

14.2 INTENTION TO LEASE: (PART) 56 - 78 WHITE STREET,
SOUTH MELBOURNE

EXECUTIVE MEMBER: CHRIS CARROLL, GENERAL MANAGER, CUSTOMER,
OPERATIONS AND INFRASTRUCTURE

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1. PURPOSE

- 1.1 To seek approval to undertake the statutory processes required under the Local Government Act 1989, relating to the potential lease of part 56 – 78 White Street, South Melbourne, including the hearing and considering of public submissions.



Image above: the indicative lease area (shaded blue), and the associated access (shaded yellow), at 56-78 White Street, South Melbourne.

2. EXECUTIVE SUMMARY

- 2.1 At 56 – 78 White Street in South Melbourne is the City of Port Phillip Resource Recovery Centre (Transfer Station).
- 2.2 Part of the site is used by a contractor to deliver civil infrastructure maintenance services on behalf of Council.



- 2.3 The current service contract is expiring soon. City of Port Phillip has invited offers to provide that service.
- 2.4 City of Port Phillip proposes to include the subject site as one that may be leased by the successful bidder at market rent, to provide the maintenance services.
- 2.5 Council is required under the *Local Government Act 1989* (the “Act”) to give public notice of its intention to enter into a lease of the site, and to consider any submissions received. It must do so prior to determining whether to enter into a lease.

3. RECOMMENDATION

That Council:

- 3.1 Notes that it must give public notice of its intention to enter in the lease of part 56-78 White Street, South Melbourne (the “Site”).
- 3.2 Resolves to commence the statutory process under the *Local Government Act 1989* (“the Act”) to consider a lease, and authorises Council staff to carry out the administrative procedures necessary to enable Council to carry out its functions under section 223 of the Act, including giving public notice of its intention to lease the Site under section 190 of the Act (“Notice”).
- 3.3 If no submissions are received pursuant to the provisions of section 223 of the Act, following publication of the Notice, authorises the Chief Executive Officer (or their delegate) to undertake the necessary procedural steps to complete a lease, including execution of all relevant documentation and the affixing of the Common Seal, should that be required.
- 3.4 Notes that in the event that submissions are received in response to the Notice, a further report will be presented to Council to enable consideration of the submissions.

4. KEY POINTS/ISSUES

- 4.1 A core service of Council is maintaining the municipality’s civil infrastructure.
- 4.2 Delivery of much of this service is from Council’s operational centre at 69 White Street, South Melbourne.
- 4.3 Based on the site are:
 - Council staff, for administration; and
 - the equipment and staff of a third party contractor, to carry out the maintenance.
- 4.4 Together, they work to keep the City’s roads, paths, drains, and street furniture (bins, bollards, signs, benches, bike hoops, drinking fountains) in appropriate condition.
- 4.5 The agreement between City of Port Phillip and the contractor for the provision of civil infrastructure maintenance services expires on 30 June 2020.
- 4.6 A public tender for a new service agreement is underway.
- 4.7 Under that tender, bidders may elect to use part of the operational centre site at 69 White Street to provide the maintenance services – under a commercial lease, at market rent.



- 4.8 However, some of this infrastructure maintenance service is also undertaken from part of the neighbouring site – the Port Phillip Resource Recovery Centre (Transfer Station) at 56 - 78 White Street, South Melbourne.
- 4.9 Officers therefore intend to also add the relevant part of that site to the tender – allowing bidders to also elect to lease it (for market rent) to carry out the municipal infrastructure maintenance services.
- 4.10 The proposed lease is to complement and be linked to the maintenance service agreement.
- 4.11 Prior to determining to enter (or not enter) a lease for the Site, Council must comply with the statutory provisions of section 189 of the Act, providing any person a right to make a submission under section 223 of the Act on a proposed lease, and have that submission considered.
- 4.12 Officers have already commenced this process for the potential lease of (part) 69 White Street, South Melbourne – the operating centre site. This was in accordance with a Council resolution of 3 February 2021.
- 4.13 Offices additionally propose to commence the same process for (the relevant part of) the neighbouring Resource Recovery Centre site – the subject of this report.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 The Notice of Intention to Lease is intended to be published on Council's website and in a major newspaper.
- 5.2 Any person can make a submission responding to that Notice.
- 5.3 The tender to the service contract is an associated but separate process, and has had its own advertising.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 The recommendation directly supports Council in meeting its obligation under the *Local Government Act 1989 (& 2020)* to consult ratepayers and residents on proposals to lease Council managed land where the intended lease meets the prescribed requirements.
- 6.2 The recommendation indirectly supports Council in meeting its obligation under the *Road Management Act 2004*, to inspect, maintain and repair public road and drainage assets.
- 6.3 As the subject site is Crown Land, a lease will also require in principle and final approval of the Crown.

7. FINANCIAL IMPACT

- 7.1 The rent proposed is market rent.

8. ENVIRONMENTAL IMPACT

- 8.1 This report is not considered to have a material environmental impact.

9. COMMUNITY IMPACT

- 9.1 This initiative not only promotes statutory compliance, but also transparent governance and an actively engaged community.



10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 This report directly supports Council Plan Direction 6: *Our commitment to you.*

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

11.1.1 A Notice of Intention to Lease is scheduled to be published in April 2021.

11.1.2 Any submission received will be reported to a future meeting of Council.

11.2 COMMUNICATION

11.2.1 Council actively manages its property portfolio, including leasing out property assets to support its service delivery.

11.2.2 When doing it so it observes the relevant statutory obligations.

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.

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ATTACHMENTS Nil