

Management report to Council

Agenda item 6.5
Council
30 October 2018

Proposed lease and license agreement extensions for the Melbourne Men's Shed

Presenter: Eamonn Fennessy, Manager Placemaking and Engagement

Purpose and background

1. The purpose of this report is to seek Council approval to enter into lease and license extensions for the premises at Level 1 of the Federation Square car park for an additional two years.
2. The premises have been leased to the Melbourne City Council (Council) by Federation Square Pty Ltd since 2005, originally for the Melbourne Mobility Centre. Council has licensed the premises to the Melbourne Men's Shed (MMS) under a Memorandum of Understanding (MOU) since 2013.
3. The MMS is an incorporated association managed by a committee and has 57 members. Primary activities include woodworking, walking groups and cooking classes. It relies on volunteers to arrange programs and oversee its activities.
4. The license agreement expired over a year ago and the MMS currently remains in occupation of the premises with consent from Federation Square Pty Ltd, on an overholding agreement until 30 November 2018.

Key issues

5. The proposed new lease will cost Council \$30,000 per annum plus GST for a period of two years (1+1 year option exercisable by Council), from 1 December 2018 to 30 November 2020. The current lease cost of \$25,000 with CPI increases was agreed in 2013.
6. The proposed license to the MMS will be a nominal rate of \$1 per annum plus GST, for a corresponding term of two years (1+1 year option exercisable by Council), from 1 December 2018 to 30 November 2020, with a review after the first 12 months.
7. A new MOU will include terms and conditions that will require the MMS to develop a funding strategy to become fully financially self-sufficient from 1 December 2020.

Recommendation from management

8. That Council:
 - 8.1. Approves a new lease agreement with Federation Square Pty Ltd for the premises at Level 1 of the Federation Square carpark with the following terms and conditions:
 - 8.1.1. a lease term of two years (1+1 year option exercisable by Council) from 1 December 2018 to 30 November 2020
 - 8.1.2. a commencing rental of \$30,000 per annum plus GST with CPI increases.
 - 8.2. Approves a new licence agreement and Memorandum of Understanding with the Melbourne Men's Shed with the following terms and conditions:
 - 8.2.1. a licence term of two years (1+1 year option exercisable by Council) from 1 December 2018 to 30 November 2020
 - 8.2.2. a rental of \$1 per annum plus GST
 - 8.2.3. a requirement that the Melbourne Men's Shed will develop a funding strategy by 30 June 2019, with a goal towards becoming financially self-sufficient from 1 December 2020
 - 8.2.4. before 1 December 2019 (to inform a decision on approval of year two of the licence) the Melbourne's Men's Shed will provide evidence that their funding strategy is being implemented.
 - 8.3. Notes the lease and licence will be entered into under delegation.

Attachments:

1. Supporting Attachment (Page 2 of 2)

Supporting Attachment

Legal

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

Finance

2. The proposed commencing rental of \$30,000 per annum plus GST has been negotiated in the marketplace.

Conflict of interest

3. 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.

Occupational Health and Safety

4. The draft MOU requires the MMS to put in place appropriate safety procedures to ensure safe practices are implemented. It requires the MMS to develop OH&S procedures that address all major risks and legislative requirements in accordance with the Australian Men's Shed Association Safety Manual.

Stakeholder consultation

5. Negotiations have been held with Federation Square Pty Ltd regarding proposed lease arrangements.

Discussions have been held with the MMS to review options for alternative ongoing funding, MOU terms and conditions and license arrangements.

Environmental sustainability

6. This proposal to enter into a new lease and license arrangements has no environmental impact.