



14.2 **PROPOSED TENANCY AGREEMENT - PORT MELBOURNE SOCCER CLUB**

EXECUTIVE MEMBER: **CHRIS CARROLL, GENERAL MANAGER, CUSTOMER AND CORPORATE SERVICES**

PREPARED BY: **STEPHEN MILLARD, TEAM LEADER PROPERTY OPERATIONS**

1. PURPOSE

- 1.1 To seek Council's approval to commence the statutory procedures under the *Local Government Act 1989 (Vic)* (**Act**) for the granting of a proposed new tenancy agreement (**Proposed Tenancy Agreement**) for Port Melbourne (Nea Ellas) Soccer Club Inc. trading as Port Melbourne Soccer Club (**PMSC**) at 430 Plummer Street, Port Melbourne (part of JL Murphy Reserve).

2. EXECUTIVE SUMMARY

- 2.1 The land subject to the Proposed Tenancy Agreement is located at 430 Plummer Street, Port Melbourne (Premises) and forms part of JL Murphy Reserve, bounded in red in the plan attached (Attachment 1).
- 2.2 The land comprising JL Murphy Reserve is permanently reserved for public park and recreation by Order in Council dated 6 November 1963 (vide Government Gazette dated 13 November 1963) and has been identified under 17C of the Crown Land (Reserves) Act 1978 as habitually used for soccer, cricket, baseball and public recreation.
- 2.3 Significant change is forecast for the immediate area around JL Murphy Reserve with the introduction of the Wirraway vertical school at 477 Graham Street, Port Melbourne and other changes likely around the Fishermans Bend precinct.
- 2.4 PMSC has just completed its 143rd year and is the number one stand-alone team in the competition. It has occupied JL Murphy Reserve since 1968 and over the years has developed and expanded its facilities to be one of the best in the state.
- 2.5 PMSC has maintained a membership at over 800 members and generates income through gate receipts, seasonal memberships, game day entry fees, sale of food and merchandise, private function room hire, junior participation fees, sponsorship and grants.
- 2.6 Under the existing tenancy agreement PMSC is required to provide for community use. PMSC achieved this in 2018 by partnering with Port Melbourne Primary School and Emerald Hill Mission providing playing grounds, technical support, and scholarship positions. In addition, PMSC provides training facilities for the Australian Women's National Soccer Team, introduced National Premier League women's teams, support for the Football Empowerment Movement and a partnership with Oneball community multi-cultural soccer program.
- 2.7 Previously, the main soccer pitch (pitch 1) and the secondary pitch (pitch 2) were exclusively occupied by PMSC under a lease agreement with Council. The club also utilised pitch 3 on a seasonal licence agreement.
- 2.8 In 2018, council officers started working with the PMSC to improve community access to these grounds outside of their tenancy times with new gates being installed on existing fencing to allow community access outside of game days.



- 2.9 Officers are currently undertaking analysis to identify what additional improvements can be made to support greater public utilisation while maintaining safety along Williamstown Road and supporting PMSC in maintaining its requirements under the NPL.
- 2.10 Further engagement with PMSC during the term of the Proposed Tenancy Agreement will consider additional improvements to fencing and signage along the Williamstown Road frontage and whether internal fencing of Pitch 2 can be replaced with nets to prevent balls travelling and to increase permeability.
- 2.11 PMSC current lease over the pavilion due expired on 30 June 2020 and remains in overholding. In addition, the PMSC have a seasonal licence for the use of the three soccer pitches at JL Murphy which aligns with use for other seasonal sports clubs in the municipality. These licences are due to expire 30 November 2020 with an option for a two-year extension.
- 2.12 While the pitches are now made available for broader community use, pitches one and two are still predominately used by PMSC for approximately 25 hours per week during the soccer season.
- 2.13 Officers recommend a lease term of three (3) years for the pavilion to align with the licence standard term under the Property Policy on the basis that the outcomes of urban planning requirements for the area are yet to be determined.
- 2.14 A market rental value assessment was conducted in August 2018 which estimated the pavilion market rental value at \$16,000 per annum plus GST and the three pitches at \$122,500 per annum plus GST. These values are based on exclusive access to these spaces.
- 2.15 PMSC currently pays a total of \$7,271.27 plus GST per annum for these agreements as per the Sports Ground and Facilities Bookings fees.
- 2.16 Officers propose a starting rental of \$3,200 per annum plus GST for the pavilion and additional \$4,300 per annum plus GST for the pitches under a seasonal permit in recognition for their continuing support for the wider community.
- 2.17 Officers recommend that maintenance over and above minimum service level standards set by council will be undertaken at the PMSC cost.
- 2.18 Although the duration of the tenure is less than 10 years and the market rental estimate for the pavilion does not exceed the threshold of \$50,000 per annum, it is considered that the the Proposed Tenancy Agreements are significant in terms of the predominant use of the Premises by PMSC and should go through statutory procedures set out in sections 190 and 223 of the Act.

