



CITY OF VINCENT

AGENDA
Supplementary Reports
Ordinary Council Meeting
17 March 2020

Time: 6pm
Location: Administration and Civic Centre
244 Vincent Street, Leederville

David MacLennan
Chief Executive Officer

Order Of Business

11	Community & Business Services	4
11.6	Draft City Property Management Framework and new Property Management Policy	4
12	Chief Executive Officer	26
12.14	Lease of Community Building at Woodville Reserve, 10 Farmer Street, North Perth - Ethnic Community Council of WA Inc.	26
12.15	Lease of 245 Vincent Street, Leederville to Town Team Movement.....	35

11 COMMUNITY & BUSINESS SERVICES

11.6 DRAFT CITY PROPERTY MANAGEMENT FRAMEWORK AND NEW PROPERTY MANAGEMENT POLICY













TRIM Ref: D19/183510

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Attachments:

1. [Property Management Framework](#)  
2. [Draft Property Management Framework Policy](#)  
3. [Council Policy No. 1.2.1 - Terms of Leases](#)  
4. [List of City properties](#)  
5. [Community Benefit Matrix](#)  
6. [Five year forecasted financials](#)  

RECOMMENDATION:

That Council:

1. **NOTES** the draft Property Management Framework, at Attachment 1;
2. **RECEIVES** the draft policy – ‘*Property Management Policy*’ at Attachment 2;
3. **AUTHORISES** the Chief Executive Officer to provide local public notice of the new Policy in Recommendation 2 above and invite public comments for a period of at least 21 days; and
4. **NOTES** that at the conclusion of the public notice period any submissions received would be presented to Council for consideration.

PURPOSE OF REPORT:

To seek Council’s authorisation to seek public feedback on the City’s Property Management Framework and the new Property Management Policy, which replaces the City’s Policy 1.1.1 – *Terms of Leases* (**Attachment 3**).

BACKGROUND:

- The City currently has lease/licence arrangements with a range of not-for-profit community organisations, sport and recreation clubs, government agencies and commercial entities. These arrangements were based on the City’s existing *Policy No. 1.2.1 – Terms of Leases* (Leasing Policy).
- The City has experienced issues in administering the Leasing Policy as it provides little clarity on the terms of the lease arrangement, and potential variations of those terms based upon the type of organisation, type of activity, or value to the community.

DETAILS:

- The City has prepared a Property Management Framework (**Attachment 2**) to ensure any City property that is leased or licenced is managed in a consistent, fair and transparent manner, along with providing an equitable methodology for calculating lease and licence charges.
- Historically there has been no rationale or strategy behind the assignment of leases and licences. The current Leasing Policy has been inadequate and simply states that:
- Any new lease granted by the Council shall usually be limited to a five year period and any option to renew shall usually be limited to no more than a ten year period; and

- Council may consider longer periods where the Council is of the opinion that there is a benefit or merit for providing a longer lease term.

The City has completed a comprehensive review of existing leases, and reviewed the application of the Policy to those leases.

Review of current leases and licenses

There are currently 41 leases or licenses (**Attachment 4**) to organisations for community (13), sport and recreation (17), government and commercial (11) purposes. The current annual rental income from these arrangements is approximately \$1,294,005.49 with government leases alone totalling \$728,637.33.

The City does not currently make a clear distinction between commercial and community leases. Defined terms are broadly the same across both categories of leases, with the main difference being that rent is traditionally higher for commercial properties.

Under current arrangements, the City has a range of lease fees from community leases (peppercorn rent) to commercial (e.g. Telstra who pay \$27,500 per annum). When determining the applicable lease fees for club or community groups, the City considers:

- The group's capacity to create an income from the premises;
- Likely community benefit; and
- Community need for the facility.

There is some disparity across the community agreements for example, Leederville Tennis Club pays \$1.00 per annum whereas other Tennis Clubs are averaging around \$1,155.44 per annum.

Until recently, existing leases were silent with respect to fair wear and tear, and made no provision for repair and maintenance responsibilities. Where a club or community group has built their premises and occupied the premises since construction, the City's approach has been for the club or community group to be responsible for the repair and maintenance, with a nominal rent payable.

Management of lease obligations and responsibilities has led to lessee dissatisfaction, resulting in a reluctance and/or financial inability to pay associated costs. Additionally this occasionally results in groups refusing to enter into new agreements. The main lease terms in dispute are the:

- Emergency Services Levy;
- Building insurance premiums;
- Annual RCD (residual current device), smoke alarm and emergency exit light testing;
- Biannual fire appliance testing;
- Annual termite treatments;
- Quarterly rodent treatments;
- Security and alarm call outs;
- General maintenance;
- Repair and replacement due to fair wear and tear;
- Bore replacement; and
- Structural maintenance works and upgrades.

Industry Standards

Research across the Local Government sector has identified that there are a wide range of approaches and options applied to leases. However, there is a consistent theme of:

- Providing a fair and equitable outcome for community organisations and sporting clubs;
- Delivering a balance between revenue and community value for government organisations; and
- Providing market competitive conditions for commercial enterprises.

Property Management Framework

The City recommends that the existing Terms of Leases Policy is repealed and replaced by a Property Management Framework (Framework), at **Attachment 1**, and a supporting Property Management Policy, at **Attachment 2**. The Framework aims to:

- Meet growing community needs and to maximise community benefit by prioritising City owned and managed properties for use where occupancy arrangements include co-location, shared-use and highest community utilisation;
- Meet the Strategic Community Plan's objectives of 'Connected Community' and 'Thriving Places' by making City owned and managed properties primarily available for local not-for-profit organisations, community groups and other community purposes;
- Ensure transparency and equity by recognising all financial and in-kind subsidisation by the City where City owned and managed properties are used to meet community needs;
- Ensure sustainable management of City owned and managed property by requiring effective asset management and demonstrated sound financial management; and
- Identifying specific City owned and managed properties that can be made available for commercial activities, supporting income generation and encouraging a sustainable asset management portfolio at aggregate level.

The Framework provides:

- Definitions of occupancy agreement types;
- Tenancy fee methodology;
- Annual Property Management reporting;
- Leasing incentives for small community groups, sporting clubs and community groups and organisations;
- Four tenant classifications with accompanying lease terms;
- Clarity of both tenant and City responsibilities within the lease.

To assist the City in monitoring the financial viability of clubs and community groups, they will be required to complete an annual health check which includes:

- Provision of an annual report or audited financial statements;
- Current contact details and responsibilities of office bearers;
- Certificate of Currency (Public Liability Insurance);
- A breakdown of the membership base including young people, seniors, and social members; and
- Postcodes of all registered members.

