

5.9 NEW LEASE TO JIGSAW CONTRACT & SEARCH INC - PORTION OF ROBERTSON PARK, NO. 176 (LOT 1) FITZGERALD STREET, PERTH LEE HOPS COTTAGE)

- Attachments:**
1. **Plan - Lee Hops Cottage**
 2. **Maintenance Obligation Schedule**

RECOMMENDATION:

That Council

1. **APPROVES a new lease of a portion of Robertson Park, No. 176 (Lot 1) Fitzgerald Street, Perth (known as the Lee Hop's Cottage) to Jigsaw Search & Contact Inc (ABN 12 451 584 318) on the following key terms:**

- 1.1. **Term:** Three (3) years
- 1.2. **Option:** Two (2) years
- 1.3. **Rent** \$12,416.70 per annum indexed to CPI
- 1.4. **Rent Review:** CPI on 1 July each year of the term, commencing on 1 July 2023
- 1.5. **Premises area:** Approximately 380m² (subject to survey).
- 1.6. **Outgoings:** Tenant responsibility including rates and taxes, ESL, rubbish and recycling bin charges, utilities (including scheme water, electricity and gas) and minimum level of services statutory compliance testing (including RCD, DFES and pest inspection fees and charges), building insurance applicable to the Premises.
- 1.7. **Public Liability Insurance:** Tenant responsibility – minimum of \$20 million per one claim.
- 1.8. **Building Insurance** Tenant to reimburse the City for the building insurance premium payable in respect of the Premises. If the Tenant requests the City to make a claim on the Tenant's behalf (under the building insurance policy) the City may require the Tenant to pay any excess payable in respect to that claim.
- 1.9. **Repair/maintenance:** As per maintenance schedule at **Attachment 2**.
- 1.10. **Permitted Use:** Conducting community and office activities related to the search and contact centre. The Premises is not to be used for illegal or immoral purposes.
- 1.11. **Special conditions:** **Premises condition:**
 - a) The Tenant leases the Premises from the City on an 'as is, where is' condition.
 - b) The Tenant acknowledges that the Premises is in a condition that commensurate with its age and the City does not anticipate making any capital upgrades or improvements to the Premises or its surrounds.
- 1.12. **Redevelopment or demolition:**

If:

 - a) the City wishes to redevelop the Premises or its surrounds; or
 - b) the City determines that it can no longer maintain the Premises in a safe and occupiable condition,

the City may, upon providing the tenant with a minimum of 12 months'

prior notice, require the tenant to surrender its lease of the Premises.

1.13.**Quiet enjoyment**

Tenant acknowledges that its quiet enjoyment of the Premises may be affected from time to time by works that the City or its agents may reasonably undertake or facilitate in the vicinity of the Premises that may include but are not limited to:

- Disruption or closure of roads, reserves and road reserves;
- Pedestrian movement and access;
- Vehicle movement, access and parking;
- Vibration and noise; and
- Dust and dirt.

The City will not be liable to compensate the Tenant in the event that the above affects the Tenant's quiet enjoyment of the Premises.

- 2. Subject to final satisfactory negotiations being carried out by the Chief Executive Officer, AUTHORISES the Mayor and Chief Executive Officer to affix the common seal and execute the lease in accordance with the Execution of Documents Policy.**

PURPOSE OF REPORT:

To consider entering into a new lease with Jigsaw Search and Contact Inc (ABN 12 451 584 318) (Tenant) in regard to the Lee Hops Cottage located at Robertson Park No. 176 (1) Fitzgerald Street, Perth (Premises).

BACKGROUND:

The Tenant has leased the Premises shown on the plan at **Attachment 1** since 2016. The lease was for a term of 3 years commencing 1 June 2016 and expiring on 31 May 2019 with an option to extend for 3 years expiring on 31 May 2022 (Lease). The tenant has been on holding over on a monthly tenancy of the Premises since 1 June 2022.

DETAILS:Tenant

The Tenant is a not for profit agency which is financed by government grants, fees charged and donations and is managed by a volunteer committee. Client services are provided by an employed professionally qualified manager/counsellor. They have the assistance of volunteers to help with search and various administrative tasks.

