

Hutt Street Library Lease Variation

Strategic Alignment - Thriving Communities

Public

Tuesday, 5 September 2023
City Community Services and Culture Committee

Program Contact:
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EXECUTIVE SUMMARY

This report seeks Council's approval to vary the current lease for the Hutt Street library by adding two five-year Rights of Renewal.

These Rights of Renewal provide Council with security of tenure for another ten years, should Council choose to exercise the renewals.

Maintaining Rights of Renewal options with the lease arrangements for the Hutt Street Library is recommended to provide optimal flexibility of choice by Council, as it considers and progresses significant projects, including the Social Infrastructure Assessment, the City Plan and Council's Strategic Plan.

The following recommendation will be presented to Council on 12 September 2023 for consideration

THAT THE CITY COMMUNITY SERVICES AND CULTURE COMMITTEE RECOMMENDS TO COUNCIL THAT COUNCIL

1. Approves entering into a Deed of Extension and Variation of Lease for the Hutt Street Library between The Corporation of the City of Adelaide and GMG Enterprises Pty Ltd over 235 Hutt Street, Adelaide. The extension is for a term of five years under the current lease agreement. The variation of the lease agreement will add two five-year Rights of Renewal.
 2. Authorises the Chief Executive Officer to finalise the lease variation and to execute the Deed of Extension and Variation of Lease and associated documentation.
 3. Authorises the Lord Mayor and Chief Executive Officer to affix the Common Seal of the Council to the Deed of Extension and Variation of Lease and associated documentation.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Thriving Communities 1.10 Support delivery of welcoming civic infrastructure/third spaces to foster community connections.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Section 41 of the <i>Law of Property Act 1936</i> requires that a body corporate (including a Council) affix the common seal when executing a deed. For a Council, section 38 of the <i>Local Government Act 1999</i> requires that the common seal may only be affixed to give effect to a resolution of the Council. The existing lease governs the way the Rights of Renewal must be exercised.
Opportunities	These Rights of Renewal provide Council with security of tenure for another ten years, should Council choose to exercise the renewals.
23/24 Budget Allocation	Not as a result of this report
Proposed 24/25 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
23/24 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. Council approved at its meeting of 25 March 2014 a lease with GMG Enterprises for the Hutt Street Library. The leased premises is Allotment 518 in Certificate of Title Volume 5886 Folio 976, 235 Hutt Street, Adelaide.
2. The current lease commenced on 29 August 2013 for an initial term of five years with two additional five-year Rights of Renewal expiring 28 August 2028.
3. Council has exercised both Rights of Renewal. The second and final one right of renewal was exercised in June 2023 for a five-year term that commenced on 29 August 2023.
4. The rent review mechanism for the renewal commencement rent is a market rent review. The rent was determined by independent valuation and the parties agreed to a fair and reasonable commencement rent.
5. The lessor offered two additional five-year Rights of Renewal during the market rental negotiations. These additional terms require Council endorsement.
6. The additional Rights of Renewal provide Council with security of tenure for another ten years if it chooses to exercise the renewals. A Right of Renewal is a right the lessee has and exercising it is at the lessee's discretion.
7. The Hutt Street Library was opened in 2003 to add vibrancy and amenity to a residential growth zone. It is in a highly visible location and provides excellent accessibility to City residents, workers and visitors.
8. The Hutt Street Library facility has a well laid out floorplan which adequately caters for the current needs of the community for collection items, services and programs. In April 2022 the Music Toy Library collection was added to the resources available at the Hutt Street Library and celebrates our status as Australia's first and only UNESCO City of Music.
9. Total visitation number to the Hutt Street Library in 2021/22 was 37,018.
10. This facility does not allow for any expansion of collection items or services to meet the changing needs of a growing residential population.
11. Administration has undertaken a Social Infrastructure Assessment which will be presented to Council in November 2023. That report considers current floor space and resource capacity as well as projected population growth and the future needs of the City. This study has been commissioned to help inform future decisions of Council on matters relating to property ownership and leasing, services and operations.
12. Council is currently in the process of developing its Strategic Plan for the next four years and is undertaking targeted consultation on the City Plan.
13. Maintaining Rights of Renewal options with the lease arrangements for the Hutt Street Library is recommended to provide optimal flexibility of choice by Council, as it considers and progresses these significant projects.

ATTACHMENTS

Nil

- END OF REPORT -