



CITY OF VINCENT

PROPERTY MANAGEMENT FRAMEWORK

BACKGROUND

A review of the management of City properties was undertaken and a revised and structured leasing and licencing framework (Framework) will be implemented to ensure that the City is meeting the demands and needs of the ever changing community. The Framework is supported by a policy which contains the overarching principles as well as an administrative procedure which details specific lease and licence details and processes. The Framework provides a classification for leases and licences, along with an equitable methodology for calculating annual lease and licence fees.

The City's forty eight (48) properties are leased or licenced to a range of community organisations, sport and recreation clubs or associations, government agencies and commercial entities.

The Framework requires that all community group tenants demonstrate the benefits to the community arising from their use of the property. The Framework also establishes the terms and conditions the City will use as the basis for negotiating all leases and licences whether community, government or commercial.

GUIDING PRINCIPLES – OBJECTIVES

The objectives of the Framework are:

- To meet growing community needs and to maximise community benefit, City owned and managed properties will be prioritised for use where occupancy arrangements include co-location, shared-use and highest community utilisation;

- To meet the Strategic Community Plan's objectives of 'Connected Community' and 'Thriving Places', City owned and managed properties will primarily be available for local not-for-profit organisations, community groups and other community purposes;
- To ensure transparency and equity, all financial and in-kind subsidisation by Council will be recognised where City owned and managed properties are used to meet demonstrated community needs;
- To ensure sustainable City owned and managed properties, effective asset management and demonstrated sound financial management will be prioritised; and
- Where appropriate, specific City owned and managed properties may be identified and made accessible for commercial activities for income generation to support and encourage sustainable City owned asset management.

TYPES OF OCCUPANCY AGREEMENTS

The main types of occupancy agreements include:

- **Lease** – proprietary right to exclusive occupation and use;
- **Licence** – contractual right to non-exclusive occupation and/or use; and
- **Management agreement** – contractual arrangement outlining the terms and conditions associated with usage, as negotiated.

Property hire (regular or occasional use of a property to deliver community based programs, events and activities) is not covered within the Framework as it is dealt with

separately under Policy No. 2.1.7 – parks Reserves and Hall Facilities – Conditions of Hire and Use.

LEASES

A lease creates a proprietary right to exclusive use and occupation of a property for an agreed period, usually in return for rent. The tenant has exclusive use and occupation of the property, although the City may require the tenant to encourage other use and subletting can occur if mutually agreeable.

LICENCES

A licence creates a contractual right to use a property for an agreed purpose for a stated period and can include seasonal licences. It does not confer a right to exclusive possession or occupation of the property. The City's approach in respect to granting a licence is to enable access to property by the broader community outside of the licensee's usage times.

MANAGEMENT AGREEMENT

A management agreement is a contractual arrangement between the City and a property user that outlines the terms and conditions associated with usage. The terms and conditions are not standard and are negotiated between the two parties.

PROPERTY MANAGEMENT RESPONSIBILITIES

ANNUAL TENANCY FEE METHODOLOGY

The City is committed to providing access to property for the benefit of the Vincent community. The City does not seek to derive profit from leases in categories one (1) or two (2).

The annual fee methodology is based on the Gross Rental Value (GRV) of the property with a subsidisation applied based on a community benefit matrix.

Organisations located in categories three (3) and four (4) are responsible for all costs associated with the property and the charging methodology is based on market valuation with the terms negotiated. Organisations within these categories will not be subject to a Management Agreement.

ANNUAL PROPERTY MANAGEMENT REPORTING

A report will be submitted to Council annually on organisations with occupancy agreements detailing:

- the occupancy agreement;
- revenue and expenditure; and
- level of subsidisation.

COMMUNITY BENEFIT MATRIX

In order to make City properties accessible and readily available, incentives are available to categories one (1) and two (2).

INCENTIVE FORMULA

The City will credit a tenant's account with the appropriate percentage reduction based on the community benefit matrix.

ELIGIBILITY & APPLICATION

In order for community groups and clubs to be assessed for the community benefit incentive, the tenant must provide the required documentation. Examples of this are annual Community Groups and Sporting Club Health Checks, Profit & Loss Statements, copies of constitutions etc.

