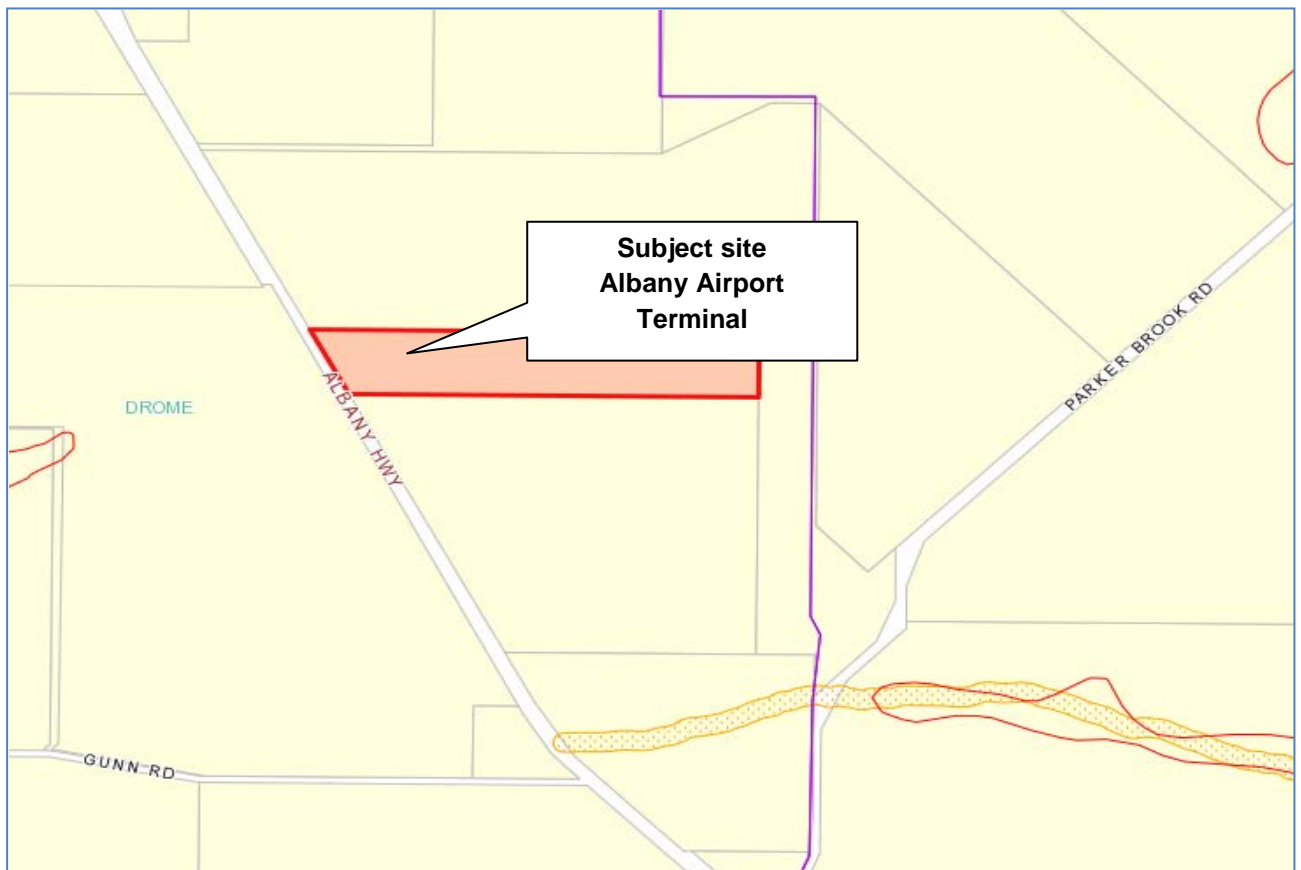


**4.5: NEW LEASE TO MS JACQUELINE DANIEL - RUNWAY CAFE –
ALBANY REGIONAL AIRPORT – DROME**

Land Description	: Lot 5643 on Deposited Plan 157458 and the whole of land contained in Certificate of Title Volume LR 2088 Folio 492
Proponent	: Ms Jacqueline Daniel
Owner	: City of Albany
Attachment(s)	: N/A
Responsible Officer	: Executive Director Corporate Services (G Adams)

Maps and Diagrams



IN BRIEF

- Council is requested to consider a new lease for Ms Jacqueline Daniel trading as Platters Gourmet for cafe and preparation and storage of food and beverages for commercial catering enterprise located at the Runway Cafe, Albany Regional Airport terminus, 35615 Albany Highway Drome.
- Lease term being one year with further four year option.
- Initial lease rental as determined by current market valuation being \$1,000.00 plus GST per annum.