Community groups with leases that have recently expired are on short-term leasing arrangements pending the adoption of this Framework.

The proposed Framework will provide clear direction to the City on matters that require Council discretion.

The City requires a policy statement to govern the overarching objectives of the Framework. This policy establishes the parameters within which the Property Management Framework and other administrative processes operate. The proposed Property Management Policy will also replace Policy 1.2.1 – *Terms of Leases*, which is to be repealed by Council.

Implementation

The City will discuss the draft Property Management Framework with community groups and sporting clubs within categories one and two, and will discuss the implementation process on a case by case basis, in order to address any specific concerns.

In addition, the City will develop a Frequently Asked Questions document to assist community groups and sporting clubs with the implementation of the new Framework.

The transition of community groups and sporting clubs to the new Framework will be undertaken in three phases. It will take many years to complete the process given the longest tenure arrangements continue until 30 September 2041.

It is the City's intention to initially transition the eight (8) groups who are currently on a month-to-month lease, with the remaining fourteen (14) sporting clubs and groups transitioning as their leases expire.

CONSULTATION/ADVERTISING:

The City has held discussions with all community groups and sporting clubs within categories 1 and 2 who hold a lease or licence. Feedback from these groups has been reviewed and considered and (where appropriate) incorporated within the Framework. Notably the following has been amended following community feedback:

- Inclusion of an assessment criteria within the Community Benefit Matrix, which is used to determine the subsidy level applied (**Attachment 5**);
- Removal of the assessment criteria relating to funding; and
- Defining capital upgrades and cap renewals.

Commercial entities and government agencies will be informed of the Framework during the negotiation of lease renewal.

In accordance with the City's Policy 4.1.1 – '*Adoption and Review of Policies*', public notice of the new policy will be provided for a period exceeding 21 days in the following ways:

- On the City's website; and
- In the local newspapers; and
- On the notice board at the City's Administration and Library and Local History Centre.

RISK MANAGEMENT IMPLICATIONS:

Low: There is a low risk to Council considering adoption of a new Property Management Framework and supporting policy.

LEGAL/POLICY:

Section 2.7(2)(b) of the Act provides Council with the power to determine policies.

City's Policy 4.1.1 – '*Adoption and Review of Policies*' sets out the process for repealing and adopting policies.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

Connected Community

Our community facilities and spaces are well known and well used.

Thriving Places

Our physical assets are efficiently and effectively managed and maintained.

Innovative and Accountable

We are open and accountable to an engaged community.

SUSTAINABILITY IMPLICATIONS:

Nil

FINANCIAL/BUDGET IMPLICATIONS:

Under the proposed model, the City will generate an additional \$7,903.36 in the first year and a total of \$42,090.97 over a five year period. Category one – small community groups have a financial benefit within this framework. The framework also allows for a maximum subsidy of 50% for category one groups and up to 25% subsidy for category two groups (**Attachment 6**)



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, State and National 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, STATE AND NATIONAL 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.

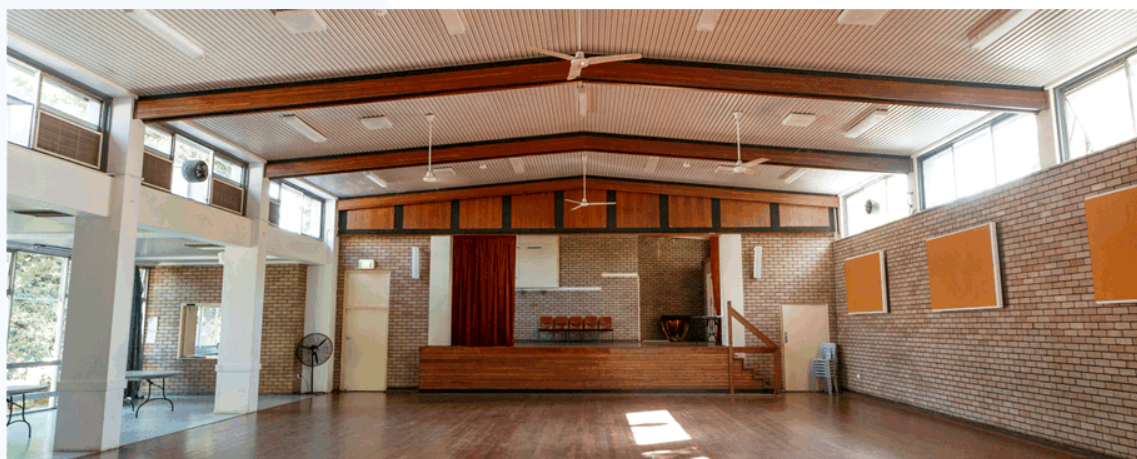
HEALTH CHECK

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, STATE AND NATIONAL CLUBS, ASSOCIATIONS AND COMMUNITY ORGANISATIONS

Initial term	Up to a maximum of 10 years.
Option	Up to 2 x 5 years options (at the City's discretion)
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 2 x 5 years options (at the City's discretion)
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.



APPENDIX 1

LIST OF PROPERTIES

Property Type	Facility Name
Bowling Club	Portion of 10 Farmer Street, North Perth
Child Health Clinic	244A Vincent Street, Leederville
Child Health Clinic	4 Broome Street, Highgate
Child Health Clinic	84 Harold Street, Highgate
Child Health Clinic	Portion of 99 Loftus Street, Leederville
Child Health Clinic	Portion of Mt Hawthorn Community Centre, 197 Scarborough Beach Road, Mt Hawthorn
Clinic and offices	Portion of Beatty Park Leisure Centre, 220 Vincent Street, North Perth
Community Centre	Portion of 10 Farmer Street, North Perth
Community Centre	62 Frame Court, Leederville
Community Centre	413 Bulwer Street, West Perth
Community Centre	Portion of 99 Loftus Street, Leederville
Community Facility	38 Kalgoorlie Street, Mount Hawthorn
Community Facility	Portion of 176 Fitzgerald Street, Perth
Community Garden	Portion of 10 Farmer Street, North Perth
Croquet Club	66 Harold Street, Mt Lawley
Dental Clinic	31 Sydney Street, North Perth
Kindergarten	45 Richmond Street, Leederville
Men's Shed	Portion of 10 Farmer Street, North Perth
Office	286 Beaufort Street, Perth
Offices	246 Vincent Street, Leederville
Offices	4 View Street, North Perth
Playgroup	15 Haynes Street, North Perth
Playgroup	87 The Boulevard, Mt Hawthorn
Playgroup	Portion of Forrest Park Pavilion, 127 Wright Street, Highgate
Playgroup	Portion of Mt Hawthorn Community Centre, 197 Scarborough Beach Road, Mt Hawthorn
Sporting facilities	180 Charles Street, West Perth
Sporting facilities	Portion of 99 Loftus Street, Leederville
Sporting facilities	39 Britannia Road, Leederville
Sporting facilities	55 Albert Street, North Perth
Sporting facilities	Portion of 244 Vincent Street, Leederville
Sporting facilities	Portion of 244 Vincent Street, Leederville
Sporting facilities	Portion of Forrest Park Pavilion, 127 Wright Street, Highgate
Sporting facilities	41 Britannia Street, Leederville
Sporting facilities	315 Bulwer Street, Perth
Sporting facilities	Portion of 3 Lawley Street, West Perth
Tennis Club	Portion of 176 Fitzgerald Street, Perth
Tennis Club	150 Richmond Street, Leederville
Tennis Club	176 Fitzgerald Street, Perth
Tennis Club	310 Pier Street, Perth
Tennis Club	Portion of 10 Farmer Street, North Perth
Toy Library	Portion of Mt Hawthorn Community Centre, 197 Scarborough Beach Road

