

OFFICERS' ADVICE**EIBC – TOM MORRISSEY BUILDING REFRESH**

Submitting Councillors: Crs Little, Paterson and Saloumi

MOTION

1. *That Council provides the EIBC with a loan of up to \$270,000 to enable the Tom Morrissey building refresh and the establishment of a 130-person function space in the Jessie Tait building.*
2. *That the loan be provided over 15 years with monthly repayments.*
3. *That the loan be provided at an interest rate of 0%.*

The Eastern Innovation Business Centre is a place where businesses connect to:

- Services to help them accelerate
- Other future-focussed businesses, like-minded, innovation-savvy people, suppliers and future clients
- Council and its Economic Development initiatives and programs
- Other Government Agencies, Councils and their offerings
- High impact employees and interns

The Jessie Tait Building which was opened in 2015 is a prime example of a modern offering for those that are leading the way in the future of work. The businesses tenanted in this building are developing and commercialising products and services. Unfortunately, the space within this building for expansion from start-up to established business is limited.

A refresh of facilities at the Tom Morrissey Building which opened in 1999 and extended in 2007, will allow the clients from the Jessie Tait Building to expand further and relocate into larger, more private spaces, in the same modern equivalent environment enjoyed in the Jessie Tait Building. This means that the two buildings will complement each other and have a seamless feel.

The refresh will allow for the creation of a 130 person (theatre style)/90 seat cabaret style event space in the Jessie Tait Building and will create;

- An affordable event space for future-focussed events, business events and conferences,
- A modern meeting space for Council events and regional LGA collaboration events

The current lease agreement between Council and the EIBC commenced in mid-2015 and continues for a 10 year term with an option for an additional term of 10 years.

The maintenance schedule contained within the lease agreement determines liability for repair, maintenance and renewal of building fixtures and fittings. Generally all tenant improvements and alterations to the premises are borne at the tenants cost. This includes the removal of partitioning, painting and the installation of modern office furnishings.

The floor coverings and surfaces of the buildings are the responsibility of the tenant to repair and maintain where applicable. However the renewal of these surfaces and coverings is silent within the lease and therefore considered the landlords responsibility to replace at the end of its useful life.

Council has recently completed a condition audit on all Council owned built assets and generally includes external structure, internal fixtures/fittings and building services. The audit provides a condition rating for each element (walls, floor, ceiling, etc.), it also estimates remaining useful life of the element and estimates the cost of replacement for that element.

In relation to the carpets/floor coverings within the Tom Morrissey Building, the condition audit has rated the carpets as in poor condition for part of the building and these require replacement/renewal in 2019, and fair condition for the remaining areas of the building and these require renewal in 2022. The estimated replacement cost for comparable floor covering/carpets is \$130,000. This would mean that the EIBC could review the amount of borrowing that they may require from Council.

BUDGET IMPLICATIONS

If passed, the Notice of Motion would require a budget allocation to the EIBC that has not been factored into the draft budget for 2018-19. If resolved, this amount could be re-allocated from the development reserve and replenished over the course of the repayment period.

Given that Council has a number of tenants who lease facilities from Council, this potential outcome arguably sets a precedent for similar approaches to Council. Council may consider acting as “Guarantor” to the EIBC where the EIBC will service a bank loan plus bank interest rates.

In either of the above scenarios the lease agreement would need to be amended to include provisions to satisfy these additional terms. Should Council resolve to loan the amount, it is recommended that EIBC make quarterly payments to reduce resource requirements.

Whilst the concerns about precedent should be factored in to any decision, the proposal remains worthy of support given the improvements to the useability and functionality of the building. This situation is unique in that Council established the functions on the land, and maintains a direct interest and involvement in the on-going viability and success of the facility.

IMPACT ON INTERNAL RESOURCES

The lease requires that any improvement works undertaken by the tenant should be in accordance with plans and specifications approved by Council, to Council’s reasonable satisfaction and under the supervision of Council’s architect or consultant. This project may require 1 day per month for 6 months and would be resourced as part of an existing work program.

COUNCIL PLAN AND COUNCIL POLICIES

This motion relates to the Council Plan Strategic Objective of Monash being “An Inclusive Community’ – Our people and our communities are health, connected and engaged.

WORK UNDERTAKEN BY OFFICERS OR COMMITTEES

N/A