Confidential Item

For Council meeting to be held on

Tuesday 3 October 2017 at 7.30 pm

Refer Item 11.7

Confidential Item

11.7 Lease of Premises, Steve Woodcock Sports Centre for the Campbelltown City Soccer and Social Club Inc.

TRIM Reference: B408/4 Property Officer, Mario Scalzi's Report

Purpose of Report

To consider the formal response from the Campbelltown City Soccer and Social Club Inc in relation to entering into a new lease of the Steve Woodcock Sports Centre.

Strategic Plan Link

Strategy 1.3.1 Provide leisure services that deliver a wide range of sporting, leisure and recreational opportunities

Strategy 2.5.6 provide timely and relevant financial information to help make informed decisions

Background

At its meeting on 18 October 2016 Council considered a report prepared for consideration of new lease agreements for Sporting Clubs.

After an extensive staff review into new leases and information provided to Council, Council resolved that:

> **'**It endorse the following general terms for all new leases with organisations associated with a sporting field:
>
> - all new leases shall be for a maximum of five (5) years
> - all new leases shall provide the building on a 'peppercorn' lease of $1 per annum
> - all new leases shall be based on the lease being restricted to the building(s) on the site and all ovals/pitches shall be hired by the lessee in accordance with Council's Fees and Charges Schedule, including the maintenance levy
> - lessees shall be responsible for payment of all rates, taxes and outgoings applicable for the property including building contents insurance
> - lessees shall be responsible for taking out contents insurance for all equipment and other contents applicable to their use and also Public Liability Insurance

- Council shall apply a $3 per hour, per pitch/oval hired maintenance levy to be incorporated into the hire fees in accordance with Council's Fees and Charges Schedule where an organisation has a lease over the building (or part thereof) at that facility, introduced over a two (2) year period commencing in 2017/2018 with the first year charged at $1.50 per hour per pitch

- there shall be no subletting of the premises without Council approval; however one off hires of the premises shall be allowed from time to time

- Council reserves the right to allow use of the leased premises to other organisations when the premises are not in use with the net income (in accordance with Council's Fees and Charges Schedule) derived from that arrangement being provided to the lessee as additional income

- Maintenance Table be an annexure to the lease which will specify which party is responsible for carrying out identified tasks and which party is liable to pay for the cost of such work, and that it

delegate the authority to Chief Executive Officer to negotiate and finalise new leases with all sporting organisations if they are consistent with the general terms listed above and that the Council Facilities Hire Policy be altered accordingly.'

The Campbelltown City Soccer & Social Club Inc's lease of the premises at Steve Woodcock Sports Centre expired on 31 March 2016 however the Club was advised that Council will place the expired lease on a monthly 'holding over' period to provide the Club existing rights until such time that a new lease agreement can be negotiated.

In November 2016 the Club was advised of Council's resolution of 18 October 2016 into new sporting club leases and that Staff would be commencing negotiations with the Club to formalise a new lease agreement based on Council's resolution.

During the next ten (10) months Staff have held numerous meetings with Club officials, the latest being Staff attendance at the Soccer Club's Board meeting on 4 September 2017. Staff once again sought, after numerous attempts, to have the Club provide Council a response for Council's consideration of a new lease. Their proposal has now been received and is attached to this report together with the Chief Executive Officer's acknowledgement letter.

It is noted that during these negotiations, the existing sub lessees of the Soccer Club, being the Athelstone Kindergym and the Houghton Table Tennis Club, have been patiently awaiting a new lease agreement with Council considering the Council's resolution that there shall be no subletting of the premises without Council approval.

Draft leases were prepared for these two (2) organisations and presented to them for consideration. The Soccer Club's original position was that it was their preference to have the sub lessees removed from the premises so that the Soccer Club could use those spaces, however that position quickly changed when advised that Staff would not be recommending for Council to consider the sub lessees being asked to leave the site.

