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## Governance and Administration Matters - 23 May 2023

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### ITEM 7.6 Request for New Lease Agreement for 82 Brighton Avenue, Croydon Park (former Croydon Park Bowling Club)

**AUTHOR** Community Services

#### **PURPOSE AND BACKGROUND**

The Korean Society of Sydney (KSS), as a not for profit organisation, have a current lease with Council for 82 Brighton Avenue, Croydon Park (former Croydon Park Bowling Club). The lease agreement commenced on 2 May 2003 and expired 1 May 2023. This lease agreement is now on a month by month hold over clause for a maximum period of 12 months (1 May 2024).

Recently the KSS were successful in obtaining funding via ClubGrants to undertake a variety of works at the premises. However, through the ClubGrants Program the funding body has requested evidence of longer-term tenancy of the facility before they will release the funding.

Therefore, KSS have now approached Council to request a new lease agreement.

#### **ISSUE**

As this lease agreement has an expiry on the hold over clause, Council needs to address this request within the next 12 months. However, due to the added complexity of ClubGrants requiring evidence of the KSS tenure beyond May 2024 for the Croydon Park facility to release their funding, the KSS has requested that Council expedite the process.

#### **RECOMMENDATION** That -

1. Council agree in-principle to offer the KSS the opportunity to enter into a new five year lease, with a further five year option, with similar terms and conditions as in their current agreement with Council, as outlined in the report.
2. Council publicly exhibit the proposed lease in accordance with the requirements of the *Local Government Act 1993*.
3. At the conclusion of the public exhibition period, a further report be provided to Council for consideration.

#### **ATTACHMENTS**

Nil

## **POLICY IMPACT**

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The proposed new lease agreement is consistent with Council's Generic Plan of Management and in line with the provisions of the *Local Government Act 1993*.

## **FINANCIAL IMPACT**

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The proposed annual rent for the agreement payable to Council is \$15,000 which is in line with their current rent and will be subject to yearly CPI increases.

The current lease agreement which commenced in 2003 has KSS as being solely responsible for all maintenance of the building, including any capital improvements.

As part of the proposed new lease agreement, KSS will continue to have responsibility for all existing and future maintenance. This responsibility will now be governed by the Asset Report and KSS will be responsible for funding all required works identified in this report rather than this cost being borne by Council.

It is apparent from building inspections of the facility that only minimal maintenance has been undertaken since KSS have had management of the facility. Therefore, in 2021 Council engaged a consultant to prepare an Asset Report to understand the condition of the building, compliance status and restoration costs.

The Asset Report indicated that an estimated \$2 million is required over the next five years to bring the facility up to required standards.

To fund the priority works, ClubGrants have allocated \$200,000 subject to a longer term lease being confirmed. The Korean Society are required to provide co-contribution of \$150,000 comprised of \$100,000 of their own funds and \$50,000 in kind from community leaders. Council has allocated \$200,000 in the 2022/2023 Operational Plan to cover the works identified.

## **COMMUNITY IMPACT**

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The Korean Society of Sydney have a long proud history of providing a varying range of community services and events. The facility is well utilised and supports the provision of these activities and acts as a hub for the Korean community.

## DETAILED INFORMATION

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The Korean Society of Sydney (KSS) have a current lease with Council for 82 Brighton Avenue, Croydon Park (former Croydon Park Bowling Club). The lease agreement commenced on 2 May 2003 and expired 1 May 2023. The agreement is now on a month by month hold over clause for a maximum period of 12 months (1 May 2024). There is a separate licence agreement with KSS for the associated car park linked to the tenancy of the facility.

Under the current lease agreement KSS are solely responsible for all maintenance, compliance and structural issues in the building. Council has been working with KSS regarding concerns with the existing maintenance practices and have consistently reiterated to KSS their building maintenance requirements and responsibilities for the building. These concerns have placed a real focus in relation to compliance matters, including asbestos management and fire safety compliance.

