in excess of \$110,000 per annum in operational costs of the rest centre.

A commencement lease fee of \$25,000 (+ GST) which is inclusive of applicable Local Government rates and taxes and adjusted at the set rate of 2.5% per annum as at 1 July for the first three year, from years 3-7 all applicable rates and taxes will be payable by the lessee additional to the lease fee and 2.5% per annum increase. A current market valuation will be conducted at year seven to establish the new lease fee for the balance of the lease (and options thereto).

INTEGRATED PLANNING LINKS:

Title: Economy	Lifestyle and vibrancy
Strategy 4.1.3	Revitalising the CBD through economic, social and cultural vibrancy.
Strategy 4.3.4	Supporting economic development initiatives and promotion of the region.
Strategy 4.4.4	Encouraging the development of innovative entrepreneurs and new business models.

Regional Outcomes:

There are no regional outcomes.

RISK MANAGEMENT

There are no consequent risks inherent in approving – or not approving – the recommendation.

ALTERNATIVE OPTIONS CONSIDERED

As the respondents were the only one to respond to the EOI and following subsequent meetings with them in regards to their submission, no alternative options have been considered.

COUNCIL DECISION

MOVED CR CLUNE, SECONDED CR DOUGLAS

EXECUTIVE RECOMMENDATION:

That Council by Simple Majority pursuant to Section 3.58 of the Local Government Act 1995 RESOLVES to:

- 1. GIVE local public notice of the intent to lease a portion of Crown Reserve 50100 and the City's Rest Centre Building for the purpose of Café to Anti Slip WA Pty Ltd;**
- 2. MAKE the determination subject to:**
 - a. advertising notice period of not less than 14 days inviting public submissions;**
 - b. consent from the Minister for Lands;**

3. **SET the proposed conditions as:**
 - a. enter into a five (5) year lease agreement commencing 1 July 2014 with two further term options of five (5) years subject to:
 - i. the first three (3) years of the lease term, the lease fee will include applicable rates and taxes;
 - ii. at the commencement of year four and for the duration of the lease term, all applicable rates and taxes will be payable by the lessee additional to the lease fee;
 - iii. adjust the lease fee at 2.5% per annum as at 1 July annually;
 - b. a current market valuation will be conducted at year seven to establish the new lease fee;
 - c. set the commencement lease fee at \$25,000 plus GST per annum;
4. **THE Lessee being responsible for separately paying:**
 - a. all applicable electricity charges;
 - b. 50% of the legal expenses associated with the preparation, execution and registration of the lease; and
5. **REFER the matter back to Council for final consideration if any submissions are received.**

CARRIED 12/0
6:28:21 PM

Mayor Carpenter	YES
Cr. McIlwaine	N/V
Cr. Van Styn	N/V
Cr. Graham	YES
Cr. Brick	N/V
Cr. Hall	YES
Cr. Fiorenza	YES
Cr. Thomas	YES
Cr. Caudwell	YES
Cr. Critch	YES
Cr. Douglas	YES
Cr. Keemink	YES
Cr. Tanti	YES
Cr. deTrafford	YES
Cr. Clune	YES