3. RECOMMENDATION

That Council:

- 3.1 Resolves that the statutory procedures be commenced under section 190 of the *Local Government Act 1989 (Vic) (Act)* for the proposed new tenancy agreements summarised below by publishing a notice in The Age newspaper inviting interested persons to make a submission under section 223 of the Act:

Tenant

Port Melbourne (Nea Ellas) Soccer Club Inc. trading as Port Melbourne Soccer Club

ORDINARY MEETING OF COUNCIL

15 JULY 2020



Premises	430 Plummer Street, Port Melbourne (part of JL Murphy Reserve)
Permitted Use	Soccer and associated club activities
Commencement Date	1 July 2020
Term	Three (3) years expiring 30 June 2023
Rent	\$3,200 per annum plus GST in recognition of the Tenant's continuing support of the wider community.

- 3.2 Notes that the tenancy agreement will include exclusive use over the Pavilion and non-exclusive use over the three soccer pitches which will be operated on a seasonal permit. The seasonal permit for the pitches will be for an additional \$4,300 per annum plus GST.
- 3.3 Authorises the Chief Executive Officer or delegate to undertake the administrative procedures necessary to enable Council to carry out its functions under section 223 of the Act; and
- 3.4 Resolves to hear and consider any submissions received pursuant to section 223 of the Act at a future Council meeting.

4. KEY POINTS/ISSUES

Premises information

- 4.1 The Premises at 430 Plummer Street, Port Melbourne forms part of J L Murphy Reserve and consists of three soccer pitches, club pavilion, car park and a media box named after journalist Laurie Schwab.
- 4.2 The land is permanently reserved for public park and recreation by Order in Council dated 6 November 1963 (vide Government Gazette dated 13 November 1963) and has been identified under 17C of the Crown Land (Reserves) Act 1978 as habitually used for soccer, cricket, baseball and public recreation.
- 4.3 Tenures for habitual uses are exempt from parliamentary scrutiny process where the reservation purpose includes a public park however, grant and purpose is still required to be sought for new tenancy agreements.
- 4.4 The pavilion is a circa 1960's brick clubhouse measuring approximately 800 square metres and includes change rooms for men and women and is exclusively occupied by the PMSC.
- 4.5 The main soccer pitch measures approximately 12,292 square metres and includes a soccer pitch with Australian standard flood lights and grandstand. This pitch is open to the public outside training and game days.
- 4.6 The facilities were of a sufficient standard to warrant being used as training facilities for both the Commonwealth and Olympic Games. The facilities also received some minor upgrades for use as a training venue for the 2015 AFC Asian Cup.
- 4.7 In addition, this site has recently been selected to host one of the competing countries for the 2023 Women's World Cup as a training facilities and home base for players and staff.



- 4.8 Pitches two and three are of poor condition during the winter season due to the poor soil and sub surface drainage. The conditions deteriorate quickly at the start of the season and the grounds often become unsuitable for use requiring additional maintenance and rest periods.
- 4.9 The current hours of use on the soccer pitches are the maximum appropriate for these pitches without further deteriorating the conditions. Full ground improvements would be required to enable additional hours of use on these pitches.
- 4.10 There is a small car park available on site and PMSC has an agreement with Council to use an informal section of the reserve for parking on game days and to police its use.
- 4.11 The pavilion is in poor condition the following minor capital works have been undertaken within the pavilion during 2018-2020 to keep it functional:

Replacement of vinyl flooring in store room and corridor.	\$	6,180.00
Painting interior of the soccer club	\$	10,930
Supply and installation of drinking fountain	\$	11,029
Supply & Installation of seating	\$	24,512
Installation of Air-conditioning system in multi-purpose room and removal of existing gas heating	\$	22,580
Replace Hot water service in kitchen prior to vinyl flooring	\$	2,120
Changeroom Improvements	\$	1,730
Complete installation of rubber matting to rooms	\$	16,050
TOTAL	\$	95,131

- 4.12 Significant change is forecast for the immediate area with the introduction of the Wirraway vertical school at 477 Graham Street, Port Melbourne and other changes likely around the Fishermans Bend precinct.
- 4.13 A market rental value assessment was conducted in August 2018 which estimated exclusive use market rental value of the pavilion at \$16,000 per annum plus GST and the three soccer pitches at \$122,500 per annum plus GST.
- 4.14 Although the duration of the tenure is less than 10 years and the market rent estimate for the pavilion does not exceed the threshold of \$50,000 per annum, it is considered that the the proposed tenancy agreements are significant in terms of the predominant use of the reserve by PMSC in peak hours and should go through statutory procedures set out in sections 190 and 223 of the Act.

Tenant

- 4.15 PMSC is a semi-professional sporting club that has just completed its 143rd year and is the number one stand-alone team in the competition.



- 4.16 It has occupied JL Murphy Reserve since 1968 and over the years has developed and expanded its facilities to be one of the best in the state.
- 4.17 PMSC has grown in its professionalism and has developed outstanding youth development pathways for junior players and is now part of the National Premier League being the most elite level only second to the A-League.
- 4.18 PMSC amassed several junior squads and old boys' teams between 2004 and 2012 as well as women's and sub junior teams. Several of its juniors went on to play overseas and in the then National League - some still play today in the A-League.
- 4.19 The following sets out the key club membership, participation costs and player payments:

Player Membership

Miniroos (7-9 year old boys and girls community program)	70
Junior National Premier League (under 12-16 group)	288
Community Women (State league level 3, Australian league level 4)	32
National Premier League 18 & 20 Group	35
Senior Squad	18
TOTAL	443

Social Membership

Parents of players	360
Other social members	100
TOTAL	360

Player Costs

Miniroo community program (Mar to Sept season)	\$770-\$990 per season
Junior National Premier League and National Premier League 18 & 20 Group (40 week elite program)	\$2,200 per annum
Community Women	\$500 per annum

Player Payments

Senior Squad	\$300-\$500 per game
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- 4.20 Approximately 25,000 spectators attended games during the 2019 season.
- 4.21 PMSC has been incorporated under the Associations Incorporation Reform Act 2020 as a not for profit organisation and generates income through gate receipts, seasonal memberships, game day entry fees, sale of food and merchandise, private function room hire, junior participation fees, sponsorship and grants.
- 4.22 Under the current tenancy agreement with Council, PMSC was required to report quarterly detailing the community benefit programs undertaken by the club for the community. Required community benefit programs included:
- development and support for female participation



- school and community programs (4 per year)
 - juniors/miniroos soccer program
- 4.23 PMSC has reported to Council as required and achieved these community benefits in 2018 by partnering with Port Melbourne Primary School and Emerald Hill Mission providing playing grounds, technical support, and scholarship positions. In addition, PMSC have grown their junior and miniroos programs and supported female participation by providing training facilities for the Australian Women's National Soccer Team and introducing National Premier League women's teams. They also support the Football Empowerment Movement and partnership with Oneball which aims to improve the health and well-being of participants, particularly vulnerable youth through soccer, in partnership with other organisations.
- 4.24 Previously, the main soccer pitch (pitch 1) and the secondary pitch (pitch 2) were exclusively occupied by PMSC under a lease agreement with Council. The club also utilised pitch 3 on a seasonal licence agreement.
- 4.25 In 2018, council officers started working with the PMSC to improve community access to these grounds outside of their tenancy times with new gates being installed on existing fencing to allow community access outside of game days. The community now has full access to the soccer pitches outside of the club's permitted hours of training and games.
- 4.26 Officers are currently undertaking analysis to identify what additional improvements can be made to support greater public utilisation while maintaining safety along Williamstown Road and supporting PMSC in maintaining its requirements under the NPL.
- 4.27 Officers partnered with PMSC to showcase the facilities as part of the FIFA Women's World Cup bid process with by Football Federation Australia showing ongoing support for female participation in this space.
- 4.28 PMSC currently has a lease over the pavilion due to expire 30 June 2020 and a seasonal licence for the use of the three soccer pitches which aligns with other seasonal sports clubs in the municipality.
- 4.29 The soccer pitches are currently being utilised by the incumbent tenant, on a weekly basis as follows:
- Pitch 3: 4 hours per week, approx.
 - Pitch 2: 25 hours per week, approx.
 - Pitch 1: 22 hours per week, approx.
- 4.30 These three pitches are open to the public outside of these hours.
- 4.31 The current licence agreements for the pitches allow for a further term of 2 years at the discretion of Council pending the outcomes of urban planning requirements for the area.
- 4.32 The PMSC pays a total of \$7,271.27 plus GST per annum for these agreements as per the Sports Ground and Facilities Bookings fees.