CLASSIFICATION OF TENANT

Under this framework, all tenants or prospective tenants of City properties will fall into one of four (4) categories which describe the primary purpose of the tenant.

The categories are:

Category One	Small community groups
Category Two	Sporting clubs and community groups and organisations
Category Three	Commercial entities & large clubs, associations and community organisations
Category Four	Government agencies

ATTACHMENTS

Essential term templates

- a. Category One (1)
- b. Category Two (2)
- c. Category Three (3)
- d. Category Four (4)



CATEGORY ONE (1) – SMALL COMMUNITY GROUPS

Eligibility Criteria	
Community Benefit	The service is unique, specific and meets a high level of need, or the service meets identified social/community needs. This type of service would not be provided unless supported by City.
Shared Use	Given the size of the facilities and level of use by the tenant, hiring to the community outside the tenant's agreed usage is not a requirement.
Revenue	The group has limited or no capacity to generate revenue from on-site use or activities and the income of the group is generally restricted to low membership fees.
Membership	Demonstrates minimal membership regime, good governance and facilitates programs and activities that add value to the social and community fabric of the City and are specifically targeted towards local residents.
Operational	Not-for-profit organization, community group or club run solely by volunteers
Organisational Structure	The organisation is locally based, stand alone and not-for-profit. It has a voluntary management committee, comprised mainly of local area representatives
Examples	Examples of community groups within this category are playgroups, toy libraries, community gardens, men's sheds and organisations specifically targeting social isolation.

Agreement Type	Outgoings	Statutory Compliance	Pest inspection	Rubbish & recycling bins	Emergency Services Levy	Building Insurance	Public Liability Insurance	Minor maintenance & repairs	Capital upgrades	Tenancy Fee
Management Agreement	X	X	X	X	✓	X	✓	X	X	10% GRV
Licence	✓	✓	✓	✓	✓	X	✓	✓	X	10% GRV
Lease	✓	✓	✓	✓	✓	✓	✓	✓	✓	10% GRV

A Management Agreement is likely for this category.

CATEGORY TWO (2) – SPORTING CLUBS, COMMUNITY GROUPS AND ORGANISATIONS

Eligibility Criteria	
Community Benefit	The service is unique, specific and meets high a level of need, or the service meets identified social/community needs. This type of service would not be able to be provided unless supported by City.
Shared Use	Given the size of the facilities and level of use by the tenant, hiring to the community outside the tenant's usage times on a fee for service basis (based on the City's Schedule of Fees and Charges for similar properties) is a requirement.
Revenue	The tenant has the capacity to generate revenue from its use of the property (i.e. membership, bar or kitchen facilities) or activities consistent with the organisational purpose of the tenant.
Membership	Demonstrates an affordable membership regime, good governance and facilitates programs and activities that add value to the social and community fabric of the City.
Operational	Not-for-profit organisation, community group or club run by volunteers or paid workers
Organisational Structure	The organisation is a locally based service, outlet or project that is part of a larger not-for-profit organisation. There is limited or no local area representation of the group/organisation.
Examples	Small sporting clubs, community groups, youth & day centres and community centres.

Agreement Type	Outgoings	Statutory Compliance	Pest inspection	Rubbish & recycling bins	Emergency Services Levy	Building Insurance	Public Liability Insurance	Minor maintenance & repairs	Capital upgrades	Tenancy Fee
Management Agreement	✓	X	X	✓	✓	X	✓	X	X	✓
Licence	✓	✓	✓	✓	✓	X	✓	✓	✓	✓
Lease	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

CATEGORY THREE (3) – COMMERCIAL ENTITIES AND LARGE CLUBS, ASSOCIATIONS AND COMMUNITY ORGANISATIONS

Eligibility Criteria	
Community Benefit	The provision of the service is generally not within the remit of local government and there may not be a direct local community benefit due to the nature of the group or organisation.
Revenue	Does not rely on Council for funding. Generates its own revenue, for example, by collecting membership fees, holding events, allowing venue hire, offering services or products for sale or is externally funded.
Organisational Structure	Includes corporations, incorporated associations, large not-for-profit organisations and private business owners.
Examples	Commercial recreation and leisure centres, for profit day care centres, state-wide or national not-for-profit organisations, medical practitioners, car parking licences, retail shops and office accommodation.

