

### **3 LEASE TO PAKENHAM AUTO CLUB - 21 KEY LANE**

FILE REFERENCE INT196105

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#### **RECOMMENDATION**

That:

1. Council commences the statutory procedures under Sections 190 and 223 of the Local Government Act 1989 (the Act) by giving public notice in the local paper circulating in the area of Pakenham advising of the proposal to lease 21 Key Lane Pakenham to the Pakenham Auto Club Incorporated.
2. In the event of submissions being received, a committee comprising Ward Councillors be appointed and the Chief Executive Officer be authorised to set the day, time and place for the hearing of such submissions.
3. Following the public notice process the matter will be reported to Council to consider a proposal to lease 21 Key Lane Pakenham.

#### **Attachments**

*Nil.*

#### **EXECUTIVE SUMMARY**

Council at its meeting held on 28 May 2018 resolved, in part, to offer Lot 1 at the then 335 McGregor Road to the Pakenham Auto Club (Club) for their permanent use, subject to Council's compliance with its statutory obligations.

Officers have been working with the Motor Sports Steering Committee (Committee) to establish the future use of the precinct land. Negotiations have been ongoing with the Club to negotiate the essential terms of the lease. In order to consider a proposal to lease 21 Key Lane Pakenham (Land) to the Club, Council are required carry out the statutory procedures under section 190 of the Local Government Act 1989 (LGA) and hear submissions in accordance with section 223 of the LGA

#### **BACKGROUND**

Negotiations have been ongoing with the Club and it is proposed that Council proceed with a lease on the following terms and conditions:

Term	20 years
Further term	20 years
Rental	\$104 pa
Rental increase	Annual by 3%
Maintenance	Responsibility of the tenant
Special conditions	Tenant to construct all facility subject to Council approval

#### **POLICY IMPLICATIONS**

Club members are working with the Committee to agree on the improvements to be made to the facility. The Club has agreed to construct and fund all required infrastructure to operate a facility for their Club member. The Club have requested that they are granted a lease for a period of 20 years with an option for a further 20 years.

This lease term is in excess of that generally provided in the Leasing Policy (5 years), however section 4.3.4 of the Policy allows for longer lease terms as provided:

*'...Council will consider a longer term Lease in circumstances where the Tenant has substantially invested in the Council Facility or there will be community benefits derived by a longer Lease term*

#### **RELEVANCE TO COUNCIL PLAN**

The relevant Council Plan objective is that 'We continue to plan and manage the natural and built environment for future generations". The objective is to be achieved through balancing the needs of development, the community and the environment

#### **CONSULTATION/COMMUNICATION**

Consultation has been carried out with appropriate internal departments who are in support of the proposal to lease the Premises to the Club.

Subject to this report, it is proposed that Council gives public notice of the intention to lease the Premises to The Pakenham Auto Club, in accordance with Section 190 and 223 of the Act, in the local paper circulating in the area and the Council website.

Any submissions received following such a public notice will be considered by a committee of Council and the matter will be reported to Council for a decision in this regard

#### **FINANCIAL AND RESOURCE IMPLICATIONS**

The Club have agreed to fund the development of the facility that they require and the Club will be responsible for all ongoing maintenance and replacements of the Premises. A peppercorn rental is proposed and there is no expected contribution required by Council

#### **CONCLUSION**

That Council supports the proposal to give public notice to lease the Premises to the Pakenham Auto Club for a period of 20 years with an option for a further 20 years.