

Policy Type	<u>COUNCIL</u>	Process Owner Mick Doyle
Business Function	City of Melville Properties	Effective Date:

POLICY NO: 04-003

RENTALS/LEASES/MANAGEMENT LICENCES

POLICY OBJECTIVES

Criteria

The City of Melville is trustee on behalf of its electors for freehold land and custodian of reserves held under vesting. It has an obligation to ensure that these land resources provide a reasonable return to the community.

It is essential that the Council is able to identify and justify the basis on which rentals and leases are calculated.

The established criteria for the setting of rentals, leases and management licence fees of a discounted rate per square metre (based upon an assessment of commercial value of the land used, discounted for community use reflecting the community contribution required) is to be used.

This is a rental equating to 1% of the capital value of the Council's asset being, on average the application of a 90% reduction on commercial rental to the community group, to -

- a) provide uniformity and rationalisation in rental/fee calculations
- b) create a reasonable financial recovery from the Council assets
- c) enable the formula to be known by all groups seeking licences and/or leases of the Council properties

Categories

The following categories shall apply:-

1. Commercial

Properties included within the commercial category (with the exception of the Council houses which would be rented without tender at the "market rate") to be leased only by calling of public tender in accordance with the provisions of the Local Government Act 1995.

Examples – Council houses, Deep Water and Point Walter kiosks and the old Council building on the corner of Stock Road and Canning Highway.

2. Halls, Community Centres and Sports Centres

Facilities included are those where the Council provided all (or most) of the capital cost for construction. The existence of bar facilities not to be used to determine rental value. Capital value to be assessed by the Council Property Consultant and the 1% applied to this value to arrive at the rental.

Examples – Leeming Community Hall, Applecross Hall, Tompkins Park and John Connell Sports Centres.

3. Small Sports Centres, Changerooms

Subject to the size of the Centres included in this category, which would determine its income earning capacity, the base charge for the small sports centers/changerooms erected and paid for by the Council be restricted to the base administration fee which is reviewed annually.

Examples – Troy Park, Marmion and Gairloch Reserves Change rooms/Meeting Rooms.

4. Community Organisations - Specialized Facilities

Specialized facilities for which the groups have paid for the majority of the capital improvements. Rental charge to be restricted to the land area only, with the additional base administration fee. Any loan repayments to be additional.

Examples – Bowling, Tennis, Water Polo Clubs and the YMCA – occupying Council land only with facilities developed with self-supporting loans or grant funds.

5. Special Category - 1

Recovery of administration fee only.

Examples – Scout/Guide groups, Historical Society, Community Arts Association.

6. Special Category - 2

Based on fee set by negotiation subject to advice from Property Consultants

Examples – Leases to government authorities, childcare and education groups.

Rental

To be set using the discounted base rate at 1% of the Assessed Capital Value of the property in accordance with the annual Fees and Charges Manual. Where a self-supporting loan is in existence, the amount payable will be whichever is the greater of the two, the rent or the repayment of the loan.

Assessed Capital Value

Capital Value to be set at \$92 per square metre (subject to advice from Property Consultant).

Administration Fee

An administration fee in accordance with the annual Fees and Charges Manual will be charged to cover direct costs for such items as legal document processing, processing of financial statements and building inspections.

Rebate For Public Use

The rental may be reduced through a rebate for public use. The objective is to encourage public use. The rebate is given on rent only.

The Lessee or Licensee may retain public hire fees to be used against running costs.

If 'Possible Public Use' hours are used to calculate the Public Use Rebate for tennis clubs, then the following hours are to be used for each court

- a) Three (3) hours each day, seven (7) days a week, fifty two (52) weeks of the year for hard courts.
- b) Two (2) hours per day during the week and three (3) hours per day on weekends for grass courts.

Open Days and State/Club Competition Tournaments are not to be included in the available public hours.

The public use rebate shall be applied for on an annual basis based on the prior years hire statements and usage statistics and applied against the current financial years lease / licence fees.

Hire Statements to be provided by 30 September each year a rebate is to be claimed.

The rebate will be forfeited should the required information not be supplied within the prescribed time.

Community or Sporting Groups who have outstanding debts to the City of Melville are ineligible for any public use rebate, except where the debt is subject to a successful appeal to the Council.

The Chief Executive Officer is granted Delegated Authority to determine public use rebate applications.

Length of Term

Management Licences to be considered for a period of up to five (5) years and Leases to be for a period of up to ten (10) years.

Rating Exemption

To be reviewed on a case-by-case basis. In most cases rates would be applicable to a club facility, however, the Council may grant rating exemption.



Example of Calculation of Rental Fee

- a) Administration fee set at \$530.00 per annum and reviewed annually by C.P.I.
- b) Capital value per square metre of \$92 per square metre.
- c) Rent being set using the discounted base rate at 1% of the Assessed Capital Value.

Bowling Club

Land area 5,930 square metres @ \$92 square metre

Assessed Capital Value	\$545,560.00
Rental 1%	5,455.60
Plus Administration Fee	<u>530.00</u>
Payable Per Annum : (Round Total)	\$5,985.60

Tennis Club

Land area 3,704 square metres @ \$92 square metre

Assessed Capital Value (no building)	\$340,768.00
Rental 1%	3,407.68
Plus Administration Fee	<u>530.00</u>
Payable Per Annum : (Round Total)	\$3,937.68

Community Hall

Land area 350 square metres @ \$92 square metre	\$32,200.00
Building (replacement cost)	<u>\$281,000.00</u>
Assessed Capital Value	\$313,200.00
Rental 1%	3,132.00
Plus Administration Fee	<u>530.00</u>
Payable Per Annum : (Round Total)	\$3,662.00



POLICY STATEMENT

To identify and justify the basis by which rentals, leases and management licence fees are calculated.

PROCEDURES

Therefore the City of Melville has prepared a set of procedures based on current best practice to assist with this.

Nil.

Other References Applicable to this Policy

Delegated Authority No:

Procedure No:

ORIGIN/AUTHORITY

Corporate & Community Services Committee
(Formerly Recreation Policy 6)

20 / 02 / 01

ITEM NO.

REVIEWS

Corporate & Community Services Committee
(Public Use Rebate)

04 / 02 / 03

C03/7003

Corporate & Community Services Committee
Community & Technical Services Committee
Community & Technical Services Committee

04 / 12 / 01

03 / 08 / 04

06 / 09 / 05

A01/1018

C04/5012

C05/5009