Proposed Lease

4.33 There are a number of key planning documents, legislation and policy that need to be considered for the proposed tenancy agreement. These include:

- Crown Land (Reserves) Act 1978;
- Crown Land Leasing Policy;
- Council Plan; and
- Council Property Policy.

4.34 The Premises is on Crown land managed by Council as Committee of Management. The State Government Leasing Policy lists three key leasing principles that must be assessed for the Proposed Tenancy Agreement. These are:

- Principle 1 – To provide benefits to the public through leasing;
- Principle 2 – To ensure consistency and transparency in leasing; and
- Principle 3 – To manage leased Crown land in an ecologically sustainable manner.

4.35 Council's Property Policy provides guidance on entering tenancy arrangements and is aligned with the State Government Leasing Policy.

4.36 An assessment of the proposed key terms along with a recommendation against each of the principles is provided below.

Direct Negotiation or Market Process to Secure a New Lease

Key Principle

4.37 Direct negotiation will be considered with an incumbent tenant unless there is evidence that conducting a competitive process would increase benefits to the community.

Assessment

4.38 The Proposed Tenancy Agreement is not expected to be longer than the standard term.

4.39 PMSC has been a long-standing tenant of Council and maintains a strong membership base and are one of the municipalities premier teams.

4.40 There has been previous interest from other parties for use of the space

4.41 There is significant change forecasted for the immediate area. While planning is underway, further work is required to understand the wider need for the area.

4.42 The current licence agreements for the pitches allow for a further term of 2 years at the discretion of Council pending the outcomes of urban planning requirements for the area

Recommendation

4.43 Given the work underway to understand the needs of the area, there may be limited benefit in conducting a competitive process at this time. Officers recommend a direct negotiation be undertaken with the incumbent tenant for a short term arrangement.



Multi-Use of Facilities

Key Principles

- 4.44 Council is committed to maximising access to, and use of, Council facilities for the benefit of the community.
- 4.45 Accordingly, for all agreements with community organisations, as defined under the Property Policy, the need for exclusive use of the facilities will be reviewed at the commencement of the agreement, with preference being shared use licence agreements.

Assessment

- 4.46 Previously, two of the soccer pitches and the pavilion were exclusively occupied by PMSC.
- 4.47 The current agreement has allowed for the two pitches to be open to the wider community outside of the licence times. New gates have been installed on existing fencing to greater assist this in the future.
- 4.48 PMSC has met the terms under the existing agreement providing for community use of the pavilion including growth in junior and miniroos, increase support for female participation and partnership with Port Melbourne Primary School, Emerald Hill Mission and Oneball providing playing grounds, technical support, and scholarship positions.
- 4.49 PMSC previously indicated that it was at capacity and struggling to meet the increasing demands for training and games which saw them negotiate for seasonal use of the community pitch in their last negotiation.

Recommendation

- 4.50 As PMSC has been increasing community access to the facilities, Officers propose providing PMSC with continued exclusive use over the pavilion and seasonal licences over the pitches to improve community access.