While there has been limited investment in the past, more recently the KSS have understood their obligations as demonstrated by multiple applications for funding for building works. It is recommended that Council agree in principal to offer a new five year lease, and a further five year option in Council's favour only if KSS have demonstrated they are meeting all requirements in regards to outstanding building repairs and maintenance.

The KSS request for a lease is consistent with Council's Generic Plan of Management (PoM) as the land is categorised as *General Community Use* and therefore Council may grant a lease, licence or other estate over this community land to organisations and persons, community groups, sports clubs and associations, non-government organisations, charities, community welfare services, non-profit organisations and government authorities.

The proposed annual rent for the agreement payable to Council is \$15,000 which is in line with their current rent, and will be subject to yearly CPI increases.

### **Current Condition of Facility**

In 2021 Council engaged a consultant to prepare an Asset Report to understand the current condition of the building, its compliance status and restoration costs.

The Asset Report indicated that an estimated \$2 million is required over the next five years in works to bring the facility up to the required standards. The following table identifies the priority works required.

	Funding Source	Building Asset Report Actions
1.	<b>ClubGrants funding – Stage 1</b>  This is work that can be undertaken immediately and can be funded under the ClubGrants program.	<ul style="list-style-type: none"> <li>• Exit signage repairs and extended coverage</li> <li>• Emergency lighting repairs and extended coverage</li> <li>• Electronic monitoring access control and surveillance system</li> </ul>
2.	<b>Korean Society to fund</b>  This is work that can be undertaken immediately but ClubGrants have indicated cannot be funded with their grant.	<ul style="list-style-type: none"> <li>• Fire Management Plan preparation</li> <li>• Fire Emergency Evacuation Plan and Diagrams</li> <li>• Extinguisher and Fire Blanket Repairs and Installation</li> <li>• External ground surface tactile indicators</li> </ul>
3.	<b>Council to undertake works</b>	<ul style="list-style-type: none"> <li>• Roof Structure repairs and roof cover replacement</li> <li>• Gutter and downpipe upgrades</li> <li>• Windows repairs</li> </ul>
4.	<b>ClubGrants funding – Stage 2</b>  This is work that needs to be undertaken after Council has completed the roof replacement.	<ul style="list-style-type: none"> <li>• Internal Walls and Ceilings construction</li> <li>• Exterior perimeter wall finishes replacement-</li> <li>• Internal floor finishes and cover replacements</li> </ul>

Council has not proceeded with a new lease agreement, or repair works to the roof, until such time as there was an understanding of the obligations and requirements for KSS and a willingness and ability for them to fund and implement the necessary works.

Recently, KSS were successful in obtaining \$200,000 through the ClubGrants program to undertake a variety of works at the premises. Council understands they had to provide matching funding with the grant. KSS have advised their co-contribution of \$150,000 is comprised of \$100,000 of their own funds and \$50,000 in kind from community leaders. Council also has a capital works project in the current 2022/23 budget for the roof works.

Since the announcement of funding, Council has been working closely with KSS to ensure the proposed works are in line with the recommendations of the Asset Report. Council will seek confirmation from KSS that ClubGrants are satisfied that all conditions have been met and funding is available.

The Asset Report is clear on what works need to be undertaken immediately. As the ClubGrants funding is only for certain works the KSS will need to undertake other required works required under the new lease agreement at their own cost. It should also be noted that any works undertaken by the KSS must be signed off by Council to ensure the scope is correct, that contractors are qualified and in possession of approved work plans / insurances etc, and that the conditions to work on Council buildings have been met.

### **Suggested Approach to Request**

Subject to Council supporting the proposed tenure and primary terms and conditions for a new lease agreement, it is now proposed that in accordance with the relevant provisions of Section 46 and Section 47 of the *Local Government Act 1993*, that Council:

- publicly exhibit the intended lease arrangements with KSS;
- provide the community an opportunity to convey any relevant feedback regarding the intended arrangements; and
- that following the exhibition process, a further report be provided to Council for consideration.