Tenure of lease

The Tenant has expressed interest to continue leasing and using the Premises as a search and contact centre. Administration has negotiated with the tenant for a term of 3 years with an option term of 2 years on the basis that:

- The Premises is located within the Robertson Park which has been earmarked for development. The Robertson Park Development Plan was endorsed by Council on 14 September 2021. Some of the works in respect of the development plan are anticipated to commence in the 2023/2024 financial year.
- Due to the impending development and there being no current plans to undertake works on or to repurpose the Premises, Administration is supportive of the lease tenure for the Tenant and its continued use of the Premises as a search and contact centre.

Rent

In accordance with the Property Management Framework (adopted by Council on 17 November 2020), the Tenant is classified as a category 3 tenant, being a community organisation and a not-for-profit organisation. The framework sets out that the tenancy fee for a category 3 tenant is to be negotiated with reference to the gross rental value (GRV) of the Premises.

Lee Hops Cottage's GRV as at 1 July 2020 is \$20,750.

Administration has negotiated the rent by reference to the GRV, on the basis that the tenant is:

- (a) a not-for-profit organisation;
- (b) providing a community service; and
- (b) a continuing tenant who has not defaulted in the payment of their rent.

The tenant has accepted the City's proposal to retain the current rent of \$12,416.40 per annum including GST indexed to CPI.

CONSULTATION/ADVERTISING:

The City has consulted with the Tenant on the proposed key terms set out in Recommendation 1 and the Tenant has confirmed their acceptance of these terms.

Section 3.58(5)(d) of the *Local Government Act 1995* (Act) and Regulation 30(b) of the *Local Government (Functions and General) Regulations 1996* (Regulation) apply. The City is exempt from giving a local public notice as this disposition has been excluded by the Regulation from application.

LEGAL/POLICY:

Regulation 30 covers a range of exempt dispositions that are excluded from the application of s 3.58 of the Act. Regulation 30(2)(b) states that:

'A disposition of land is an exempt disposition if:

- (b) *the land disposed of to a body, whether incorporated or not to:*
 - (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 transaction;'*

RISK MANAGEMENT IMPLICATIONS

Low: It is low risk for Council to grant a short term lease to the Tenant.

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

Our resources and assets are planned and managed in an efficient and sustainable manner.

SUSTAINABILITY IMPLICATIONS:

This does not contribute to any environmental sustainability outcomes. This action/activity is environmentally neutral.