RECOMMENDATION

ITEM 4.5: RESPONSIBLE OFFICER RECOMMENDATION

VOTING REQUIREMENT: SIMPLE MAJORITY

THAT Council APPROVE the request from Ms Jacqueline Daniel for a new lease for the purpose of cafe and preparation and storage of food and beverages for commercial catering enterprise on Lot 5643 being Deposited Plan 157458, Albany Regional Airport terminus, Drome subject to:

- 1. Lease term being one year with a four year further option.**
- 2. Lease rental as determined by a current market valuation provided by an independent Certified Practising Valuer being \$1,000.00 plus GST per annum.**
- 3. Lease rent reviews being every three years by market valuation with Consumer Price Index applied for intervening years.**
- 4. Lease area being approximately 28.4 square metres together with the Landlord's Fixtures and Fittings.**
- 5. Section 3.58 of the *Local Government Act 1995* advertising requirements being met.**
- 6. All costs associated with the operations and maintenance of the lease premises to be payable by the proponent.**
- 7. Lease being consistent with Council Policy – Property Management – Leases.**

BACKGROUND

1. The Runway Cafe located within the Albany Regional Airport Terminal building was historically operated under informal arrangements with family of the former Airport Manager (employed by the City of Albany) providing a basic cafe service for airport customers.
2. The lease premises area of approximately 28.4 square metres within the terminus is located at street address 35615 Albany Highway, Drome.
3. The City of Albany owns the land and the building which the lease area is located within. The City of Albany is responsible for all structural maintenance including electrical wiring of the lease area with the Lessee responsible for all other repairs and maintenance.
4. In November 2007 refurbishment of the airport terminal commenced. The cafe area was upgraded as part of this refurbishment with new benches and cabinets being installed and new equipment being purchased.
5. In December 2007 an Expression of Interest (EOI) called for suitably qualified persons to operate a cafe within the Albany Airport terminus. No submissions were received.
6. In April 2008 a simplified EOI was developed with one submission being received, from the operators of Life's a Beach Cafe.
7. At the Ordinary Council Meeting (OCM) 20 May 2008 Item 13.5.2 Council resolved to advertise its intention to enter into a lease with the proprietors of Life's a Beach Cafe for a three year period on a rental basis of \$10.00 per year.

8. To facilitate customer services at the airport, the cafe was permitted to operate prior to signing a formal lease. Several months later, the operator withdrew the service citing several reasons, including personal circumstances and the limited commercial viability of the cafe operation.
9. The absence of a cafe service at the airport drew criticism from commerce and tourist groups.
10. In June 2009 the City advertised locally for EOI to operate the cafe. Council at that time also supported the proposal of a Special Facilities Liquor Licence should the prospective Lessee choose to develop into this area.
11. Two responses were received. At the OCM 21 July 2009 Item 14.11.2, Council resolved to advertise its intention to enter into a lease with Jacqueline Daniel (trading as Gourmet Platters) for a period of one year, with a two year option for the cafe area at the Albany Regional Airport Terminal.
12. A lease was entered into with Jacqueline Daniel and the City on the 20 August 2009, with the rental set as peppercorn to assist the new proprietor. In August 2010 the Lessee exercised the option for a further two year term, with rent adjusted to Minimum Land Rate. This lease expired 20 August 2012.
13. On the 10 August 2012 the City wrote to the Lessee acknowledging their interest in a further lease at the Albany Airport for the provision of cafe services, and requesting confirmation of future intentions with regard to the cafe services.
14. Ms Daniel continues to occupy the leased area on a holding over basis as month to month tenant. The conditions of the tenancy preserve the terms and conditions of the lease, except in respect to the term of the lease.

DISCUSSION

15. Ms Daniel has developed the Runway Cafe services within the airport and provides a valuable service to airport customers, both commercial and tourist type clientele.
16. The lease term requested by Ms Daniel of one year initially, allows for the Albany Regional Airport Stage 2 redesign to be finalised. This allows for the Tenant to consider any implications of the redesign and the impact this may have on the cafe.
17. Commercial catering is a permitted use within the current lease premises as per the current lease agreement. Commercial catering currently represents only a small percentage of the business.
18. Airport Management have made available the conference room located within the airport terminal for groups to hire. The catering service offered by Ms Daniel compliments this venture.

19. The opening hours of the cafe cater for all flights, accommodating both Skywest and Fly In Fly Out customers. Lunch hours are also catered for, Monday to Friday, to accommodate those who use and/or work in the vicinity of the airport.
20. Future maintenance works in the current cafe location will be kept to a minimum due to the implications of the Stage 2 redesign.
21. Landlords Fixtures and Fittings include the following:
 - Air conditioner
 - Euromaid Ceramic Cooktop
 - Euromaid Canopy rangehood
 - Haier Drinks Fridge
 - Westinghouse side by side fridge/freezer (purchased April 2010)
 - Bosch Dishwasher (purchased August 2010)
 - Microwave Electronic 1100w
 - Serving plates and bowls
 - Assorted kitchen utensils including forks, knives, spoons, tongs.
22. Ms Daniels intends to apply for a Liquor Licence within the lease area believing it will enhance the airport and meet the “expressed” needs and wants of the general public. This application is subject to the outcome of the stage 2 terminal redesign and planning, as this may impact on the cafe location.
23. Ms Daniels has met the obligations of her previous lease including payment of rent and outgoings.
24. All costs associated with the ongoing operations (inclusive of rent and outgoings) such as repairing and maintaining the lease area and insurance requirements will be met by the proponent.
25. The new lease will be negotiated in line with Council Policy – Property Management – Leases for this category of lease – Commercial.

