



City of Busselton

Geographe Bay

Supplementary Items

Council Agenda

28 November 2018

ALL INFORMATION AVAILABLE IN VARIOUS FORMATS ON REQUEST

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CITY OF BUSSELTON

SUPPLEMENTARY ITEMS FOR THE COUNCIL MEETING TO BE HELD ON 28 NOVEMBER 2018

TABLE OF CONTENTS

ITEM NO.	SUBJECT	PAGE NO.
8.	CONFIRMATION AND RECEIPT OF MINUTES	3
8.3	Minutes of the Airport Advisory Committee Meeting held 21 November 2018.....	3
12.	REPORTS OF COMMITTEE	4
12.3	Airport Advisory Committee - 21/11/2018 - HANGAR PARKING AT BUSSELTON MARGARET RIVER AIRPORT	4
12.4	Airport Advisory Committee - 21/11/2018 - LEASING AT BUSSELTON MARGARET RIVER AIRPORT	8

8. CONFIRMATION AND RECEIPT OF MINUTES

Committee Meetings

8.3 Minutes of the Airport Advisory Committee Meeting held 21 November 2018

RECOMMENDATION

That the Minutes of the Airport Advisory Committee Meeting held 21 November 2018 be noted

12. REPORTS OF COMMITTEE

12.3 Airport Advisory Committee - 21/11/2018 - HANGAR PARKING AT BUSSELTON MARGARET RIVER AIRPORT

SUBJECT INDEX:	Busselton Margaret River Airport
STRATEGIC OBJECTIVE:	An innovative and diversified economy that provides a variety of business and employment opportunities as well as consumer choice.
BUSINESS UNIT:	Commercial Services
ACTIVITY UNIT:	Busselton Margaret River Airport
REPORTING OFFICER:	Project Officer Contracts and Tendering - Ben Whitehill
AUTHORISING OFFICER:	Director, Community and Commercial Services - Naomi Searle
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Nil

This item was considered by the Airport Advisory Committee at its meeting on 21 November 2018, the recommendations from which have been included in this report.

PRÉCIS

This report provides the Council with recommended Fees and Charges for Hangar Parking at Busselton Margaret River Airport. It is proposed these Fees and Charges would apply from 1 April 2019.

BACKGROUND

The City purchased two hangar buildings at Busselton Margaret River Airport in May 2018. Each hangar building is separated into individual compartments. The majority of the individual hangars are leased to individuals until 31 March 2019 as part of the deal negotiated to purchase the hangars.

It is the City's intention to use the existing hangar buildings to create an emergency services precinct and officers are currently negotiating with relevant emergency services providers for long term leasing arrangements (up to twenty years) in the existing buildings.

The existing hangar owners have been made aware of the City's intentions and have been encouraged to take up leases in the new general aviation precinct north of the existing terminal, which has been purpose built as part of the Airport Development Project.

In general it is not practical having emergency services operations mixed in with general aviation. However in the short term it is unlikely that emergency services operators will lease all of the space available within the existing hangar buildings. Officers are proposing that the vacant hangar space should be made available to operators for aircraft parking; providing an additional revenue stream for the City whilst emergency service operators are sought.

STATUTORY ENVIRONMENT

Section 6.16(3) of the Local Government Act (the "Act") states that a schedule of fees and charges is to be adopted by the Council when adopting the annual budget, however fees and charges may also be imposed during a financial year.

Section 6.16 of the Act states that a local government may impose and recover a fee or charge for any goods or services it provides or proposes to provide, other than a service for which a service charge is imposed.

Section 6.17 of the Act further states that in determining the amount of a fee or charge for goods and services, a local government is to take in to consideration the following factors:

- 1) The cost to the local government of providing the service or goods;
- 2) The importance of the service or goods to the community; and
- 3) The price at which the service or goods could be provided by an alternative provider.

Section 6.18 of the Act clarifies that if the amount of any fee or charge is determined under another written law, then a local government may not charge a fee that is inconsistent with that law.

Pursuant to Section 6.19 of the Act, local public notice must be given should fees and charges be adopted outside of the annual budget adoption process.

The above matters have been considered as part of the development of the new fees and charges in this report.

