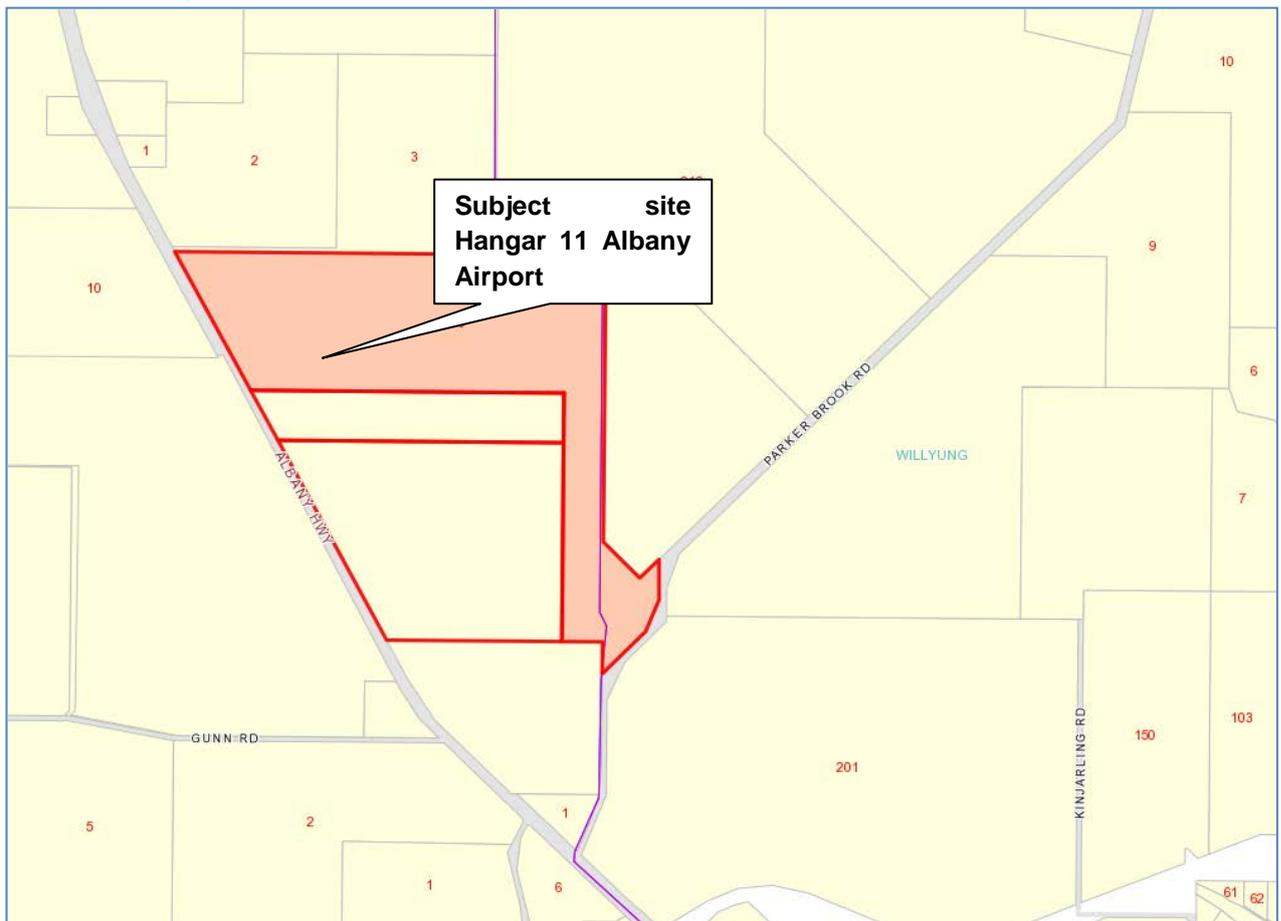


4.6: NEW LEASE – MR IAN COOMBE – AIRPORT HANGAR SITE 11 – ALBANY REGIONAL AIRPORT – DROME

Land Description	: Portion of Lot 213 on Diagram 94445 and the whole of the land contained in Certificate of Title Volume 2158 Folio 588 situated at 35615 Albany Highway, Drome.
Proponent	: Mr Ian Coombe
Owner	: City of Albany
Attachment(s)	: Nil
Responsible Officer	: Executive Director Corporate Services (G Adams)
Maps and Diagrams	



IN BRIEF

- Council is requested to consider a new lease for Mr Ian Coombe over the area he currently occupies being Hangar Site 11, at the Albany Regional Airport, 35615 Albany Highway, Drome.
- Lease term being ten years with an option for a further ten year term for the purpose of Airport hangar for aircraft hangarage only.
- Lease request proposal complies with the Albany Regional Airport Master Plan recommendations.

