



# **Business Paper**

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## **Shire Services Committee**

**Monday, 5 February 2018**

**6.30pm**

**Committee Rooms 203 and 204,  
Level 2, Administration Building,  
4-20 Eton Street, Sutherland**

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**SUTHERLANDSHIRE**

## **ORDER OF BUSINESS**

- 1. ACKNOWLEDGEMENT OF COUNTRY**
- 2. APOLOGIES**
- 3. DISCLOSURES OF INTEREST**
- 4. CONFIRMATION OF MINUTES OF THE PREVIOUS MEETINGS**
- 5. PRESENTATIONS**
- 6. REPORTS FROM OFFICERS**  
SER012-18 Proposed lease - Shop 17A/17-19 Cronulla Street, Cronulla
- 7. QUESTIONS**
- 8. CONSIDERATION OF BUSINESS IN CLOSED SESSION**
- 9. CONFIDENTIAL REPORTS FROM OFFICERS**  
SER006A-18 Outcome of Commercial Negotiations for Council Land at 45 - 49  
Croydon Street, Cronulla

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**SER012-18      PROPOSED LEASE - SHOP 17A/17-19 CRONULLA STREET,  
CRONULLA**

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SER012-18

**Attachments:** Appendix A and Appendix B (under separate cover)

**EXECUTIVE SUMMARY**

- The Council owned commercial property at 17A, 17-19 Cronulla Street, Cronulla was vacated on 30 August 2017 by the previous tenant.
- Council has received a lease application from Sportsgirl Pty Ltd.
- Council officers negotiated with the proposed tenant to lease the premises on favourable terms for a three year lease with a three year option period.
- The proposed lease offers Council an opportunity to secure a bluechip tenant paying market rent and it is recommended the lease be approved.

**REPORT RECOMMENDATION**

THAT:

1. The Lease of Shop 17A, 17-19 Cronulla Street, Cronulla to Sportsgirl Pty Ltd for a term of three years with a three year option at terms and conditions to the satisfaction of the General Manager be approved.
2. In accordance with the Power of Attorney dated 6 July 2016 BK 4710 No. 28, the General Manager execute any necessary documentation to give effect to these resolutions.

**PURPOSE**

This report seeks Council's approval to enter into a lease with Sportsgirl Pty Ltd for a term of three years with a three year option period at terms and conditions to the satisfaction of the General Manager.

**BACKGROUND**

The Council owned commercial property of approximately 101 m<sup>2</sup> located at 17A, 17-19 Cronulla Street, Cronulla was vacated by the previous tenant on 30 August 2017. Shop 17A is one of three shops located at 17-19 Cronulla Street, Cronulla.

**DISCUSSION**

Council engaged the services of a number of local real estate agents to seek a suitable tenant, with the agents working on leasing this property for the past six months. Council received a number of enquiries from potential tenants seeking short term 3 month leases for pop-up type shops, however non of these were considered suitable.

Council recently exhibited its Masterplan for Cronulla Mall showing an expanded library located in place of this shop and its two adjoining shops at 17-19 Cronulla Street. During the leasing process potential tenants raised some concern with this and indicated reluctance to carry out costly shop fitout without long term lease certainty.

Council received an application from Sportsgirl Pty Ltd to lease 17A, 17-19 Cronulla Street, Cronulla. Due diligence has been undertaken including review of the applicant's financial capacity to pay rent and its previous business experience. Council officers negotiated with the proposed tenant favourable financial terms for a three year lease with a three year option period. (Financial Terms are included as Appendix B under separate cover.)

**RESOURCING STRATEGY IMPLICATIONS**

Council owns a number of investment properties; all income is paid into General Revenue. In addition to its annual income this property has enjoyed capital growth, attributable to its prominent location within Cronulla Mall and the growth in the Sydney retail property market. Considering this properties rate of return (detailed within Appendix B under separate cover), it is recommended Council continue to hold this property in its investment portfolio, rather than consider its sale at this time.

The lease as proposed will secure a revenue stream for a Council owned commercial property. The proposed lease is the responsibility of the Property Services Unit utilising existing resources.

**STRATEGIC ALIGNMENT**

Community Strategic Plan Strategy	Delivery Program (2017-2021) Deliverables
5. A prosperous community	5A.5 Ensure our commercial centres foster an environment that stimulates and supports sustainable economic growth.

**POLICY AND LEGISLATIVE REQUIREMENTS**

The proposed lease meets the principles of Council's Commercial Leasing Policy.

**CONCLUSION**

The proposed lease to Sportsgirl Pty Ltd will provide this vacant shop with a secure and drawcard retail tenant for a term of three years with a three year option and ensures Council receives revenue for its commercial rental property portfolio.

**RESPONSIBLE OFFICER**

The officer responsible for the preparation of this report is the Property Services Manager Lani Richardson, who can be contacted on 9710 0614.

File

Number:

2015/36863



**CONFIDENTIAL REPORTS FROM OFFICERS**

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In accordance with Section 10A(1) of Local Government Act 1993, the following matters will be considered in the Closed Session:

**SER006A-18      OUTCOME OF COMMERCIAL NEGOTIATIONS FOR COUNCIL LAND AT 45 -  
49 CROYDON STREET, CRONULLA**

**Section 10A(2)(c)(pur) Information that would, if Disclosed, Confer a Commercial Advantage on a Person with Whom the Council is Conducting (or Proposes to Conduct) Business:**

This matter is being considered in Closed session as it relates to a proposal for the sale or purchase of land where prior knowledge of this proposal could confer an unfair financial advantage on any person. On balance, the public interest in preserving the confidentiality of information about the reserve price outweighs the public interest in maintaining openness and transparency in council decision-making because the disclosure of this information would put the Council at a competitive disadvantage in its negotiations with a prospective purchaser, preventing it from achieving a 'best value for money' outcome for the community.