Property Management



Responsible directorate	<i>Community and Business Services</i>
Responsible team	<i>Marketing & Community Partnerships</i>
Responsible officer	<i>Manager Marketing and Partnerships</i>
Affected teams	<i>Corporate Strategy and Governance</i> <i>Assets</i>
Legislation / local law requirements	<i>Local Government Act 1995</i> <i>Local Government (Functions and General) Regulations 1996</i>
Relevant delegations	<i>Policy 4.1.10 – ‘Execution of Documents’</i>
Related policy procedures and documents	<i>Property Management Framework</i>

PURPOSE

The City has a number of properties which are used by a range of community organisations, sport and recreation clubs or associations, government agencies and commercial entities through a lease, licence or other similar arrangement. This policy sets the overarching principles within which management of these properties occurs.

POLICY

The City is committed to providing a fair, consistent and transparent approach to the leasing and licencing of City properties. The City acknowledges that there are a range of tenants and uses, many of which provide valued community benefits.

The City's property management objectives are:

- to meet growing community needs and 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 sporting groups and other community purposes;
- to ensure transparency and equity, all financial and in-kind subsidisation by the City 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.

Property Management



The City will develop and administer a Property Management Framework (**Framework**), which will establish an equitable methodology for calculating annual lease and licence fees, and detail the standard lease and licence terms and conditions for different types of tenants. The City will consider the community benefit in developing this methodology, which may include an incentive to support the provision of valued services to the community.

The City will regularly monitor the implementation of the Framework to ensure the objectives of this Policy are met.

SCOPE

This policy applies to the leasing and licencing of City of Vincent properties. This includes leases and licences held by community groups and organisations, sporting clubs, commercial entities and government agencies.

It does not include regular or occasional hire of facilities for the purpose of programs, events and activities.

DEFINITIONS

Lease – proprietary right to exclusive occupation and use of part or all of a City-owned 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.

Licence – a contractual right to non-exclusive occupation and/or use of part or all of a City-owned property. This may include seasonal licences. It does not confer a right to exclusive possession or occupation of the property. The City may see to grant a licence to enable access to the property by the broader community outside of the licensee’s usage times

OFFICE USE ONLY	
<i>Initial Council adoption</i>	<i>DATE: 17/03/2020, REF# D20/40847</i>
<i>Reviewed / Amended</i>	<i>DATE: <APPROVAL DATE>, REF#: <TRIM REF></i>
<i>Next Review Date</i>	<i>DATE: 17/03/2022,</i>

POLICY NO: 1.2.1**TERMS OF LEASES****OBJECTIVES**

To encourage proper stewardship of Council property and provide satisfactory and traditional lessees with security of tenure.

POLICY STATEMENT

1. Any new lease granted by the Council shall usually be limited to a five year period, and any option to renew shall usually be limited to no more than a ten year period.
2. Council may consider longer periods where the Council is of the opinion that there is benefit or merit for providing a longer lease term.

Date Adopted:	11 October 1999
Date Amended:	-
Date Reviewed:	22 June 2004, 1 February 2010
Date of Next Review:	February 2015
(Original Policy Rescinded	11 October 1999)

APPENDIX 1

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Attachment 3 – Matrix – Criteria for determining level of subsidy for Leases and Licences for not-for-profit organisations					
Criteria	Each answer worth 4 points	Each answer worth 3 points	Each answer worth 2 points	Each answer worth 1 point	Score
Organisational Status & Structure	The organisation is locally based, stand alone and not-for-profit. It has a voluntary management committee, comprised mainly of local area representatives	The organisation is locally based, has a regional focus, is stand alone and not-for-profit. It has a voluntary management committee, comprised partly of local area representative	The organisation is a locally based service, outlet, program or project that is part of a larger not-for-profit organisation, it has a voluntary advisory committee, comprised partly of local area representatives	The organisation is a locally based service, outlet, program or project that is part of a larger not-for-profit organisation. There is limited or no local area representation on the advisory committee or similar	
Capacity to undertake range of administrative and management responsibilities	Dependant on assistance from volunteers for all administrative and management functions	Paid staff undertakes some of the administrative and management functions and volunteers assist with the other tasks	Staff undertake majority of administrative and management functions with additional assistance provided by umbrella organisation.	Umbrella organisation carries out majority of administrative and management functions	
Extent of service provided by organisation	The broader community is a beneficiary of services provided by the organisation	Service is significantly used by number of specific sections of the local community	While the organisation provides a direct service to only a small number in the local community, it forms a part of a larger service provision	Service is only used by a small number of the local community	
Extent of accessibility of facility to the Community	Facilities are available and accessible to many in the local community	Facilities are generally available and accessible to the local community	Facilities have limited accessibility and availability to others in the local community	Facilities not accessible or available to others in the local community or limited access	
Social and community benefit	Service is unique, specific and meets a high level of need; or service meets identified social / community needs, with most-service users from low socio-economic or disadvantaged backgrounds	Service meets identified social / community needs, with service users from a range of socio-economic backgrounds	Service meets a broad social / community need	Service is valued by community but it is not focused on meeting an identified social / community need	
Ability to charge fees and raise revenue	Limited or no ability to raise revenue	Some ability to raise revenue and charge fees which may be varied to reflect ability of clients to pay	Has ability to charge fees and raise revenue	Operate on a profit basis	
Diversity, Access, Inclusion and Equity	Actively promotes inclusiveness to all members of the community, including females, people with disability, people from culturally and linguistically diverse background, and the LGBTIQ+ community	The majority of activities and services promote and encourage greater participation by the City's diverse community.	Activities and services encourage limited inclusiveness to members of the community however, organisation is progressing towards increasing level of diversity.	Activities and services do not integrate or encourage the inclusiveness of all members of the community. Organisation will progress towards increasing level of diversity.	
Link to Strategic Community Plan	Integrates directly into the Strategic Community Plan	Services provided do not integrate into the current Strategic Community Plan but do provide significant benefits to the community which are considered to reduce the burden on the City's budget	Services provided do not integrate into the Strategic Community Plan but do provide significant benefits to the community	Little or no direct or integrated targets within the Strategic Community Plan	
Total Score	0				
Subsidy	0%				
Points of Range	25 - 32	16 - 24	9 - 15	8 points & below	
Range of Subsidy	35 - 50%	25 - 34%	6 - 25%	0%	