Clause 1.5 *Busselton Regional Airport Local Law 2012* states that the Local Government Property Local Law applies to the Airport as if the Airport Land were 'local government property' for the purposes of that local law. The new fees and charges will be managed through the issue of permits under the *Busselton Regional Airport Local Law 2012* and the *Local Government Property Local Law 2010*.

RELEVANT PLANS AND POLICIES

There are no plans or policies relevant to this matter.

FINANCIAL IMPLICATIONS

The adoption of the new fees and charges has the potential to create additional revenue for Council.

LONG-TERM FINANCIAL PLAN IMPLICATIONS

The adoption of the new fees and charges has the potential to create additional revenue for Council.

STRATEGIC COMMUNITY OBJECTIVES

The officer recommendation principally aligns with Key Goal Area 4 – Economy (Diverse, resilient, prosperous) of the City's Strategic Community Plan 2017 and more specifically the following community objectives:

- 4.1: An innovative and diversified economy that provides a variety of business and employment opportunities as well as consumer choice.
- 4.2: A community where local business is supported and in turn drives our economy.

RISK ASSESSMENT

An assessment of the potential implications of implementing the officer recommendation have been undertaken and no risks were identified where the residual risk, once controls are considered, is rated as medium or high.

CONSULTATION

It is not considered that external consultation is necessary.

OFFICER COMMENT

The leases of the individual compartments in the existing hangar buildings expire on 31 March 2019. The City is working with emergency service providers to enter into longer term leases and create an emergency services precinct at the airport.

In the short to medium term there is likely to be some hangar parking space available in the existing hangar buildings which the City could make available to operators to generate additional revenue. The proposed mechanism for achieving this is by introducing a new fee and charge for hangar parking at Busselton Margaret River Airport.

When setting the level for the new fee and charge officers have taken into account the following factors:

- 1) the cost of providing the goods and services including that electricity, council rates and other outgoings will not be charged to persons paying the parking fee;
- 2) the price of the service or goods from alternative suppliers;
- 3) the requirement of a minimum 200m² parking space.

The City of Geraldton imposes a hangar parking fee of \$2.00 per square metre per week and offers longer term hangar parking arrangements by negotiation. The City of Geraldton fee is not subject to a minimum size parking space. Due to the compartmentalised design of the existing hangar buildings at Busselton Margaret River Airport officers propose to impose a minimum parking space of 200m² consequently the City has reduced the rate per square metre (in comparison to Geraldton).

Finally the recommended fee and charge is at a level that is likely to (in the short to medium term) incentivise general aviation operators to relocate to the new general aviation precinct where tenants will be able to have certainty of tenure for up to twenty years and pay a cheaper ground rental (compared to the Hangar Parking Fee in the existing hangar buildings). This will serve the dual benefit of separating general aviation from emergency services and encouraging new development in the new general aviation precinct.

On the basis of the above the following new fees and charges are proposed:

DESCRIPTION	DRAFT FEE 2018/19 (Excl GST)	GST	DRAFT FEE 2018/19 (Inc GST)
<u>BUSSELTON MARGARET RIVER AIRPORT</u>			
-			
Hangar Hire Parking Fee (minimum 200m ²)	-	-	-
Rate per square metre per week	\$1.00	\$0.10	\$1.10
Long Term Hangar Parking Fee – by negotiation	-	-	-

The new fees and charges for hangar parking have been designed to provide an opportunity for operators to pay a fee to park aircraft in the existing hangar buildings whilst giving the City flexibility to transition hangar space to emergency services operators in a timely manner.

CONCLUSION

It is recommended that Council adopt the new Fees and Charges in this report for hangar parking at Busselton Margaret River Airport to commence 1 April 2019. Adoption of the new fee will allow operators to pay a fee to park aircraft in the existing hangar buildings whilst giving the City flexibility to transition hangar space to emergency services operators in a timely manner as opportunities arise.

OPTIONS

The Council may decide to wait until all Fees and Charges for the City's services are reviewed for adoption in line with the budget development process for 2019/20. However this may have a negative impact on the revenue for the Airport.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

If adopted by Council, the Schedule of new Fees and Charges for the Airport will become effective from 1 April 2019. Public Notices of the new Fees and Charges will published immediately.

