

**Management report to Council**

**Agenda item 6.3**

**Lease : 95 Cook Street, Port Melbourne (Storage Facility)**

**Council**

**Presenter:** Greg Stevens, Manager Parks, Property and Waterways

**27 August 2019**

**Purpose and background**

1. The purpose of this report is to seek Council approval to enter into a further three year lease with Taras Nominees Pty Ltd (Landlord) over a warehouse located at 95 Cook Street, Port Melbourne.
2. On 20 August, 2013, Melbourne City Council (Council) entered into a lease with the Landlord over the warehouse facility located at 95 Cook Street, Port Melbourne. This lease expired on 19 August 2019.
3. The warehouse was leased for the purpose of storing Council owned fixtures and fittings to support operational requirements and replaced a previously leased storage facility in Green Street, North Melbourne.

**Key issues**

4. The warehouse provides storage space to facilitate various Council refurbishment works and bulk purchases for Council projects and initiatives. Inventory includes surplus furniture for reuse, large items from the heritage collection (non-thermal controlled), and Town Hall Administration fixtures for use in future refurbishments.
5. The warehouse has been successful in increasing the reuse of equipment and minimising the impact of disposal to landfill.
6. The facility is easily accessible by Council contractors increasing the viability of reusing equipment.
7. The Landlord has offered Council a new lease on the following terms and conditions:
  - 7.1. a term of three years
  - 7.2. commencing rent of \$100,500.00 net and outgoings of \$14,200, plus GST for an area of approximately 729 square metres
  - 7.3. annual rental increases of three per cent; and outgoings increases by approximately five percent, plus GST
  - 7.4. permitted use as a warehouse/office facility.
8. An investigation is being progressed to determine long term storage requirements with a view to consolidating the various facilities and reducing cost to Council. The investigation will be complete prior to the expiry of the proposed three year lease term.

**Recommendation from management**

9. That Council:
  - 9.1. Approves the lease of the warehouse/office storage facility with Taras Nominees Pty Ltd for a term of three years commencing on 20 August, 2019 and at a commencing lease rent of \$100,500 net and outgoings of \$14, 200, plus GST, with the rental reviewed annual by fixed increments of three percent and outgoings increased of approximately five percent, plus GST.
  - 9.2. Notes management's intention to enter into the lease under delegation.

**Attachments:**

1. Supporting Attachment (Page 2 of 2)

**Supporting Attachment**

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**Legal**

1. As Council will incur expenditure beyond the current approved annual budget, a resolution of Council is required to enter into the lease.

**Finance**

2. The proposed lease rent of \$100,500 net and outgoings of \$14, 200, plus GST with annual three per cent rent increases and five percent increases in outgoings which will need to be included in the budget over the next three years.
3. The rent has been negotiated to market rate which is supported by certified valuation.
4. The year one cost of this lease has been included in the 2019-2020 Parks Property and Waterways Branch Budget.

**Conflict of interest**

5. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

**Health and Safety**

6. In developing this proposal, no health and safety issues or opportunities have been identified.

**Stakeholder consultation**

7. Negotiations have been held with the landlord regarding the proposed new lease terms.

**Relation to Council policy**

8. The recommendation is consistent with Melbourne City Council 2017-2021 Council Plan, Goal 1- A city that cares for its environment.

**Environmental sustainability**

9. Maintaining the warehouse facility allows Council to reuse and recycle fixtures and fittings thereby promoting the efficient use of resources.