Attachment 6 - Draft Property Management Framework

Category 1 - Small community groups

Current Charging Methodology

Community Group	Lease date	Current Lease/Licence Fee	Water	Gas	Electricity	Insurance	Rubbish Removal	Annual Pest Inspection	Service Fire Equipment	Current Annual Charges
North Perth Community Garden	2/10/15 to 1/10/18	\$ 1.00					\$ 445.00			\$ 446.00
MT Hawthorn Playgroup	1/01/16 to 31/12/20	\$ 1,042.32	\$ 145.00			\$ 301.00	\$ 350.00			\$ 1,838.32
MT Hawthorn Toy Library	1/02/16 to 31/01/21	\$ 181.75								\$ 181.75
Highgate Forrest Park Playgroup	01/01/16 to 01/01/21	\$ 920.00	\$ 721.00		\$ 719.61	\$ 283.57	\$ 700.00		\$ 93.00	\$ 3,437.18
North Perth Playgroup	01/01/19 to 30/06/21	\$ 952.24	\$ 193.00	\$ 132.00	\$ 634.00	\$ 237.00	\$ 445.00			\$ 2,593.24
Earlybirds Playgroup	01/07/17 to 30/06/22	\$ 1,013.92	\$ 449.32		\$ 1,035.35	\$ 242.85	\$ 510.00	\$ 135.58	\$ 47.47	\$ 3,434.49
Vincent Men's Shed	2/10/15 to 01/10/25	\$ 1.00	\$ 67.58			\$ 347.21	\$ 445.00		\$ 113.96	\$ 974.75
ANZAC Cottage - Vietnam Veterans	01/10/05 to 30/09/41	\$ 1.00	\$ 1,391.76		\$ 453.50	\$ 358.61	\$ 350.00		\$ 79.54	\$ 2,634.41
		\$ 4,113.23	\$ 2,967.66	\$ 132.00	\$ 2,842.46	\$ 1,770.24	\$ 3,245.00	\$ 135.58	\$ 333.97	\$ 15,540.14

Proposed Charging Methodology - 10% GRV

Community Group	Lease date	Proposed Tenancy Fee (10% GRV)
North Perth Community Garden	2/10/15 to 1/10/18	\$ 488.50
MT Hawthorn Playgroup	1/01/16 to 31/12/20	\$ 951.00
MT Hawthorn Toy Library	1/02/16 to 31/01/21	\$ 283.00
Highgate Forrest Park Playgroup	01/01/16 to 01/01/21	\$ 3,085.00
North Perth Playgroup	01/01/19 to 30/06/21	\$ 722.00
Earlybirds Playgroup	01/07/17 to 30/06/22	\$ 802.50
Vincent Men's Shed	2/10/15 to 01/10/25	\$ 2,019.00
ANZAC Cottage - Vietnam Veterans	01/10/05 to 30/09/41	\$ 1,768.00
		\$ 10,119.00

Financial Implication between current and proposed charging methodology

Community Group	Lease date	Current Lease/Licence Fee	Proposed Tenancy Fee (10% GRV)	Maximum 50% subsidy	Proposed Annual payment to City	Financial Implication	Percentage Increase/Decrease
North Perth Community Garden	2/10/15 to 1/10/18	\$ 1.00	\$ 488.50	\$ 244.25	\$ 244.25	\$ 243.25	99.59% ▲
MT Hawthorn Playgroup	1/01/16 to 31/12/20	\$ 1,042.32	\$ 951.00	\$ 475.50	\$ 475.50	\$ 566.82	-54.38% ▼
North Perth Playgroup	01/01/19 to 30/06/21	\$ 952.24	\$ 722.00	\$ 361.00	\$ 361.00	\$ 591.24	-62.08% ▼
Highgate Forrest Park Playgroup	01/01/16 to 01/01/21	\$ 920.00	\$ 3,085.00	\$ 1,542.50	\$ 1,542.50	\$ 622.50	67.66% ▲
Earlybirds Playgroup	01/07/17 to 30/06/22	\$ 1,013.92	\$ 802.50	\$ 401.25	\$ 401.25	\$ 612.67	-20.85% ▼
MT Hawthorn Toy Library	1/02/16 to 31/01/21	\$ 181.75	\$ 283.00	\$ 141.50	\$ 141.50	\$ 40.25	-22.14% ▼
Vincent Men's Shed	2/10/15 to 01/10/25	\$ 1.00	\$ 2,019.00	\$ 1,009.50	\$ 1,009.50	\$ 1,008.50	99.90% ▲
ANZAC Cottage - Vietnam Veterans	01/10/05 to 30/09/41	\$ 1.00	\$ 1,768.00	\$ 884.00	\$ 884.00	\$ 883.00	99.89% ▲
		\$ 4,113.23	\$ 10,119.00	\$ 5,059.50	\$ 5,059.50	\$ 946.27	

Attachment 5 - Draft City Property Management Framework
Category 2 - Sporting clubs, community groups and organisations

Charging Methodology

Sporting Club/Community Group Category Two	Lease date	Current Lease/Licence Fee	Proposed Tenancy Fee (10% GRV)
North Perth Tennis Club	01/04/09 to 31/03/16	\$969.14	\$3,845.00
Forrest Park Croquet Club	1/01/17 to 31/12/18	\$1,121.00	\$7,550.00
North Perth Cricket Club	01/10/18 to 31/03/19	\$4,350.00	\$4,405.00
Leederville Tennis Club	01/09/14 to 31/08/19	\$1.00	\$4,990.00
Modernians Hockey Club	01/04/18 to 30/09/19	\$2,175.00	\$2,202.50
Mt Hawthorn Cardinals JFC	01/04/18 to 30/09/19	\$2,175.00	\$2,202.50
Floreat Athena Football Club	01/07/15 to 30/06/20	\$2,009.33	\$3,550.00
Azzurri Bocce Club	1/09/16 to 31/8/21	\$5,151.35	\$7,151.00
Leederville Cricket Club	01/04/17 to 31/03/22	\$1,929.58	\$3,550.00
North Perth Bowling and Recreation Club	01/09/17 to 31/08/22	\$3,148.37	\$5,229.00
Perth Soccer Club	01/01/10 to 31/12/25	\$1,883.75	\$2,405.00
Loton Park Tennis Club	1/11/15 to 31/10/30	\$1,119.88	\$4,250.00
View Street Facility (untenanted)	TBD	\$0.00	\$2,860.00
Farmer Street Facility (untenanted)	TBD	\$0.00	\$5,016.00
		\$26,033.40	\$59,206.00