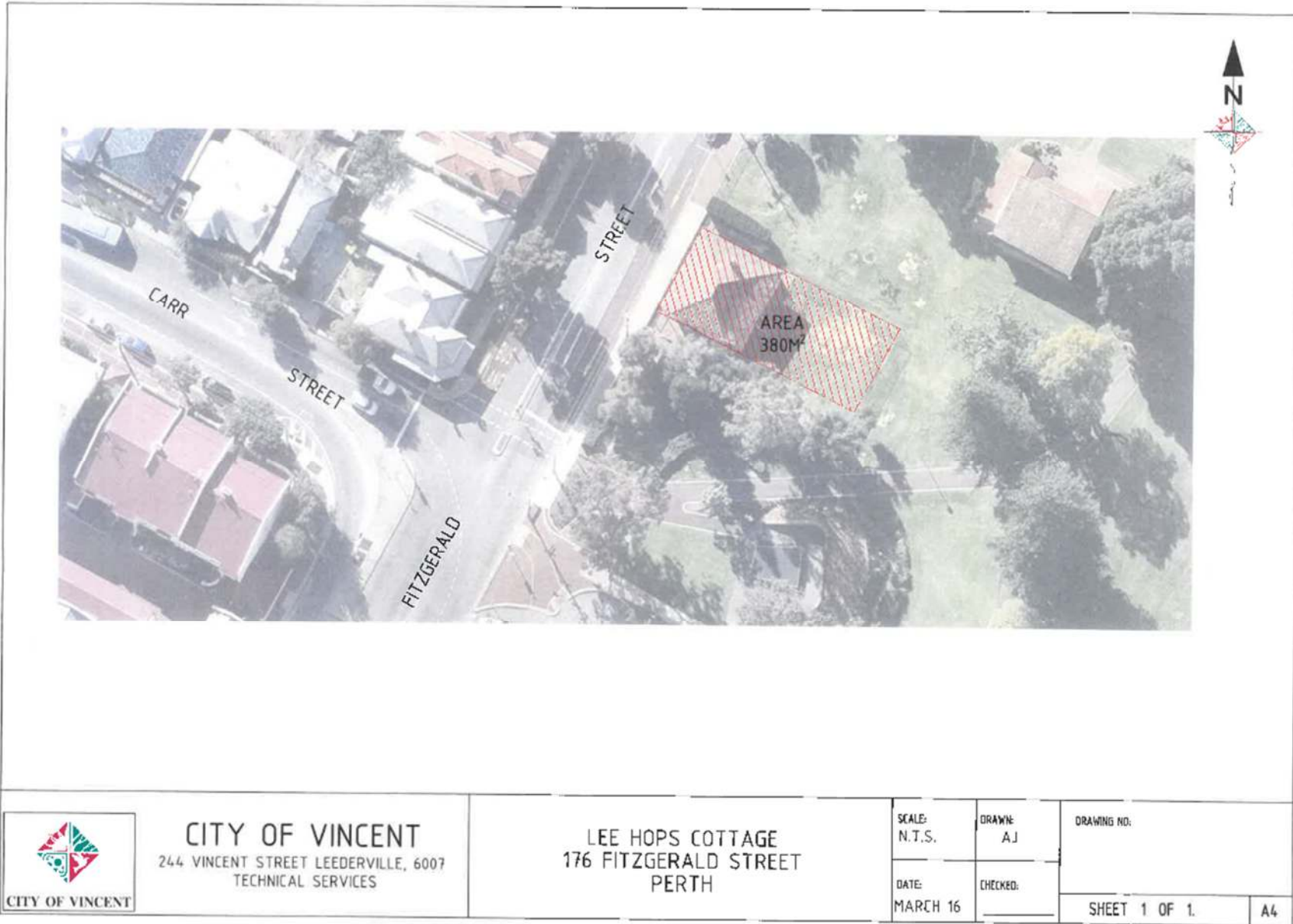
PUBLIC HEALTH IMPLICATIONS:

This is in keeping with the following priority health outcomes of the City's *Public Health Plan 2020-2025*:

Increased mental health and wellbeing

FINANCIAL/BUDGET IMPLICATIONS:

The current rent for the Premises is approximately \$12,416.40 per annum including GST per annum. The proposed new rent will be the same amount. As per the standard terms of the City's leases, the rent is subject to an annual CPI rent review on 1 July each year of the lease.



Maintenance Obligation Table – Category 3

Maintenance Item	Lessor's obligations (at Lessor's cost)	Lessee's obligations (at Lessee's cost)
Statutory/Minimum Level of Service obligations		
Emergency exit lighting systems & emergency doors	Undertake annual inspections of the Premises to ensure maintenance and compliance with requirements of the Building Code of Australia and Australian Standards.	Ensure that any faults or operational issues with the emergency/exit lighting systems in the Premises are promptly reported to the Lessor. Reimburse the Lessor for the cost of annual compliance inspections.
Fire protection equipment (e.g. fire extinguishers, hoses, smoke alarms)	Undertake annual inspections of the Premises to ensure compliance with FESA and DFES requirements.	Ensure that any use or operational issues with the fire protection equipment in the Premises are promptly reported to the Lessor. Reimburse the Lessor for the cost of annual compliance inspections.
RCD Protections, Tagging Electrical Equipment	Ensure that all RCDs are repaired and maintained in accordance with the relevant legislation.	Ensure that all portable plug-in electrical equipment are regularly inspected (a minimum of once every 12 calendar months) in accordance with relevant legislation. Reimburse the Lessor for the cost of annual RCD compliance testing.
Pest Control, vermin control & termites	Undertake annual pest inspections and extermination treatments (if required).	Endeavour to keep the Premises free and clear of all rodents, rats, vermin, insects, birds, animals and other pests and report to the Lessor any pest activity or required treatment. Reimburse the Lessor for the cost of annual pest inspection and treatments.
Premises and security		
Cleaning & cobweb removal	Not any.	Ensure Premises is kept tidy and free of litter, dirt, rubbish, cobwebs and broken glass at all times.