Agreement Type	Outgoings	Statutory Compliance	Pest inspection	Rubbish & recycling bins	Emergency Services Levy	Building Insurance	Public Liability Insurance	Minor maintenance & repairs	Capital upgrades	Tenancy Fee
Licence	✓	✓	✓	✓	✓	X	✓	✓	✓	Negotiated
Lease	✓	✓	✓	✓	✓	✓	✓	✓	✓	Negotiated by reference to Market Valuation

CATEGORY FOUR (4) – GOVERNMENT AGENCIES

Eligibility Criteria	
Community Benefit	The provision of the service is generally not within the remit of local government and there may not be a direct local community benefit.
Revenue	Receives significant funding from the State Government or organisations other than City.
Organisational Structure	Government department or Government agency operated.
Examples	Kindergartens, child health clinics and government sporting venues.

Agreement Type	Outgoings	Statutory Compliance	Pest inspection	Rubbish & recycling bins	Emergency Services Levy	Building Insurance	Public Liability Insurance	Minor maintenance & repairs	Capital upgrades	Tenancy Fee
Licence	✓	✓	✓	✓	✓	✓	✓	✓	✓	Negotiated
Lease	✓	✓	✓	✓	✓	✓	✓	✓	✓	Negotiated by reference to Market Valuation



GLOSSARY

PROPRIETARY RIGHT

A right to use or occupy property which allows exclusion of others from use, alienates other interests and is enforceable against all except those with a better proprietary right.

CAPITAL UPGRADE

Refers to enhancements to the existing facility to provide a higher level of service and/or enhancement which extends the original functionality or space. Capital upgrades extend the asset to cater for growth or additional service levels. Capital upgrades are at the City's sole discretion and must demonstrate an alignment with the City's Strategic Objectives.

CAPITAL RENEWAL

Relates to expenses incurred to restore the original function of the facility by replacing elements that have a life cycle shorter than planned for the entire facility. For example, replacing carpets.

CONTRACTUAL RIGHT

A right arising out of a contractual arrangement, for example the right to non-exclusive use of a property under a Licence or Management Agreement.

GROSS RENTAL VALUE

The Gross Rental Value is an annual rental value for a property determined by the Valuer General once every 3 years in the metropolitan area. This means that properties are valued on their potential rental income rather than their capital value.

EMERGENCY SERVICES LEVY (ESL)

The Emergency Services Levy (ESL) is a Department of Fire & Emergency Services compulsory levy for all buildings, which funds Western

Australia's fire and emergency services, including career fire stations, volunteer fire brigades, State Emergency Service units, the Volunteer Marine Rescue Service and the multi-purpose Volunteer Emergency Service units.

OUTGOINGS

Outgoings are fees or charges associated with the usage of a property. These may include utilities such as water, electricity and gas. Outgoings are charged in addition to Rent, Licence Fees and Rates and Taxes. The City may require Outgoings to be paid by instalments, based on an annual estimated budget for the premises (Variable Outgoings). Outgoings and Variable Outgoings are subject to annual review.

HEALTH CHECK

The Health Check is a document required by all sporting clubs and community groups leasing City of Vincent property each year. It includes information on contact details, committee members, club management, sustainability, membership and financial performance. The Health Check will be provided to tenants each year (generally sent out in the second quarter) and must be completed and returned to the City with the required supporting information within a reasonable time.