COMMITTEE RECOMMENDATION AND OFFICER RECOMMENDATION

That the Council endorses the Fees and Charges as detailed in the "Draft Fee 2018/19 (excl. GST)" column of the following Schedule of Fees and Charges; effective from and including 1 April 2019:

DESCRIPTION	DRAFT FEE 2018/19 (Excl GST)	GST	DRAFT FEE 2018/19 (Inc GST)
<u>BUSSELTON MARGARET RIVER AIRPORT</u>			
-			
<u>Hangar Hire Parking Fee (minimum 200m²)</u>	-	-	-
Rate per square metre per week	\$1.00	\$0.10	\$1.10
Long Term Hangar Parking Fee – by negotiation	-	-	-

12.4 Airport Advisory Committee - 21/11/2018 - LEASING AT BUSSELTON MARGARET RIVER AIRPORT

SUBJECT INDEX:	Busselton Margaret River Airport
STRATEGIC OBJECTIVE:	Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Commercial Services
ACTIVITY UNIT:	Busselton Margaret River Airport
REPORTING OFFICER:	Project Officer Contracts and Tendering - Ben Whitehill
AUTHORISING OFFICER:	Director, Community and Commercial Services - Naomi Searle
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Attachment A LG3P Disposing of Property (General Aviation Precinct leases) ↓
	Attachment B Disposing of Property (Leases at Busselton Margaret River Airport) ↓
	Attachment C LG3P Disposing of Property (General Aviation Precinct leases) - Committee Recommended ↓

This item was considered by the Airport Advisory Committee at its meeting on 21 November 2018, the recommendations from which have been included in this report.

PRÉCIS

Officers are seeking a Delegation of Authority from Council to the CEO to enter into certain lease agreements at Busselton Margaret River Airport (LG30 Disposing of Property - Leases at Busselton Margaret River Airport) (Attachment B). The report also recommends the rescission of existing delegation LG3P Disposing of Property (General Aviation Precinct leases) (Attachment A).

BACKGROUND

Busselton Margaret River Airport is a significant commercial operation of Council. The airport has an extensive range of leasing opportunities including up to 36 individual hangar sites in the new general aviation precinct, up to 12 hangars within the existing hangar buildings owned by the City, leases within the new and existing terminal buildings and other sites on the airport precinct.

Under the standard process for disposing of property by way of lease there is a significant time cost and administrative burden. Typically it involves the following steps:

- initial engagement with potential tenant and negotiation of key terms (2 weeks);
- local public notice of proposed disposition (minimum 2 weeks);
- preparation of Council report and consideration by Council (minimum 4 weeks).

This means that to enter into a routine, simple lease a potential tenant can be left waiting for up to two months after the key terms have been negotiated. This does not meet the expectations of individuals and smaller businesses who want to be able enter into a lease soon after finalising negotiations.

The existing delegation LG3P 'Disposing of Property (General Aviation Precinct leases) for leases in the new general aviation precinct improves efficiency in the new general aviation precinct, however this does not address other leases on the airport site for example the existing hangar buildings now owned by the City.

Officers are proposing a new delegation of authority (LG30) 'Disposing of Property (Leases at Busselton Margaret River Airport) (Attachment B) to improve the efficiency for all routine commercial leases at Busselton Margaret River Airport. Significant commercial and strategic leasing opportunities, for example the Qantas Pilot Training Academy, would still be subject to consideration by Council.

STATUTORY ENVIRONMENT

Section 5.42(1)(a) of the Local Government Act 1995 (Act) allows Council to delegate to the CEO the exercise of any of its powers or the discharge of any of its duties under the Act, other than those referred to in section 5.43. The Act prescribes that any such delegation requires an absolute majority vote of Council.

Section 3.58 of the Act deals with the disposition of property by public auction, tender and otherwise which requires the Local Government to advertise for public comment the proposed disposition of property (by way of lease) for a minimum of 14 days and include details of the parties, the consideration of the disposal and consider any public comment prior to entering into the proposed lease agreement.

RELEVANT PLANS AND POLICIES

Delegation LG3C – Disposing of Property, the proposed delegation is in addition to the powers and duties relating to other dispositions of property that are specified in Delegation LG3C.