Term of the Proposed Lease

Key Principles

- 4.51 The term of the Proposed Tenancy Agreement needs to be appropriate to the tenant and the use of the premises and allows for consideration of alternative uses.
- 4.52 A longer-term agreement may be warranted to support capital investment in the premises or when the use is linked to a specific tenant and the tenant has a history of delivering good outcomes for the community.
- 4.53 The term of the proposed tenancy agreement should consider the effort required by Council and the future tenant to negotiate a new lease.

Assessment

- 4.54 PMSC has previously submitted a long-term vision for the Premises.
- 4.55 Council's Property Policy allows for a standard term of five (5) years for leases and three (3) years for licences.
- 4.56 The maximum term for any agreement under the Crown Land (Reserves) Act 1978 is twenty-one (21) years.



- 4.57 PMSC is a long-term tenant of Council and the Premises under various agreements since 1968.
- 4.58 Current licence agreements for the grounds allow for a further term of 2 years at the discretion of Council pending the outcomes of urban planning requirements for the area.
- 4.59 The Proposed Tenancy Agreement is not required to go through statutory procedures set out in sections 190 and 223 of the Act if as the market rent estimate does not exceed the threshold of \$50,000 per annum.

Recommendation

- 4.60 Officers recommend a term of three (3) years for the pitches to align with the standard term for licences under the property policy on the basis that the outcomes of urban planning requirements for the area are yet to be determined.
- 4.61 Although the duration of the tenure is less than 10 years and the market rent estimate for the pavilion does not exceed the threshold of \$50,000 per annum, it is considered that the the proposed tenancy agreements are significant in terms of the predominant use of the Premises in peak times by PMSC and should go through statutory procedures set out in sections 190 and 223 of the Act.

Rent

Key Principles

- 4.62 Council's approach to rental amounts reflects the different purpose of commercial and community organisation (as defined in the Property Policy) tenants and is guided by portfolio targets set by Council.
- 4.63 A market rent is desirable, but Council accepts lower than market rent to support community-based organisations that provide community benefits or services on behalf of Council.

Assessment

- 4.64 A market rental value assessment was conducted in August 2018 which estimated the exclusive use rental value of \$138,500 being the pavilion at \$16,000 per annum plus GST and the three pitches at \$122,500 per annum plus GST.
- 4.65 The PMSC percentage use across all three pitches based on hours of use is estimated as 68% reducing the estimated market value of their full use of the premise to \$99,300 per annum plus GST.
- 4.66 Under the terms of the existing tenancy agreement, PMSC pays a total of \$7,271.27 plus GST per annum as per the Sports Ground and Facilities Bookings Fees.
- 4.67 The rental subsidy has previously been granted as an in-kind contribution in recognition for providing a community-based service endeavouring to give direct benefit to Port Phillip residents.
- 4.68 While PMSC is a not for profit organisation, it continues to generate income through gate receipts, seasonal memberships, car parking fees, sale of food and merchandise, private function room hire, junior participation fees, sponsorship and grants.
- 4.69 PMSC via the Football Federation Australia has invested in surface upgrades and installation of floodlights at the facility allowing the grounds to be used by international teams.



Recommendation

- 4.70 Officers propose a starting rental of \$3,200 per annum plus GST for the pavilion and additional \$4,300 per annum plus GST for the pitches under a seasonal permit in recognition for their continuing support for the wider community.

Outgoings

Key Principles

- 4.71 It is desirable that tenants pay the running costs (outgoings) of the premises that are associated with their tenancy.
- 4.72 These costs are to be paid either directly to the relevant service provider by the tenant, or to Council as a reimbursement for incurring these costs.
- 4.73 Community Organisations may be eligible for an exemption from the payment of all, or some, outgoings which will be considered in line with the Community Funding Policy.

Assessment

- 4.74 PMSC currently pays the outgoings associated with operating its services out of the pavilion.
- 4.75 PMSC is expected to have exclusive use of the pavilion at a discounted rental.
- 4.76 It is considered reasonable that the tenants pay all outgoings associated with their occupancy as with any standard operator/ occupier.

Recommendation

- 4.77 Officers recommend that all outgoings applicable to the pavilion be paid by PMSC. Outgoings for their seasonal use of the grounds will be covered by the seasonal permit. Council will continue to remain responsible for the payment of outgoings associated with the grounds for any use attributable to council activities.