Financial Implication between current and proposed charging methodology

Sporting Club/Community Group Category Two	Lease date	Current Lease/Licence Fee	Proposed Tenancy Fee (10% GRV)	Maximum 25% subsidy	Proposed Annual payment to City	Financial Implication	Percentage Increase/Decrease
North Perth Tennis Club	01/04/09 to 31/03/16	\$969.14	\$3,845.00	\$961.25	\$2,883.75	\$1,914.61	66.39% ▲
Forrest Park Croquet Club	1/01/17 to 31/12/18	\$1,121.00	\$7,550.00	\$1,887.50	\$5,662.50	\$4,541.50	80.20% ▲
North Perth Cricket Club	01/10/18 to 31/03/19	\$4,350.00	\$4,405.00	\$1,101.25	\$3,303.75	-\$1,046.25	-31.67% ▼
Leederville Tennis Club	01/09/14 to 31/08/19	\$1.00	\$4,990.00	\$1,247.50	\$3,742.50	\$3,741.50	99.97% ▲
Modernians Hockey Club	01/04/18 to 30/09/19	\$2,175.00	\$2,202.50	\$550.63	\$1,651.88	-\$523.13	-31.67% ▼
Mt Hawthorn Cardinals JFC	01/04/18 to 30/09/19	\$2,175.00	\$2,202.50	\$550.63	\$1,651.88	-\$523.13	-31.67% ▼
Floreat Athena Football Club (Britannia Reserve Clubrooms)	01/07/15 to 30/06/20	\$2,009.33	\$3,550.00	\$887.50	\$2,662.50	\$653.17	24.53% ▲
Azzurri Bocce Club	1/09/16 to 31/8/21	\$5,151.35	\$7,151.00	\$1,787.75	\$5,363.25	\$211.90	3.95% ▲
Leederville Cricket Club	01/04/17 to 31/03/22	\$1,929.58	\$3,550.00	\$887.50	\$2,662.50	\$732.92	27.53% ▲
North Perth Bowling and Recreation Club	01/09/17 to 31/08/22	\$3,148.37	\$5,229.00	\$1,307.25	\$3,921.75	\$773.38	19.72% ▲
Perth Soccer Club (Forrest Park Clubrooms)	01/01/10 to 31/12/25	\$1,883.75	\$2,405.00	\$601.25	\$1,803.75	-\$80.00	-4.44% ▼
Loton Park Tennis Club	1/11/15 to 31/10/30	\$1,119.88	\$4,250.00	\$1,062.50	\$3,187.50	\$2,067.62	64.87% ▲
View Street Facility (untenanted)	TBD	\$0.00	\$2,860.00	\$715.00	\$2,145.00	\$2,145.00	
Farmer Street Facility (untenanted)	TBD	\$0.00	\$5,016.00	\$1,254.00	\$3,762.00	\$3,762.00	
		\$26,033.40	\$59,206.00	\$14,801.50	\$44,404.50	\$18,371.10	

12 CHIEF EXECUTIVE OFFICER

12.14 LEASE OF COMMUNITY BUILDING AT WOODVILLE RESERVE, 10 FARMER STREET, NORTH PERTH - ETHNIC COMMUNITY COUNCIL OF WA INC.

- Attachments:
1. Calendar of proposed use [↓](#) 
 2. Comparison of Expressions of Interest [↓](#) 

RECOMMENDATION:**That Council:**

1. **NOTES** that the current condition of the community building adjacent to the tennis clubrooms at Woodville Reserve, 10 Farmer Street, North Perth (Premises) is poor and therefore continued use of the Premises beyond 2021/22 will not be possible, as the building will either be demolished or repurposed, based on the recommendations of the Woodville Reserve Masterplan.
2. **APPROVES** a lease of the Premises to the Ethnic Communities Council of WA Incorporated (ECC), subject to the approval of the Minister for Lands, and on the following key terms:
 - 2.1 **Term:** one year;
 - 2.2 **Option term:** 3 x one year options at City's sole discretion;
 - 2.3 **Lease fee:** \$4,386 (excluding GST), which includes a 15% community benefit rebate, indexed at CPI (if option exercised);
 - 2.4 **Outgoings:** payable by ECC, includes utilities, Emergency Services Levy (ESL) and rubbish/recycling bin charges;
 - 2.5 **Public liability:** ECC to effect and maintain current public liability insurance of not less than \$20,000,000 (per claim);
 - 2.6 **Condition:** provided in 'as is, where is' condition. The City will not undertake any capital or renewal works during the term of the lease, which includes repairing or replacing any fixtures or fittings at the end of their life;
 - 2.7 **Building insurance:** payable by the City, excess on any claim payable by ECC;
 - 2.8 **Maintenance/repairs:** responsibility of ECC, this includes keeping the Premises interior and exterior clean and tidy and repairing or replacing any fittings or fixtures if required (but excluding the air-conditioning system and oven);
 - 2.9 **Capital upgrades:** City will not undertake capital or renewal works; and
 - 2.10 **Damage to Premises:** in the event the Premises is damaged so it becomes unfit for use the City may at its discretion terminate the lease, and no compensation will be payable to the tenant.
3. **Subject to final satisfactory negotiations** being carried out between ECC and the Chief Executive Officer, **AUTHORISES** the Mayor and Chief Executive Officer to affix the common seal and execute the lease in recommendation 2. above; and
4. **NOTES** Transition Town Vincent's proposal to use the Premises at certain times, as detailed in Attachments 1 and 2, and **REJECTS** this proposal as Transition Town Vincent does not have the financial capacity to comply with the proposed licence terms as set out in the City's draft Property Management Framework.

PURPOSE OF REPORT:

To consider the expressions of interest for the future use of the vacant brick community building adjacent to the tennis clubrooms at Woodville Reserve, 10 Farmer Street, North Perth (Premises) in the context of the current condition of the Premises and the development of the Woodville Reserve Masterplan (Masterplan).