Maintenance Item	Lessor's obligations (at Lessor's cost)	Lessee's obligations (at Lessee's cost)
Malicious damage & break-ins	At request of Lessee, will submit Building Insurance claim on behalf of Lessee.	Responsible for repairs and cleaning of broken glass, windows and doors after an act/incident of malicious damage. Responsible for repairing and replacing any stolen goods or broken fixtures and fittings. Report any incidents of malicious damage or break-ins to the Lessor. Must pay any excess for a Building Insurance claim commenced by the Lessor at the Lessee's request.
Vandalism & graffiti	At request of Lessee, will submit Building Insurance claim on behalf of Lessee.	Remove all vandalism & graffiti and repair any damage caused. Must pay any excess for a Building Insurance claim commenced by the Lessor at the Lessee's request.
Security monitoring, equipment and security lights.	Not any.	The Lessee must ensure the Premises is maintained in a secure condition at all times. If any security monitoring, equipment or lighting is in use by the Lessee at the Premises (including any installed by the Lessee), the Lessee must ensure all equipment and lighting is maintained in Good Repair and undertake regular servicing of any security equipment at the Premises. If the Lessor is called upon to attend the Premises or the Lessor incurs expense for a call out on a Lessor installed security system, the Lessee must pay to the Lessor on demand all costs incurred by the Lessor due to that call out.
Ceiling	Repair any structural damage to ceiling.	Clean ceilings, as required, and report any structural damage to the Lessor.
Walls	Repair structural damage to load bearing walls.	Keep clean at all times, dust any cobwebs and report any structural repairs or faults to Lessor.

Maintenance Item	Lessor's obligations (at Lessor's cost)	Lessee's obligations (at Lessee's cost)
Window, glass panes, flyscreens, security screens, doors, door handles.	Not any.	Keep items clean, operable, lockable, and firmly fixed. Repair, replace and lubricate hinges of items, repair/replace any items that are broken or damaged where caused by misuse/internal vandalism.
Skylights, lighting, globes	Replace any lighting fixtures (excluding globes) requiring replacement due to old age/end of economic life.	Keep clean at all times and repair and/or replace as required. Replace all globes as required.
Painting	Not any.	At least once every 5 years of the Term and three months before the expiry of the Lease, repaint the Premises (interior and exterior) with a minimum of two coats of good quality paint (in a colour approved by the Lessor) to a tradesmanlike finish. Touch up any paint damage on internal walls, as required.
Cupboards, blinds, curtains, mirrors	Not any.	Keep clean at all times. Maintain, repair and replace items as required.
Carpet	Not any	Keep clean at all times, repair and/or replace when at end of economic life. Professionally clean at least once annually.
Vinyl Floors	Not any.	Keep clean at all times, repair and/or replace when at end of economic life.
Wooden Floors	Replace as and when determined by the Lessor.	Keep clean at all times and repair as required.
Tiled Floors	Replace as and when determined by the Lessor.	Keep clean at all times and repair as required.
Maintenance Item	Lessor's obligations (at Lessor's cost)	Lessee's obligations (at Lessee's cost)
Bathrooms and changerooms (including: drains, hot water systems, sewerage, showers, sinks, taps, toilets etc.)	Replace items that require replacement due to old age/end of economic life. Undertake capital renewal as an when determined by the Lessor. Where the Lessor undertakes works or repairs to clear blockages which have occurred as a result of the neglect, misuse or default of the Lessee, the Lessee must pay (on demand) the Lessor's costs of undertaking those works.	Must keep clean at all times. Ensure all are operable and free from any blockages. Repair leaks, service and maintain as required. Replace damaged items as required. Lessee shall not permit foreign objects or matter to be placed into drains, toilets or grease traps.
Fixtures, fittings, appliances and electrical		