FINANCIAL IMPLICATIONS

There are no direct financial implications contained within this report.

LONG-TERM FINANCIAL PLAN IMPLICATIONS

There are no direct financial implications contained within this report.

STRATEGIC COMMUNITY OBJECTIVES

The new delegation aligns to the Council's Key Goal Areas 4 - Economy and 6 - Leadership and specifically, the following Community Objective/s:

- a. 4.2: A community where local business is supported and in turn drives our economy;
- b. 6.1: Governance systems, process and practices are responsible, ethical and transparent.

RISK ASSESSMENT

There are no identified risks of a medium or greater level associated with the Officer recommendation.

CONSULTATION

No external consultation is required in relation to the Officer recommendation.

OFFICER COMMENT

The purpose of the new delegation is to improve the administrative efficiency of leasing at Busselton Margaret River Airport. Individuals and small businesses expect to be able to enter into leases in a timely manner. Therefore to ensure that potential leasing opportunities are not lost as a result of administrative inefficiencies officers are proposing a new delegation for leasing at the airport.

The delegation is proposed to be limited as follows:

1. the property being land located at Busselton Margaret River Airport;
2. the means of disposal being a lease;
3. the term of the lease (including options) being up to a maximum of 20 years;
4. the initial annual market rental value of the lease being less than:
 - a) \$10,000.00 for a ground lease; and
 - b) \$50,000.00 for any other lease.
5. At least every six months City officers must provide Councillors a summary and update of leases entered into under this delegation.

Public notice for a minimum of two weeks inviting submissions is still required pursuant to section 3.58 of the Act.

If the delegation is not adopted Officers believe there is a risk that potential leasing opportunities will be lost as parties become frustrated with the time required to enter into a lease.

The delegation will significantly reduce the turnaround time and improve efficiency for routine leasing matters maximising the likely success of commercial negotiations allowing the Council and officers to focus on strategic opportunities at the airport.

CONCLUSION

The rescinding of existing delegation LG3P and the adoption of the new delegation LG30 will improve the efficiency of leasing at Busselton Margaret River Airport. It will significantly reduce turnaround times on routine leasing matters at Busselton Margaret River Airport allowing Council to more effectively use its time to undertake a more strategic role.

OPTIONS

The Council may decide not to rescind the existing delegation, not approve the new delegation or amend the proposed or existing delegation.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The rescinding of Delegation LG3P and adoption of new delegation LG30 will become effective the day following the decision of Council.

OFFICER RECOMMENDATION**ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED**

That the Council:

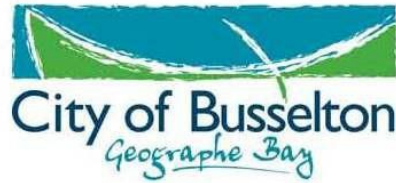
1. Rescinds Delegation LG3P – Disposing of Property (General Aviation Precinct Leases) (Attachment A)
2. Adopt new Delegation LG3O – Disposing of Property (Leases at Busselton Margaret River Airport) (Attachment B)

COMMITTEE RECOMMENDATION**ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED**

That the Council:

1. Rescinds Delegation LG3P – Disposing of Property (General Aviation Precinct Leases) (Attachment A)
2. Adopt new Delegation LG3O – Disposing of Property (Leases at Busselton Margaret River Airport) with the inclusion of “the disposition not being of a significant commercial and strategic nature; and” to the conditions as point 5 and renumber point 5 to point 6 (Attachment C)

Reason: The Committee felt that a clear reflection of the reports intent for significant commercial and strategic leasing opportunities to still be subject to consideration by Council should be included in the delegation.



Instrument of Delegation

Reference Number	Local Government Act Reference	Delegate	Delegation Subject
LG3P	Section 3.58	Chief Executive Officer	Disposing of Property (General Aviation Precinct leases)

Delegator

Council

Powers/duties delegated

To exercise the powers and discharge the duties of the local government under section 3.58 of the *Local Government Act 1995* in relation to the new land lots at the new Busselton Margaret River General Aviation Precinct by:

1. Negotiating the terms and conditions of new lease agreements;
2. Advertising the proposed disposition of property (by way of lease) in accordance with s 3.58 of the Act; and
3. Enter into new lease agreements.