ESSENTIAL TERM TEMPLATE – CATEGORY ONE (1) – SMALL COMMUNITY GROUPS

Initial term	5 years
Option	Up to 2 x 5 years options (at the City's discretion)
Responsibilities of Tenant	<p>PAYMENTS</p> <ul style="list-style-type: none"> Emergency Services Levy (ESL); \$20 million public liability insurance; rent or licence fee; all Outgoings, rates, taxes and insurances associated with the property; pest inspections (including termite inspections) and treatment; rubbish and recycling bin charges; cost of statutory compliance (RCD, smoke alarm, emergency exit and fire hydrant testing); and building insurance. <p>REPAIR/MAINTENANCE</p> <ul style="list-style-type: none"> General minor maintenance of premises which includes replacement of fittings and fixtures including light globes and taps; and cleaning (internal and external including carpets annually) ; <p>INSPECTIONS</p> <ul style="list-style-type: none"> The City will inspect the premises annually (or as required) and will give the tenant appropriate notice in accordance with the lease terms. <p>CITY ACKNOWLEDGEMENT</p> <ul style="list-style-type: none"> The tenant will acknowledge the City's contribution.
Responsibilities of the City	<p>PAYMENT (FOR MANAGEMENT AGREEMENTS ONLY)</p> <ul style="list-style-type: none"> All Outgoings, rates, taxes and insurances associated with the property; pest inspections(including termite inspections) and treatment; rubbish and recycling bin charges; cost of statutory compliance (RCD, smoke alarm, emergency exit and fire hydrant testing); and building insurance. <p>REPAIR/MAINTENANCE</p> <ul style="list-style-type: none"> Re-painting of premises to ensure they remain in good repair; maintenance of roofing, mechanical services and the main structure (unless damage caused by tenant/ licensor); and Capital Renewal of existing assets. <p>CAPITAL UPGRADES</p> <ul style="list-style-type: none"> Capital Upgrade and capital expansion of all assets within the leased area at the City's discretion. <p>INSPECTIONS</p> <ul style="list-style-type: none"> The City will inspect the premises annually (or as required) and will give the tenant appropriate notice in accordance with the lease terms.
Licence Fee/Rent	10% GRV



ESSENTIAL TERM TEMPLATE – CATEGORY TWO (2) – SPORTING CLUBS AND COMMUNITY GROUPS AND ORGANISATIONS

Initial term	5 years
Option	Up to 2 x 5 years options (at the City's discretion)
Responsibilities of Tenant	<p>PAYMENTS</p> <ul style="list-style-type: none"> • All Outgoings, rates, taxes and insurances; • cost of statutory compliance including RCD, smoke alarm, emergency exit and fire hydrant testing (with the exception of groups on a Management Agreement); • pest inspections (including termite inspections) and treatment (with the exception of groups on a Management Agreement); • rubbish and recycling bin charges; • Emergency Services Levy (ESL); • building insurance (with the exception of groups on a Licence or Management Agreement); and • \$20 million public liability insurance. <p>REPAIR/MAINTENANCE</p> <ul style="list-style-type: none"> • General minor maintenance of premises which includes replacement of fittings and fixtures including light globes and taps (with the exception of groups on a Management Agreement); • re-painting of premises to ensure they remain in good repair; and • cleaning (internal and external including carpets annually); <p>CAPITAL UPGRADES</p> <ul style="list-style-type: none"> • Capital Upgrade and capital expansion of all assets within the leased or licenced area. <p>INSPECTIONS</p> <ul style="list-style-type: none"> • The City will inspect the premises annually (or as required) and will give the tenant appropriate notice in accordance with the lease terms. <p>CITY ACKNOWLEDGEMENT</p> <ul style="list-style-type: none"> • The tenant will acknowledge the City's contribution.
Responsibilities of the City	<p>REPAIR/MAINTENANCE</p> <ul style="list-style-type: none"> • Maintenance of roofing, mechanical services and the main structure (unless damage caused by Lessee/ Licensor); and • Capital Renewal of existing assets at the City's discretion.
Licence Fee/Rent	10% GRV



ESSENTIAL TERM TEMPLATE – CATEGORY THREE (3) – COMMERCIAL ENTITIES & LARGE SPORTING CLUBS, ASSOCIATIONS AND ORGANISATIONS