Air-conditioning	Replace air-conditioning unit/system where replacement is required due to old age/end of economic life. If replacement is required due to Lessee failing to maintain the unit/system in Good Repair, the Lessor may require the Lessee to pay for the replacement unit/system.	Repair and undertake annual servicing of air-conditioning units/systems. Replace air-conditioning unit where replacement is required to damage/lack of maintenance by the Lessee.
Oven Vents	Not any.	Keep clean at all times, repair and/or replace when necessary.
Exhaust Fans	Not any.	Keep clean at all times, repair and/or replace when necessary.
Electrical Fittings (i.e. plugs, switches, sockets, leads, lights, power points)	Replace any irreparable items. If replacement is caused by misuse/negligence of Lessee, Lessor may require the Lessee to reimburse it for the cost of replacement.	Maintain and repair as required. The Lessee must ensure that electrical fittings are not overloaded when in use.
Wiring	Replace any irreparable items.	Repair, maintain and advise the Lessor prior to any wiring or electrical work taking place.
Appliances (i.e. fridges, toasters, freezer, stove, microwaves, washing machine)	Not any.	Keep clean at all times. Keep items operable, regularly maintain and repair as required. Replace irreparable appliances.
Grease Trap	If at the end of its life, the Lessor may, at its discretion, replace.	Proper care, cleaning, and maintenance of the grease traps located within the Premises and any required piping in accordance with the directions of the Lessor. Use a licensed liquid waste contractor from the list of current contractors published by the Water Corporation to clean and maintain the grease trap and associated pipework and follow all contractor's recommendations for cleaning internals and maintenance. If the Lessee wishes to use any other liquid waste contractors not specified in the current list published by the Water Corporation, the Lessor's prior written consent is required.
Premises exterior and surrounds		
Roof (including leaks, broken tiles etc.)	Repair any structural damage to roof and clean roofs as required.	Report any structural damage to the Lessor.

Maintenance Item	Lessor's obligations (at Lessor's cost)	Lessee's obligations (at Lessee's cost)
Eaves, gutters & downpipes	Repair any damage to eaves, gutters and downpipes. If damage is caused by Lessee failing to maintain the eaves, gutters or downpipes in a clean and clear condition, the Lessor may require the Lessee to reimburse the Lessor for the cost of undertaking the repairs.	Maintain eaves, gutters and downpipes in a clean and clear condition and report any damage to same to the Lessor.
Garden and surrounds (including fencing and gates)	Responsible for any major tree pruning and tree removal. Replacing fences and/or gates as required and determined by the Lessor.	Maintain the surroundings, fertilising, minor pruning and conduct regular mowing of the lawn. Responsible for ensuring all fences and gates are cleaned, repaired, re-enforced and maintained. Not to remove any trees or hedges without first obtaining approval from the Lessor, except for urgent safety reasons.
Walkways, footpaths, access, steps, ramps	Responsible for City verge footpaths.	Keep clean and clear at all times. Repair damage or trip hazards to access/walk ways other than the City verge footpath.
Car Park	Responsible for bitumen repairs and pot-hole maintenance.	Responsible for ensuring the car park is clean and clear of rubbish, trip hazards or obstructions. Undertake car park line marking as required.
Shed, roller doors and garage (if applicable)	Replace as and when determined by the Lessor.	Responsible for cleaning, repairs, replacement and maintenance of such structures.
Abandoned rubbish	Arrange for removal of abandoned furniture, car parts, larger rubbish that has been dumped on the verge, carpark or grassed area by third parties.	Arrange for removal of abandoned items that have been dumped on the property and will fit in the bins provided.
Pollution	Not any.	Do all things necessary to prevent pollution or contamination of the Land by garbage, refuse, waste matter, oil or other pollutants. Report any pollution, contamination or suspected pollution/contamination to the Land to the Lessor promptly.