Insurance

Key Principles

- 4.78 Tenants are responsible for insuring any chattels, fixtures or contents within Council property as well as taking out public liability insurance.
- 4.79 It is desirable that Council maintains building insurance for buildings on Council owned or controlled land with the cost of such insurance premium being reimbursed by the tenant.
- 4.80 Community Organisations may be eligible for an exemption from the payment of all, or some, insurance which will be considered in line with the Community Funding Policy.

Assessment

- 4.81 PMSC currently maintains its own Public Liability Insurance policy of \$20M and contents insurance as required.
- 4.82 Council currently covers the cost of building insurance for the premises at a premium of approximately \$1,700 per annum.
- 4.83 The Tenant is expected to have exclusive use of the pavilion at a discounted rental.
- 4.84 Council currently pays the building insurance for all sports pavilions.



Recommendation

- 4.85 Officers propose that insurance for public liability and tenant improvements be obtained by PMSC and that the cost of building insurance premium continues to be paid by Council but reimbursed by the Tenant

Maintenance

Key Principles

- 4.86 Council is committed to ensuring Council property remains suitable and safe for its intended use, and that the building lifecycle is extended as far as practicable for the benefit of future communities.
- 4.87 In general, tenants are responsible for keeping Council property clean and in good operating condition with full responsibility for the maintenance and renewal of tenant fittings and improvements.
- 4.88 The extent of landlord contribution to structural maintenance and renewal should consider asset ownership, community benefits, capacity of the tenant to pay and nature of the tenancy.

Assessment

- 4.89 The proposed Lease does not fall within the Retail Leases Act (2003).
- 4.90 Council currently pays for the maintenance of the grounds, irrigation control, fencing and council owned lights on the grounds. This is currently in excess of \$50k per annum.
- 4.91 The reactive maintenance for the pavilion is approximately \$18k per annum.
- 4.92 Council has taken on the responsibility of delivery of Essential Safety Measures inspections and monitoring for all buildings within its portfolio.
- 4.93 PMSC is expected to have exclusive use of the pavilion at a discounted rental.
- 4.94 Council previously absorbed the burden of maintenance obligations including (but not limited to) the upkeep of the grounds and clubhouse to serve operational needs for PMSC. This included the provision for Council to maintain the grounds at the higher standard than current Council service levels to support the operational requirements of PMSC.
- 4.95 PMSC is required to pay for all furniture, kitchen equipment, fixtures and fittings and general maintenance of the building.
- 4.96 Officers are currently reviewing their service levels for all sports grounds to ensure fair and equitable treatment across the municipality.

Recommendation

- 4.97 Officers recommend that PMSC continue to be subject to the standard maintenance requirements including the responsibility for all non-structural maintenance on the pavilion which is to be clearly defined within the Maintenance Schedule.
- 4.98 All structural renewals as well as the proactive maintenance of the essential services and the grounds, in line with the minimum service level standards set by council for sports grounds, are to remain the responsibility of Council.



- 4.99 In addition, Officers recommend that maintenance over and above minimum service level standards set by council will be undertaken at the PMSC cost. As this will be a significant change to the current arrangements, a transition plan will need to be agreed with the PMSC to help achieve this outcome.

Method of Council Support

Key Principles

- 4.100 Council is committed to providing transparent and relevant support through a range of funding mechanisms to community organisations aligned with Council Plan priorities, as detailed in the Community Funding Policy.
- 4.101 Council will assess the level of discount/ support required by community organisations against the eligibility criteria set by the Community Funding Policy.

Assessment

- 4.102 The rental subsidy has previously been granted as an in-kind contribution in recognition for the providing community-based service endeavouring to give direct benefit to Port Phillip residents.
- 4.103 It is recommended that the Tenant contributes to the general maintenance of the pavilion and covers outgoings for the area of the building under its management.
- 4.104 In addition, Officers recommend that maintenance over and above minimum service level standards set by council will be undertaken at the PMSC cost. As this will be a significant change to the current arrangements, a transition plan will need to be agreed with the PMSC to help achieve this outcome.