Initial term	Up to a maximum of 10 years.
Option	Up to a maximum of 10 years.
Responsibilities of Tenant	<p>UNLESS OTHERWISE AGREED BETWEEN THE PARTIES:</p> <p>PAYMENTS</p> <ul style="list-style-type: none"> • All Outgoings, rates and taxes, including rubbish and recycling bin charges; • cost of statutory compliance (RCD, smoke alarm, emergency exit and fire hydrant testing); • pest inspections (including termite inspections) and treatment; • Emergency Services Levy (ESL); • building insurance, premium and excess; and • \$20 million public liability insurance. <p>REPAIR/MAINTENANCE</p> <ul style="list-style-type: none"> • General minor maintenance of premises which includes replacement of fittings and fixtures including light globes and taps; • re-painting of premises to ensure they remain in good repair; • cleaning (internal and external including carpets annually); and • line-marking of parking bays in car parks (if applicable). <p>CAPITAL UPGRADES</p> <ul style="list-style-type: none"> • Capital Upgrade and capital expansion of all assets within the leased or licenced area; and • maintenance of fit-out. <p>INSPECTIONS</p> <ul style="list-style-type: none"> • The City will inspect the premises annually (or as required) and will give the tenant appropriate notice in accordance with the lease terms.
Responsibilities of the City	<p>REPAIR/MAINTENANCE</p> <ul style="list-style-type: none"> • Maintenance of roofing, mechanical services and main structure (unless damage caused by Lessee/Licensor); <p>CAPITAL RENEWAL</p> <ul style="list-style-type: none"> • Capital Renewal of existing assets at the City's discretion.
Obligations of Tenant and default provisions	<ul style="list-style-type: none"> • The tenant is responsible for paying any Licence Fees/Rent and any other monies owing under the agreement within 14 days of the due date. • If the tenant fails to pay an invoice within the 14 day grace period, interest at a prescribed rate (as set by the agreement) will accrue on the outstanding amount until it is paid for in full. • Continued failure to pay monies due and owing under the agreement may result in the City terminating the agreement due to the tenant's default. • If the tenant disputes any amount due and owing under the agreement, the tenant must notify the City accordingly. In the absence of manifest error, the tenant must pay the outstanding amount on the due date and any dispute about the amount will be resolved with the City following payment.
Licence Fee/Rent	By negotiation and based on current market valuation obtained at the tenant's cost.



ESSENTIAL TERM TEMPLATE – CATEGORY FOUR (4) – GOVERNMENT AGENCIES

Initial term	Up to a maximum of 10 years.
Option	Up to a maximum of 10 years.
Responsibilities of Tenant	<p>UNLESS OTHERWISE AGREED BETWEEN THE PARTIES:</p> <p>PAYMENTS</p> <ul style="list-style-type: none"> • All Outgoings, rates and taxes, including rubbish and recycling bin charges; • cost of statutory compliance (RCD, smoke alarm, emergency exit and fire hydrant testing) • pest inspections (including termite inspections) and treatment; • Emergency Services Levy (ESL); • building insurance; and • \$20 million public liability insurance. <p>REPAIR/MAINTENANCE</p> <ul style="list-style-type: none"> • General minor maintenance of premises which includes replacement of fittings and fixtures including light globes and taps; • re-painting of premises to ensure they remain in good repair; • cleaning (internal and external including carpets annually); and • line-marking of parking bays in car parks (if applicable). <p>CAPITAL UPGRADES</p> <ul style="list-style-type: none"> • Capital Upgrade and capital expansion of all assets within the leased or licenced area; and • maintenance of fit-out. <p>INSPECTIONS</p> <ul style="list-style-type: none"> • The City will inspect the premises annually (or as required) and will give the tenant appropriate notice in accordance with the lease terms. <p>CITY ACKNOWLEDGEMENT</p> <ul style="list-style-type: none"> • If less than the market rent is being paid by the tenant, the tenant will acknowledge the City's support through signage or other means as agreed by the City.
Obligations of Tenant and default provisions	<ul style="list-style-type: none"> • The tenant is responsible for paying any Licence Fees/Rent and any other monies owing under the agreement within 14 days of the due date. • If the tenant fails to pay an invoice within the 14 day grace period, interest at a prescribed rate (as set by the agreement) will accrue on the outstanding amount until it is paid for in full. • Continued failure to pay monies due and owing under the agreement may result in the City terminating the agreement due to the tenant's default. • If the tenant disputes any amount due and owing under the agreement, the tenant must notify the City accordingly. In the absence of manifest error, the tenant must pay the outstanding amount on the due date and any dispute about the amount will be resolved with the City following payment.
Responsibilities of the City	<p>REPAIR/MAINTENANCE</p> <ul style="list-style-type: none"> • Maintenance of roofing, mechanical services and main structure (unless damage caused by tenant/licensor). <p>CAPITAL RENEWAL</p> <ul style="list-style-type: none"> • Capital Renewal of existing assets at the City's discretion.
Lease Fee/Rent	By negotiation and based on current market valuation obtained at the tenant's cost.