BACKGROUND:

The City leases the portion of Woodville Reserve, 10 Farmer Street, North Perth (Woodville Reserve) comprising the Premises for a term of 999 years from the Crown pursuant to a lease dated 13 June 1925. Pursuant to sections 41 and 47 of the *Land Administration Act 1997* (LAA) and the City's lease, Woodville Reserve is a Class A reserve specified as 'solely for the purpose of recreation'. Pursuant to section 18 of the LAA, the Minister for Lands' consent and approval will be required for any lease or licence of Woodville Reserve.

The Premises was leased to the Multicultural Services Centre Western Australia (MSCWA) from 1 April 2004 until 26 June 2019 and is currently vacant.

The Premises building is old (Administration estimates it is at least 40 years old) and is in a condition consistent with its age. No significant capital renewal or improvement works have been undertaken by Administration. Paint work on the exterior of the Premises is in poor condition and wood work is exposed to the elements.

In late 2019, the City invited expressions of interest for a community group to lease/licence the Premises in its current condition. Three community groups submitted proposals.

Administration met with each of the prospective tenants to discuss their proposed use and the licence terms, which would be based on the City's draft Property Management Framework. A summary and comparison of:

- each prospective tenant's original proposal to use the Premises and proposed lease/licence terms; and
- further information provided by each prospective tenant following meetings with Administration,

is at **Attachment 2**.

DETAILS:**Prospective tenants**

In accordance with the principles of the draft Property Management Framework, Administration encourages the co-location of community groups at its facilities.

The key details of each prospective tenants proposed use and occupation of the Premises is as follows:

Ethnic Communities Council WA (ECC):

- proposed use: as a community centre/hub for activities, group meetings and events;
- occupation of premises: ECC is willing to use the Premises in conjunction with another tenant;

Transition Town Vincent (TTV):

- proposed use: primarily to house TTV's tool library, other uses include group meetings, demonstrations and workshops, annual soup kitchens and monthly movie nights;
- occupation of premises: TTV would prefer a licence arrangement to use the Premises during certain times (Saturdays, Monday evenings, Tuesdays, Thursdays and twice annually on a Wednesday night) and is willing to share use of the Premises with another tenant; and

Wadjak Northside Aboriginal Community Group (WN):

- proposed use: community centre and hub for WN activities and support groups, use of the kitchen for food handling or barista courses; and
- occupation of premises: WN requires exclusive use and possession of the Premises.

The prospective tenants provided the following justification for their use of the Premises:

- WN expressed the wish to set up a long-term presence within the City. Administration is supportive of this as it meets the objectives of the City's Reconciliation Action Plan. However, as WN requires exclusive use and possession of the Premises, it may be difficult to accommodate WN at Woodville

Reserve following completion of the Masterplan. Administration is investigating alternative premises/locations within the City for WN's use.

- ECC is willing to accommodate shared use with another tenant. ECC (which is affiliated with the prior tenant, MSCWA) already has a presence within the City at 20 View Street, North Perth.
- TTV expressed the most flexibility in terms of sharing use with another tenant and the times TTV might use the Premises. It is Administration's opinion that TTV's proposed primary use of the Premises as a tool library (and subsequently branching out to include other small community groups) is more likely to facilitate interaction with other tenants already located at Woodville Reserve – particularly the Vincent Men's Shed and North Perth Community Garden.

Woodville Reserve Masterplan

The development of the Masterplan is listed in the Corporate Business Plan for 2020/21. It is anticipated the recommendations of the Masterplan would be implemented in the following two to three years (2021/22 and 2022/23).

As stated above, the Premises is in a condition consistent with its age. The Premises is structurally sound and the prospective tenants are aware that no capital work or renewal of the Premises will occur during the term of a lease or licence.

Administration notes that if the Premises is to be retained in the medium term, extensive capital works will be necessary within 12-18 months. Administration estimates the costs of such works to be between \$130,000.00 and \$150,000.00.

Due to the age and current condition of the buildings at Woodville Reserve, Administration recommends that the current buildings, including the Premises, be consolidated, through a combination of removal and renovation.

TTV and ECC have been advised that there is no guarantee that the Masterplan would recommend that the prospective tenant be accommodated at Woodville Reserve.

As WN requires exclusive use of the Premises and wishes to set up a long-term centre within the City, Administration considers that WN is not an ideal tenant for the Premises in its current state. Administration has discussed this with WN and is considering alternative locations/premises available for use by WN. In addition, Administration understands that WN currently does not have the ability to meet the financial obligations of a lease or licence of the Premises in accordance with the terms set by the draft Property Management Framework.

Administration proposed a shared licence of the Premises between TTV and ECC and informed each group that, due to the Masterplan:

- the City will not be undertaking any capital upgrades or renewals to the Premises during the licence term; and
- while the City will endeavour to find space for the tenants at Woodville Reserve following the completion of the Masterplan, there is no guarantee that the Masterplan would recommend either tenant be accommodated at Woodville Reserve in the future.

ECC confirmed that the proposed licence terms were acceptable to it. However, TTV has since responded that it is not able to comply with the proposed licence terms, in particular the proposed licence fee (even with a community rebate). The proposed licence fee for TTV was \$2,580 (excl. GST) which, with a 25% rebate, would be \$1,930 (excl. GST). TTV requested that the licence fee be waived. This does not align with the draft Property Management Framework and on that basis Administration recommends that a lease is granted to ECC. ECC, at its discretion, may choose to make the Premises available for use by TTV for meetings and storage.

Consultation with ECC

Administration has contacted ECC to inquire whether it would be interested in a lease of the Premises with ECC as the sole tenant. ECC has confirmed that they would be agreeable to a lease of the Premises on the terms as set out in Recommendation 2.

ECC also asked for confirmation that they would not be responsible for the cost of replacing the air-conditioning or the oven at the Premises should either item cease operating during the licence term. Administration has confirmed this is acceptable, however, the City will also not guarantee it will replace either item should any problems occur.

CONSULTATION/ADVERTISING:

The proposed lease to ECC does not require public notice, in accordance with section 3.58 (Disposal of property) of the *Local Government Act 1995*, as ECC has cultural and recreational purposes and members do not receive any pecuniary profit. As a result, the exemption under Regulation 30(2)(b) of the *Local Government (Functions and General) Regulations 1996* applies.

LEGAL/POLICY:

Regulations 30(2)(b) of the *Local Government (Functions and General) Regulations 1996*:

'(2) A disposition of land is an exempt disposition if —

(b) the land is disposed of to a body, whether incorporated or not —

(i) the objects of which are of a charitable, benevolent, religious, cultural, educational, recreational, sporting or other like nature; and

(ii) the members of which are not entitled or permitted to receive any pecuniary profit from the body's transactions...'

The proposed lease terms align with the City's draft Property Management Framework for a Category 2 tenant.

RISK MANAGEMENT IMPLICATIONS:

Low: It is low risk for Council to consider a lease for a community building.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

Connected Community

Our community facilities and spaces are well known and well used.