Recommendation

- 4.105 Officers recommend that the Tenant be supported through:
- Discounted starting rental of \$3,200 per annum plus GST for the pavilion and additional \$4,300 per annum plus GST for the pitch's under a seasonal permit in recognition for their continuing support for the wider community.
 - Exclusive use over the pavilion allowing them to manage space to generate income;
 - Structural renewals as well as the proactive maintenance of the essential services and the grounds in accordance with council service level standards; and
 - Continued use of the informal car parking area to generate income from game days.
- 4.106 In recognition of this in-kind contribution, the Tenant is to provide Council with ongoing reporting to demonstrate how it is meeting its requirements under the agreement and how it is providing for the broader community. The tenant will also be asked to recognise the ongoing support from Council

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Council will notify the community through a Notice of Intention to Lease to be published in The Age newspaper inviting submissions in accordance with statutory procedures.
- 5.2 Grant and Purpose consent will be sought and obtained from DELWP for the Proposed Tenancy Agreement.



6. LEGAL AND RISK IMPLICATIONS

- 6.1 The Crown's standard form lease will be used as the basis of the proposed tenancy agreement, unless otherwise agreed or required by legislation. Such template documents the landlord and tenant responsibilities, conforms to legislative requirements and mitigates risk.
- 6.2 The Proposed Tenancy Agreement is subject to approval by the Minister for Energy, Environment and Climate Change on behalf of DELWP.

7. FINANCIAL IMPACT

- 7.1 A market value assessment was conducted in August 2018 which estimated the pavilion rental value at \$16,000 per annum plus GST and the three pitches at \$122,500 per annum plus GST. These values are based on exclusive access to these spaces.
- 7.2 Officers propose a discounted rental as per the Sports Ground and Facilities Bookings fees in recognition for PMSC's continuing support of the wider community.
- 7.3 The Proposed Tenancy Agreement will be dependent on PMSC demonstrating how it is meeting its requirements under the agreement on an annual basis.
- 7.4 Officers recommend that maintenance over and above minimum service level standards set by council be undertaken at the PMSC cost.

8. ENVIRONMENTAL IMPACT

- 8.1 The Proposed Tenancy Agreement will require PMSC to implement environmentally sustainable practices and programs that support reduction in energy, waste and water.
- 8.2 Council will work with PMSC over the term of the proposed tenancy to improve the efficiency of water and energy usage, in particular to:
 - reduce or minimise greenhouse gas emissions;
 - maximise the use of renewable or recyclable materials;
 - reduce waste from operations;
 - implement best-practice storm water management; and
 - reduction in single plastics including plastic straws and the use of balloons.
- 8.3 Council will set agreed targets for reduction in these areas within the Proposed Tenancy Agreement.

9. COMMUNITY IMPACT

- 9.1 Council has two primary objectives when entering leases for the use of Council property:
 - to support service delivery and promote health and wellbeing, social, environmental, cultural, recreational or economic opportunities and benefits in the City of Port Phillip by leasing or licensing Council Property to community organisations and
 - to generate net income to support service delivery across the portfolio by leasing or licensing Council property to commercial organisations.
- 9.2 PMSC supports the community through the provision of sports programs promoting health and wellbeing to the community.



- 9.3 Under the Proposed Tenancy Agreement PMSC will be required to continue to provide for community use including support of female participation, ongoing school and community programs.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 The Proposed Tenancy Agreement aligns to the Council Plan as follows:

- 10.1.1 Direction 1 – “We embrace difference, and people belong’
10.1.2 Direction 6 – “A financially sustainable, high performing, well-governed organisation that puts the community first.”

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

- 11.1.1 If Council resolves to commence the statutory process, a Notice of Intention to Lease as per section 190 of the Act will be published in The Age newspaper.
11.1.2 Under section 223 of the Act, the submission period will be at least 28 days.
11.1.3 Council is required to hear and consider submissions (if any) at a future Council meeting.

11.2 COMMUNICATION

- 11.2.1 Officers will advise the Tenant’s representatives of the outcome of this Council meeting.

12. OFFICER DIRECT OR INDIRECT INTEREST

- 12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

TRIM FILE NO: PF17/306356

ATTACHMENTS 1. Attachment 1 - Lease Plan 2020