**ITEM 4.6: RESPONSIBLE OFFICER RECOMMENDATION
VOTING REQUIREMENT: SIMPLE MAJORITY**

THAT Council APPROVE the request from Mr Ian Coombe for a new lease for Hangar Site 11 at the Albany Regional Airport on portion of Lot 213 on Diagram 94445 located at 35615 Albany Highway Drome, subject to:

- 1. Lease term being 10 years commencing 1 December 2012, with an option for a further 10 year term.**
- 2. Lease rental fee to be determined by a current market valuation provided by an independent Certified Practising Valuer, being. \$2,137.00 plus GST per annum.**
- 3. Lease rent to be reviewed by current market valuation every three years with Consumer Price Index applied for intervening years.**
- 4. Hangar common area maintenance costs, proportioned accordingly, to be met by Lessee as required.**
- 5. Lease area being approximately 225 square metres.**
- 6. Lease purpose being Airport hangar for aircraft hangarage only.**
- 7. Section 3.58 of the Local Government Act 1995 advertising requirements.**
- 8. All costs associated with the development, maintenance and operations of the lease area to be payable by the proponent.**
- 9. All legal costs associated with the preparation, execution and completion of the Deed of Lease to be payable by the proponent.**
- 10. Lease being consistent with Council Policy – Property Management – Leases and Licences.**

BACKGROUND

1. In December 1992 the former Shire of Albany granted a new lease for hangar site 11, an area of 225 square metres at the Albany Regional Airport on portion of Lot 213 on Diagram 94445 to Mr Ivan Salisbury for the purpose of airport hangar for airport hangarage only.
2. Lot 213 is City of Albany owned land adjacent to the Airport Terminal.
3. The lease was assigned to Mr Ian Coombe as of 10 January 2002 and expired on the 30 November 2012 with no option for a further term.
4. As there had been a degree of uncertainty regarding the term outlined in the earlier hangar leases, legal advice determined the term to be twenty years with no option for a further term.
5. At Ordinary Council Meeting 19 August 2008 Council resolved to limit hangar leases to a maximum term of twenty years. All hangar Lessees were informed of the resolution and how this would affect their individual leases.
6. In May 2010, the current Executive Director Corporate and Community Services determined it reasonable for the City to have the ability to require the Airport hangar tenants to pay their proportion towards the maintenance of hangar common areas, should this be required.

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7. It was determined that all future new hangar lease agreements include a clause reflecting that the Tenant must pay to the Landlord (City) on demand, the Tenant's proportion of all costs and expenses incurred by the Landlord in cleaning, lighting, maintaining and repairing and the common facilities installed on the Common Areas.
8. The calculation used to determine the cost to each Tenant for maintenance expenses incurred in the Common Area, is based on the tenant's proportion of their leased premises as it bears to the total hangar area on the land.
9. An example of this fee calculation for the annual charge for a hangar lease area of 225 square metres would equate to approximately \$105.00 if hangar Common Area maintenance is undertaken by the City totalled \$5,000.00.
10. Whilst the annual maintenance cost cannot be forecast, the City is of the view that under normal circumstances, the cost is unlikely to exceed \$5,000.00.
11. In April 2012 Mr Coombe wrote to the City requesting details of the lease procedure and costs involved in renewing his lease upon expiry on the 30 November 2012. The City responded to his request with general advice on the lease process for Airport hangar lease requests.
12. On the 25 July 2012 the City of Albany received a written request from Mr Ian Coombe for a new lease for Airport hangar site 11 over the area he currently occupies for a term of 10 years with an option for a further 10 year term, commencing 1 December 2012.
13. Within this letter of request, Mr Coombe queried the costs involved with the lease process and the rental method (rate) applied to new Airport hangar leases.

