

COUNCIL RESOLUTION - 27 October 2017

17.2 7 Eucalypt Drive - Commercial Lease - Report No. AR17/37588

- (a) That Operational Standing Committee Report No. AR17/37588 titled '*7 Eucalypt Drive - Commercial Lease*' as presented to the Operational Standing Committee on 10 October 2017 be noted.
- (b) That a further lease be granted for 7 Eucalypt Drive on commercial terms for waste management stream purposes and the Chief Executive Officer and Mayor be authorised to negotiate and execute any necessary documentation with a market based net rental amount of \$60,000 per annum (+GST).

Moved: Cr Greco

Seconded: Cr Von Stanke

Carried

17.1

Consideration for Exclusion of the Public

Item No. 17.2

The following Agenda Item be received, discussed and considered in confidence by excluding the public pursuant to Section 90(2) of the Local Government Act 1999, and an order be made that the public (with the exception of Mayor Lee and Councillors – C Greco, M Lovett, J Lynagh, S Meziniec, F Morello, D Mutton, H Persello, P Richardson and I Von Stanke and Council Officers - M McShane, B Cernovskis, P Lee, J Nagy, N Serle, S McLean and M Telford) be excluded from the meeting in order for the Agenda Item (*Report No. AR17/37588 - 7 Eucalypt Drive - Commercial Lease*) to be considered in confidence.

The Council is satisfied that, pursuant to section 90(3)(b) of the Act the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected:

- to confer a commercial advantage on a person with whom the Council is:
 - conducting business;
 - proposing to conduct business; and
- would prejudice the commercial position of the Council.

The information to be discussed includes the market rental valuation obtained by council for the subject property that will form a basis of lease negotiations for a further lease period.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because it is in the community interest for Council to negotiate a reasonable market rental for the commercial lease of the community asset.

Item No.	Subject Matter	S90(3) Grounds
17.2	7 Eucalypt Drive - Commercial Lease - Report No. AR17/37588	(b)

Moved: Cr Greco

Seconded: Lovett

Carried

Discussion

The current lease for 7 Eucalypt Drive on commercial terms for waste management stream purposes commenced on 1 October 2012 and expires on 30 September 2017.

An independent market rental valuation obtained by Council provides a Market Net Rental for 7 Eucalypt Drive of \$60,000 per annum (exclusive of GST)

The passing current rental for the subject site is \$61,506.

The reduction can be attributed to a number of factors including:

- Limited market for such a site
- Passing rental being based on CPI increases to the last market rent review, and
- Relative increase in the age of the leased facilities since the last market review and the commencement of the lease.

Verbal discussions with the tenant's representatives regarding the lease renewal indicated a willingness for the commencing rent for a further term to be based upon the passing rent to avoid lengthy negotiations.

No further negotiations have occurred pending the endorsement of the lease amount in accordance with the June 2017 Council resolution. It can be presumed that the tenant (a national operator) has conducted their own market rental enquiries including review of their own leased property portfolio.

Conclusion

This report now recommends that a lease be granted on commercial terms with a commencing rent based on the independent market rental valuation of \$60,000 per annum (+GST), with a market rental review to coincide with 5 yearly lease renewals in accordance with normal property management practices.

Attachments

Nil



Michael McARTHUR
MANAGER GOVERNANCE & PROPERTY



A handwritten signature in black ink, appearing to read 'Pamela Lee', followed by a single black dot.

Pamela LEE
GENERAL MANAGER COUNCIL BUSINESS SERVICES

22 September 2017
MMcC



17.3 Consideration for Keeping Items Confidential

That an order be made pursuant to Section 91(7) and recorded in the publicly released version of the minutes in accordance with Section 91(9) of the Local Government Act, 1999 that the document in relation to Item 17.2 which has been considered by the Council on a confidential basis pursuant to Section 90(3) be kept confidential.

Item No.	Subject Matter	S90(3) Grounds	Element To Be Kept Confidential	Duration
17.2	7 Eucalypt Drive - Commercial Lease - Report No. AR17/37588	(b)	All details	6 months, or until a lease has been executed for the subject site, whichever is the earlier.

Moved: Cr Lovett

Seconded: Cr Meziniec

Carried