Conditions

A new lease agreement may only be entered into where no significant adverse public comments have been received following advertisement of the proposal to dispose (by lease) of the property.

Statutory Framework

Council is exercising its power of delegation under section 5.42 of the *Local Government Act 1995*, to delegate the exercise of specified powers and discharge of specified duties to the CEO.

Verification

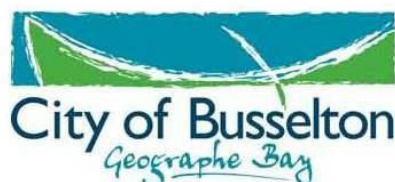
Initial Council Resolution
C1806/120

Review Requirements

In accordance with the requirements of *Section 5.46(2)* of the *Local Government Act 1995*, at least once every financial year.

Related Documents

The delegations specified in this instrument are in addition to other delegations of powers and duties relating to other dispositions of property that are specified in Instrument of Delegation LG3C Disposing of Property.



INSTRUMENT OF DELEGATION

Reference Number	Act Reference	Delegates	Delegation Subject
LG30	<i>Local Government Act 1995</i> s.3.58(2), (3) and (4)	Chief Executive Officer	Disposing of Property (Leases at Busselton Margaret River Airport)

Delegator

Council

Power/Duty

To exercise the power to dispose of property and discharge the duties of the local government under section 3.58(2), (3) and (4) of the *Local Government Act 1995 (Act)*.

Conditions

This delegation is subject to:

1. the property being land located at Busselton Margaret River Airport;
2. the means of disposal being a lease;
3. the term of the lease (including options) being up to a maximum of 20 years;
4. the initial annual market rental value of the lease being less than:
 - a. \$10,000.00 per annum for a ground lease; and
 - b. \$50,000.00 per annum for any other lease;
5. at least every six months City officers must provide Councillors a summary and update of leases entered into under this delegation.

Statutory Framework

Council is exercising its power of delegation under Section 5.42 of the *Local Government Act 1995*.

Verification

Recent Council Resolution

<<insert council resolution number>>

Initial Council Resolution

<<insert council resolution number>>

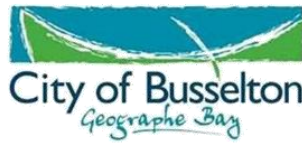
Review Requirements

In accordance with the requirements of Section 5.46(2) of the *Local Government Act 1995*, at least once every financial year.

Related Documents

The delegations specified in this instrument are in addition to other delegations of powers and duties relating to other dispositions of property that are specified in Instrument of Delegation LG3C Disposing of Property.

Notes of Alteration
Nil



INSTRUMENT OF DELEGATION

Reference Number	Act Reference	Delegates	Delegation Subject
LG30	<i>Local Government Act 1995</i> s.3.58(2), (3) and (4)	Chief Executive Officer	Disposing of Property (Leases at Busselton Margaret River Airport)

Delegator

Council

Power/Duty

To exercise the power to dispose of property and discharge the duties of the local government under section 3.58(2), (3) and (4) of the *Local Government Act 1995 (Act)*.

Conditions

This delegation is subject to:

1. the property being land located at Busselton Margaret River Airport;
2. the means of disposal being a lease;
3. the term of the lease (including options) being up to a maximum of 20 years;
4. the initial annual market rental value of the lease being less than:
 - a. \$10,000.00 per annum for a ground lease; and
 - b. \$50,000.00 per annum for any other lease;

5. the disposition not being of a significant commercial and strategic nature; and

5-6. at least every six months City officers must provide Councillors a summary and update of leases entered into under this delegation.

Statutory Framework

Council is exercising its power of delegation under Section 5.42 of the *Local Government Act 1995*.

Verification

Recent Council Resolution
<<insert council resolution number>>

Initial Council Resolution
<<insert council resolution number>>

Review Requirements

In accordance with the requirements of Section 5.46(2) of the *Local Government Act 1995*, at least once every financial year.

Related Documents

The delegations specified in this instrument are in addition to other delegations of powers and duties relating to other dispositions of property that are specified in Instrument of Delegation LG3C Disposing of Property.

Notes of Alteration
NII

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