Thriving Places

Our physical assets are efficiently and effectively managed and maintained.

SUSTAINABILITY IMPLICATIONS:

Nil.

FINANCIAL/BUDGET IMPLICATIONS:

The proposed rent is \$5,160 per annum excluding GST. ECC is eligible for the community benefit rebate of 15%, which means the annual rent payable is \$4,386 excluding GST. Utilities, ESL and bin charges associated with the Premises will also be recouped from ECC.

Calendar of proposed use of Community Centre – 10 Farmer Street, North Perth

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Day (8.00am – 5.00pm)	ECC	TTV	ECC	ECC	ECC	TTV	ECC
Evening (from 5:15 pm)	TTV	TTV	TTV	TTV	ECC	TTV	ECC

TTV – Transition Town Vincent

ECC – Ethnic Communities Council WA

Lease/licence proposals for 10 Farmer Street – Woodville Reserve

	Ethnic Communities Council WA (ECC)	Transition Town Vincent (TTV)	Wadjak Northside Aboriginal Community Group (WN)
Category:	Category 1 – small community group	Category 1 – small community group	Category 2 – Association/Organisation
Use:	ECC proposes to use the premises for holding events (Community Sector Forums, International Women’s Day, Senior’s Week lunch etc.) and to commence a Community Engagement program. More particularly, ECC suggested that the premises could be used for playing or practising ethnic music by ECC members and holding women’s groups to facilitate the development of skills such a music, cooking, dancing, oil painting, jewellery making and hand crafts.	TTV wishes to create a North Perth Community Hub (NP Hub) at the premises. Community groups that could use the NP Hub include Vincent Community Kitchen, Vincent Writers Centre, North Perth Community Garden, Tool Library for Vincent, Vincent Men’s Shed, Community Compost Hub and Food Forest. It is also proposed to use the premises for holding regular events such a film nights, community kitchen dinners, skill sharing/educational talks and demonstrations etc.	WN wishes to use the premises in a similar manner to their Balga resource centre. This would include holding Elder’s groups, Mums and Bubs groups, Girls’ and Boys’ mentoring programs, Women’s group, food donations and distributions, Men’s group etc.
Proposed Terms (as originally proposed by email to parties and in keeping with Woodville Reserve Master Plan)			
Term:	1 year	1 year	1 year
Option:	3 x 1 year options – City’s discretion	3 x 1 year options – City’s discretion	3 x 1 year options – City’s discretion
Rent:	\$5,160 pa	\$5,160 pa – TTV have requested Rent charges to be waived	\$5,160 pa – WN have requested Rent charges to be waived for first 12 months to allow them to get established. Following this WN have requested Rent, outgoings etc. be charged at a reduced rate.
Utilities:	Payable by City* (*under Framework payable by Tenant)	Payable by City*(*under Framework payable by Tenant)	Payable by Tenant.
ESL and bins:	Payable by City*(*under Framework payable by Tenant)	Payable by City*(*under Framework payable by Tenant)	Payable by Tenant.
Cleaning:	Tenant to keep premises clean and tidy and repair any damage it causes.	Tenant to keep premises clean and tidy and repair any damage it causes.	Tenant to keep premises clean and tidy and repair any damage it causes.
Maintenance:	City to maintain building.	City to maintain building.	City to maintain building.
Upgrades:	At Tenant’s cost, subject to approval by the City.	At Tenant’s cost, subject to approval by the City.	At Tenant’s cost, subject to approval by the City.
Damage:	Tenant to cover the cost of any damage it causes to the building and pay the excess on any claim under the City’s building insurance.	Tenant to cover the cost of any damage it causes to the building and pay the excess on any claim under the City’s building insurance.	Tenant to cover the cost of any damage it causes to the building and pay the excess on any claim under the City’s building insurance.

Lease/licence proposals for 10 Farmer Street – Woodville Reserve

Insurance:	Tenant to effect and maintain a public liability insurance policy for at least \$20m.	Tenant to effect and maintain a public liability insurance policy for at least \$20m.	Tenant to effect and maintain a public liability insurance policy for at least \$20m.
Building Insurance:	Payable by Tenant (unless subject to a licence/Management Agreement)	Payable by Tenant (unless subject to a licence/Management Agreement)	Payable by Tenant (unless subject to a licence/Management Agreement)
Further notes:	The terms as proposed by the City (listed above) have been confirmed as acceptable by ECC. ECC’s financial report for year ended 30 June 2019 shows income in the amount of approximately \$106,000.	TTV is open to a licence instead of a lease as TTV only intends to use the building several days a week and have a storage space at the premises otherwise. TTV has provided a breakdown of its proposed monthly usage of the premises, indicating 96 hours per month. Have requested annual funding of \$10,000 per year (to cover utilities and insurance costs) for first three years of lease.	The financial statement for WN (year ended June 2018) indicates approximately \$330,000 income in the form of donations and grants and a further approximately \$140,000 income derived from services and products sales.

Lease/licence proposals for 10 Farmer Street – Woodville Reserve

Further notes/comments following meetings with prospective Tenants

	ECC	TTV	WN
Proposed Use of Premises	<p>ECC’s proposed use of the premises has broadened beyond their initial proposal. They wish to have use of a premises (in addition to 20 View Street) to create a community centre or hub for activities/groups/events. More particularly, ECC’s desire is to have the following groups using the space at the Centre:</p> <ul style="list-style-type: none"> (a) women’s group, at times, using the kitchen; (b) men’s group including for the playing of ethnic music etc.; (c) men’s support group; and (d) youth group, in the early evenings. <p>Additionally, ECC suggested using the premises as a training venue (i.e. domestic violence prevention training) and/or for the playing of indoor games.</p> <p>ECC was open to potentially sharing the use of the property with another group. However, such shared use would be dependent on times and days of use by the other party and whether this could be accommodated by ECC while still using the premises as intended.</p>	<p>Administration requested that TTV provide a further breakdown to set out more precisely (e.g. what hours of each day) that TTV proposes to use the premises.</p> <p>TTV’s proposed use of the premises has narrowed slightly from their original proposal. TTV proposes to use the Centre as its base within the City and a home for its tool library. TTV expressed its desire is to first establish itself at the Centre and then branch out to allow use of the Centre by other small groups affiliated, or interested in being affiliated, with TTV.</p> <p>However, to begin with TTV proposes to use the Centre as follows:</p> <ul style="list-style-type: none"> (a) sole use of the backroom (directly opposite the main entrance) for the secure storage of its tool library; (b) shared use of the large meeting room for group meetings, workshops and demonstrations; (c) use of one of the office rooms in order to manage the administration of the tool library and store certain sundry items; and (d) occasional use of the kitchen, to hold an annual soup kitchen night and potentially cooking demonstrations/workshops. 	<p>As mentioned in its EOI, WN wishes to open a Centre within that would operate in a similar fashion to their Centre located in Balga. There is a great appeal to having a Centre within the City as it would cater to those residents within the area as well as those that find it difficult to access the Balga and other WN locations with the metropolitan area. The Woodville Reserve location is also particularly appealing to WN due to public transport options available in the area. In addition to those courses and groups WN listed in its EOI, WN would be interested at running food handling and barista courses at the kitchen in the premises.</p> <p>WN expressed a desire for a long term presence within the City. When Administration explained that the Woodville Reserve Master Plan would not allow a long term lease of the premises, WN was open to this subject to the City being able to find an alternative location for them.</p> <p>Although Woodville Reserve was an appealing option (for the reasons listed above) WN said it would also consider other available premises within the City.</p>