GOVERNMENT CONSULTATION

26. No Government consultation is required as lease area is located within City of Albany owned land.

PUBLIC CONSULTATION / ENGAGEMENT

27. Section 3.58 of the *Local Government Act 1995* defines the requirements for the disposal of property, including leased land and buildings. The Act requires the following:
 - a. A local government must give local public notice of the proposed lease inviting submissions from the public, for a period of two weeks;
 - b. Any submissions are to be considered by Council and their decision with regard to those submissions, to be recorded in the minutes; and
 - c. A local government can then proceed with the lease.

28. The proposed new lease will be advertised to comply with the requirements of Section 3.58 of the *Local Government Act 1995*.

STATUTORY IMPLICATIONS

29. Section 3.58 of the *Local Government Act 1995* deals with the disposal of property, including leased land and buildings.
30. Under the City's Town Planning Scheme 3, the subject land is currently zoned "Rural". A commercial cafe was detailed within the airport terminal approved plans; therefore, accordingly the cafe has consent under this approval.
31. Should the lessee proceed to apply for a Special Facilities Liquor Licence it will be assessed by the Department of Racing, Gaming and Liquor (DRGL) to satisfy public interest. The DRGL will consult with the Health Department, Tourism WA and other relevant government agencies in making their assessment.

STRATEGIC IMPLICATIONS

32. This item relates to the following elements of the City of Albany Strategic Plan (2011-2021):

Key Focus Area

Organisational Performance

Community Priority

Policy and Procedures

Proposed Strategies

Develop clear processes and policies and ensure consistent, transparent application across the organisation.

POLICY IMPLICATIONS

33. Council adopted a revised Property Management – Leases and Licenses Policy in September 2012. This Policy aims to ensure that all requests for leases/licences, for whatever purpose, will be treated in a fair and equitable manner using open and accountable methodology and in line with statutory procedures.
34. The operational guidelines used to apply the Policy for Commercial leases/licences include the following:
- Rental to be set using market valuation at intervals of three years unless otherwise agreed to by Council.
 - Rental increments for intervening years to be set by applying Consumer Price Index, All Groups (Perth).
 - Lessees must have business insurance, public liability and workers compensation insurances as a minimum.
35. The recommendation is consistent with Council Policy – Property Management – Leases and Licenses.

RISK IDENTIFICATION & MITIGATION

Risk	Likelihood	Consequence	Risk Rating	Mitigation
<i>New lease not approved – service interruption</i>	<i>Unlikely</i>	<i>Minor</i>	<i>Low</i>	<i>Approve lease to provide service for the airport users</i>
<i>New lease not approved – reputation</i>	<i>Unlikely</i>	<i>Possible</i>	<i>Medium</i>	<i>Approve lease to demonstrate the City's commitment to tourism and the business community</i>

FINANCIAL IMPLICATIONS

36. Given this Lease agreement will be governed by the Commercial Tenancy (Retail Shops) Agreements Act 1985 (Section 6A), all costs associated with the development, execution and completion of the new lease documentation including legal (quoted cost \$1,400.00 + GST), advertising (quoted cost \$80.00 + GST), and valuation (quoted cost \$500.00 + GST) will be borne by the City of Albany.
37. The Lease agreement has to be a minimum of 5 years because of the *Retail Shops Act 1985*. The lease rental determined by a current market valuation provided by an independent Certified Practising Valuer being \$1,000 plus GST per annum.
38. The lease rental will be directed to COA 138130 Income – Airport Leases / Rents.

ALTERNATE OPTIONS & LEGAL IMPLICATIONS

39. Council has the following options in relation to this item:
- a. Approve Ms Daniel's request for a new lease for purpose of continuing her occupation on the premises for a commercial cafe.
 - b. Decline the request.
40. Should Council decline the request, depending on the reason, Council may direct staff to clarify some aspects of the submissions and/or provide further information.
41. Should Council decline the request, Council may then advertise for Expressions of Interest for the vacant area, and may direct City staff to negotiate with prospective Lessee acceptable requirements.

SUMMARY CONCLUSION

42. The Lessee seeks to renew their lease over lease premises currently occupied, for a term of one year with an option for a further four year term to continue providing cafe and commercial catering services to airport users and the general public.

43. The Lessee has met the obligations of her previous lease including payment of rent and outgoings.
44. The lease request to allow Ms Jacqueline Daniel trading as Platters Gourmet, to continue to provide cafe and commercial catering services to airport users and the general public is supported.

Consulted References	<ul style="list-style-type: none"> • Council Policy – Property Management – Leases and Licences • <i>Local Government Act 1995</i>
File Number (Name of Ward)	PRO372 (Kalgan Ward)
Previous Reference	OCM 20.05.2008 Item 13.5.2 OCM 21.07.2009 Item 14.11.2