

4 LEASE COMMUNITY COLLEGE GIPPSLAND LTD - 6D HENRY STREET PAKENHAM

FILE REFERENCE INT1875994

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RECOMMENDATION

1. That 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 6D Henry Street to the Community College Gippsland Ltd.
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 consideration of submissions the matter will be reported to Council to consider a proposal to lease 6D Henry Street Pakenham.

Attachments

Nil.

EXECUTIVE SUMMARY

Community College Gippsland (CCG) currently leases 126 Princes Hwy Pakenham but requires room to expand in order to cater for growing demand for alternative education places and has requested the opportunity to lease 6D Henry Street Pakenham (the Premises) known as the Lion's Den. CCG has agreed to contribute funds towards the renovation of the building.

BACKGROUND

CCG has over 40 years history of community based adult and vocational education and training in Gippsland and south east Melbourne. It is a not-for-profit Registered Training Organisation (RTO) and a Registered Charity.

ECG College is a registered independent school, as part of CCG, that provides an alternative learning environment for young people aged from 15-20. Students can gain a senior secondary qualification (VCAL) and develop practical skills to lead to a job, trade, or further study. It is currently located at three site, one of which includes Pakenham.

The Lion's Den building has been vacant since the Pakenham Racing Club vacated the Premises in order to relocate to what is now Club Officer on Cardinia Road. The building was identified for demolition as part of the PB Ronald Masterplan.

A desire to retain the Premises for community use was expressed by Councillors. Several community groups approached Council with an interest in occupying the Premises. Among those groups was CCG.

Council entered into a lease with CCG in 2015. The College has outgrown the Princes Hwy property and has requested that it be allowed to relocate to the Premises. CCG has agreed to contribute \$300,000 towards the renovations which include a conversion of the existing Bistro facility to

deliver a facility that is able to provide educational and support areas, as per the requirements of the Community College Gippsland. The Premises will include new classrooms, office areas, kitchenette, amenities, break-out space, reception, storage, services re-connections, demolition of the existing adjoining grandstand building, and landscaping.

CCG's contribution to works will be considered as an offset to the rental for the first 10 years. It is proposed that CCG enters into a lease for 15 years on the following terms and conditions

Term 15 years

Rental \$1 pa

Contribution to work: \$300,000

Rental after ten years will be \$43,674pa and then each following year the rental will increase by 2.5%. The approved use will be to provide community, education and Victorian Certificate of Applied Learning (VCAL) programs primarily targeted at young people aged 15-20 years of age.

POLICY IMPLICATIONS

Council has adopted a Leasing Policy (Policy) at the September 2018 and as the College has agreed to contribute substantial funds in order to achieve the renovation of the Premises, it has been proposed that they are granted a lease in excess of that provided in the Policy, as allowed under section 4.3.4, which provides that:

'...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 CCG.

Subject to this report, it is proposed that Council gives public notice of the intention to lease the Premises to CCG, 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 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

CCG has agreed to contribute \$300,000 towards the renovation of the Premises and this contribution will be offset as a rental for the first 10 years. It is proposed that this contribution will be made prior to the works being carried out. A cost estimate of the works have been prepared and it is expected that the works will cost \$681,000. A further \$300,000 has been budgeted for as Council's contribution

CONCLUSION

That Council supports the proposal to give public notice to lease the Premises to CCG for a period of 15 years and consider all submissions received prior to making a decision about leasing the Premises.