DISCUSSION

14. Mr Coombe has occupied Airport hangar site 11 for over ten years and has met the obligations of his previous lease, meeting a (fixed) rental rate of \$360.00 per annum. He continues to occupy the lease site on a holding over basis.
15. The Lessee maintains the hangar building and infrastructure upon the leased area at no cost to Council. The site is neat and tidy and free of weeds and rubbish.
16. The Lessee will be responsible for all maintenance, insurance and utilities for the Leased Premises.
17. The proposed new lease will be negotiated in line with Council's Policy – Property Management – Leases and Licences with rental determined at a dollar value per square metre basis by a current market valuation provided by an independent Certified Practising Valuer.

18. Most recent valuation provided by Opteon (Albany and Great Southern WA) determined the rental to be \$9.50 plus GST per square metre of lease area.

GOVERNMENT CONSULTATION

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

PUBLIC CONSULTATION / ENGAGEMENT

20. 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 local government must give local public notice of the proposed lease inviting submissions from the public, for a period of two weeks;
 - Any submissions are to be considered by Council and their decision with regard to those submissions, to be recorded in the minutes; and
 - A local government can then proceed with the lease.
21. The proposed new lease will be advertised to comply with the requirements of Section 3.58 of the *Local Government Act 1995*.

STATUTORY IMPLICATIONS

22. Section 3.58 of the *Local Government Act 1995* deals with the disposal of property, including leased land and buildings.
23. Under the City's Town Planning Scheme Number 3, the subject land is zoned "Rural", the existing use of "Hangar" was approved in 1992 under Building Licence 10141 under delegation, in accordance with the Scheme.
24. The lease proposal was referred to the Western Australia Planning Commission (WAPC) for comment as proposed lease is within privately owned land.
25. The WAPC advised they have no issue with the proposed new lease as comment is not required due to Section 136 of the Planning and Development Act, being no comment is required when lease term does not exceed twenty years.

STRATEGIC IMPLICATIONS & ALIGNMENT TO CORPORATE PLAN

26. 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

27. Council adopted a revised Property Management – Leases and Licences Policy in September 2012.
28. 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.
29. The recommendation is consistent with Council Policy – Property Management – Leases and Licences and the Airport Master Plan.

RISK IDENTIFICATION & MITIGATION

30. The risk identification and categorisation relies on the City's Risk Management Framework.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
<i>Council does not approve a new lease – reputational loss to the City</i>	<i>Unlikely</i>	<i>Minor</i>	<i>Low</i>	<i>Seek to negotiate terms to Council satisfaction Collaborate with prospective Lessee to ensure mutually agreeable outcomes</i>

FINANCIAL IMPLICATIONS

31. The new lease rental determined by a current market valuation provided by an independent Certified Practising Valuer, Opteon, will be \$2,137.00 plus GST per annum, with rent reviews in line with Council's Policy – Property Management – Leases for this category of lease agreements.
32. All costs associated with the development, execution and completion of the new lease documentation including but not limited to legal, advertising, survey and valuation will be borne by the proponent.
33. The new lease rental will be directed to COA 138130 Income – Airport Lease Rents.

ALTERNATE OPTIONS & LEGAL IMPLICATIONS

34. Council has the following options in relation to this item, which are:
- a. Approve the request for a new lease, or
 - b. Decline the request.
35. Should Council decline the request, the Lessee would be required to vacate the Leased Premises and find an alternate location to store the aircraft.

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36. The Lessee would within three months of expiration of the lease be required to remove fixtures and fittings and if the City of Albany directs remove buildings, hangar and structures erected on the Leased Premises at the Lessee's cost.
37. If Lessee fails to remove the improvements as directed by the City of Albany, the improvements will become the property of the City of Albany.
38. The hangar site would then be advertised seeking expressions of interest to lease this site with Council considering any new lease for the vacant premises.

SUMMARY CONCLUSION

39. The Lessee is seeking a new lease over lease premises currently occupied, for a term of ten years with an option for a further ten year term for the purpose of Airport hangar for aircraft hangarage only.
40. The Lessee has met the obligations of his previous lease including payment of rent and outgoings, at no cost to Council.
41. The lease request to allow Mr Ian Coombe to continue to lease Hangar site 11, Albany Airport is supported.

Consulted References	<ul style="list-style-type: none"> • Council Policy – Property Management – Leases and Licences • <i>Local Government Act 1995</i> • <i>Planning and Development Act – Section 136</i>
File Number (Name of Ward)	PRO174, A160503 (Kalgan Ward)
Previous Reference	OCM 19 August 2008