Lease/licence proposals for 10 Farmer Street – Woodville Reserve

<p>Hours/days of use per week</p>	<p>ECC informed Administration that it was open to using the premises in conjunction with another group. Administration requested ECC provide a list of proposed times that ECC would like to use the premises (i.e. how many hours each day of the week).</p>	<p>TTV confirmed that they would not require the use of the premises every day of the week and are open to sharing the Centre with another group under a licence arrangement. TTV have provided an indicative breakdown of proposed hourly usage of the Centre (see attached) which comes to approximately 96 hours per month. Administration requested that TTV provide a further breakdown to set out more precisely (e.g. what hours of each day) that TTV proposes to use the premises.</p>	<p>Unlike ECC and TTV, WN would require exclusive use/occupation of the premises. WN estimated it would use the premises for up to 30 hours per week. As a result, a lease would be necessary to meet WN’s needs.</p>
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12.15 LEASE OF 245 VINCENT STREET, LEEDERVILLE TO TOWN TEAM MOVEMENT

Attachments: Nil

RECOMMENDATION:

That Council:

1. **APPROVES** a lease of 245 Vincent Street, Leederville (Premises) to the Town Team Movement Ltd (TTM) on the following key terms:
 - 1.1 **Term:** 6 months with two 6 month option terms (at City's discretion);
 - 1.2 **Rent:** \$1,327.04 incl. GST (includes a 12% community benefit rebate), indexed by CPI (if option term exercised);
 - 1.3 **Outgoings:** utilities, statutory compliance costs, pest inspections, Emergency Services Levy (ESL) and rubbish/recycling bin charges payable by TTM;
 - 1.4 **Insurance:** TTM to effect and maintain public liability insurance of no less than \$20 million per claim;
 - 1.5 **Condition:** Premises is provided 'as is, where is'. City will not undertake any capital or renewal works during the term of the lease, which includes repairing or replacing any fixtures or fittings at the end of their life;
 - 1.6 **Repairs:** TTM is responsible for minor repairs and maintenance of the Premises;
 - 1.7 **Upgrade:** City responsible for roofing, mechanical services and main structures of the Premises. Work to be undertaken at the City's discretion;
 - 1.8 **Damage:** if the Premises is damaged so it is unfit for use, the City may at its discretion terminate the lease, and no compensation will be payable;
 - 1.9 **Termination:** by either party, subject to one months' written notice;
 - 1.10 **Shared use:** shared use/hire of the facilities for a fee (in accordance with the City's Schedule of Fees and Charges as amended from time to time), sub-leasing of any part of the Premises only to occur with the City's consent; and
 - 1.11 **Approvals:** TTM to obtain any relevant development approval prior to commencing use of the property, noting that the City granting this lease provides no warranty that development approval would be granted by the City; and
2. **Subject to final satisfactory negotiations being carried out between the TTM and the Chief Executive Officer, AUTHORISES** the Mayor and Chief Executive Officer to affix the common seal and execute the lease in Recommendation 1. above.

PURPOSE OF REPORT:

To consider the proposed lease of 245 Vincent Street, Leederville to the Town Team Movement Ltd (TTM).

BACKGROUND:

245 Vincent Street has been vacant since January 2019.

The TTM is seeking use of a community building for administrative purposes, meetings and community meetings and activities.

The TTM is a not-for-profit company that operates across Australia to support, connect, promote and inspire Town Teams around Australia and New Zealand. The TTM's purpose is to empower communities and create better places in the following ways:

- Inspire active citizenship
- Build connected, resilient communities and better places
- Support existing Town Teams by:
 - Helping them to organise, engage and empower their communities
 - Sharing knowledge, resources and best practices
 - Hosting networking and learning events
 - Assisting them to be financially sustainable
 - Promoting events and activities of Town Teams
 - Providing advice, support and mentorship
- Establish new Town Teams
- Work with and assist local governments with placemaking, community development and creating a positive, 'can do' culture.

DETAILS:

245 Vincent Street is currently vacant and is suitable for the proposed use by TTM. The terms of the proposed use align with the City's draft Property Management Framework, and include a 12 per cent community benefit rebate.

A term of 6 months with two 6 month option terms at the City's sole discretion is recommended. The City is currently considering the future use of the property, and therefore would have the flexibility to enter into an alternative arrangement.

CONSULTATION/ADVERTISING:

The proposed lease to TTM does not require public notice, in accordance with section 3.58 (Disposal of property) of the *Local Government Act 1995*, as TTM has cultural and educational purposes and members do not receive any pecuniary profit. As a result, the exemption under Regulation 30(2)(b) of the *Local Government (Functions and General) Regulations 1996* applies.

LEGAL/POLICY:

Regulations 30(2)(b) of the *Local Government (Functions and General) Regulations 1996*:

'(2) A disposition of land is an exempt disposition if —

(b) the land is disposed of to a body, whether incorporated or not —

(i) the objects of which are of a charitable, benevolent, religious, cultural, educational, recreational, sporting or other like nature; and

(ii) the members of which are not entitled or permitted to receive any pecuniary profit from the body's transactions...'

The proposed lease terms align with the City's draft Property Management Framework for a Category 2 tenant.

RISK MANAGEMENT IMPLICATIONS:

Low: It is low risk for Council to consider a lease for a community building.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

Connected Community

Our community facilities and spaces are well known and well used.

Thriving Places

We are recognised as a City that supports local and small business.

SUSTAINABILITY IMPLICATIONS:

Nil.

FINANCIAL/BUDGET IMPLICATIONS:

The proposed rent is \$1,508 per annum excluding GST. TTM is eligible for the community benefit rebate of 12%, which means the annual rent payable is \$1,327.04 excluding GST. Utilities, ESL and bin charges associated with the Premises will also be recouped from TTM.