The Soccer Club during further negotiations reconsidered their stance in respect of terminating the sub leases and asked Staff to hold off further negotiations with the sub lessees so they could offer the sub lessees attractive new sub lease agreements with Council's approval. This initiative was accepted by the sub lessees however the offer put to them was not as attractive as first thought and both organisations are once again concerned with their future and would prefer to have the lease of their premises direct with Council. In the meantime the sub lessees still pay a higher lease fee during this period.

This process will be further explained in the discussion.

Discussion

The Campbelltown City Soccer and Social Club have been presented with Council's position in regards to new leases for sporting groups and has also been offered generous concessions considered reasonable by Council taking into account the Soccer Club's history, size and the vast expanse of land it currently occupies which differs greatly from other sporting organisations.

The Club has maintained a stance that it would not be accepting some, if not all, of the Council's requirements.

Of particular concern to the Club was the requirement that all new leases be for a period of five (5) years and the payment of pitch hire fees which the Club has not previously had to bear because of past Council decisions regarding the lease of the premises.

These new requirements are included in all other new sporting leases and will be negotiated by Staff as existing leases come to their conclusion. To date there has been no issue with other organisations when negotiating new leases. The Club's position on this is that a five (5) year lease would be counterproductive for their long term planning for the site. Contrary to the Club's claim that Council advised them that only a five (5) year would be entertained, Staff have offered the Club on numerous occasions the option of seeking Council's approval for a longer term lease. A lease longer than five (5) years requires public consultation to be undertaken and that process was explained taking into account Community Land implications. However whilst the offer to seek a longer term was always offered, even at the meeting on 4 September 2017, it was never formally requested and has now been accepted as a new five (5) year term, albeit begrudgingly.

In respect of the payment of pitch hire fees, the Club will be required to pay Council these hire fee for all its pitches, including the $3 per hour per pitch/oval hired maintenance levy. This levy will be introduced over a two (2) year period commencing in 2017/2018 with the first year charged at $1.50 per hour per pitch.

The Club has previously raised concern with the total amount payable for all pitches considering it is likely that the Club will be hiring the pitches for approximately 3,000 hours per season. Although noted in the Club's proposal that the amount payable for pitch hire would be approximately $72,000 per annum, Staff are unaware as to the formula this amount has been derived from as from initial discussions with the Club it is likely to be more than the figure they are now quoting.

Noting the introduction of the fees for the first time, Council considered and offered the Club a generous concession rate on these fees as it was considered a significant impost on the Club's finances in one year, especially since the Club has not paid pitch hire fees before.

With Council's agreement a proposal to not charge the Club any pitch hire fees in the first year of the new lease and then commence charging 20% of the total cost in the second year, 40% in the third year, 60% in the fourth year and 80% in the 5th year was put forward to the Club for consideration and as a result of this staged approach the Club will not have to bear the full cost of pitch hire, like all other Clubs do, until 2022.

The Campbelltown City Soccer and Social Club have been provided with a fair and equitable lease arrangement, especially in regards to fees payable, of which a lease arrangement of this kind has not been offered to any other sporting organisation. This can in part be attributed to the Soccer Club having contributed significantly to the upgrading of the facility which is acknowledged by the generous concessions. However it should also be acknowledged that Council has been very supportive of the Soccer Club and provided a higher level of support compared to what other sporting clubs have had to pay over the years of usage of their grounds and facilities. Attached to the report is a letter written by the Chief Executive Officer detailing how the Club has been supported over the years.

The Club's formal proposal for a new lease is attached for Council's perusal and consideration. The following table illustrates the existing lease conditions, the current income derived from sub tenants, the Club's proposal and the new lease requirements as per Council's resolution:

Current Lease Requirements	**Current Club commitments**	**Current Club income from sub leased tenants**	**Club proposal**	**New Lease requirements and commitments**
Loan Repayment	$10,000 pa (outstanding amount $90,000)	N/A	New request by Club to have waived	$10,000 pa (outstanding amount $90,000)
Building Maintenance	$13,967 pa	N/A		Nil
Pitch Maintenance Contribution	$15,000 pa	N/A	Agree	Nil
Building Rental Fee	$473 pa	N/A	Agree	Nil
Building Insurance	$9,660 pa	N/A	Agree	$9,660 pa
Water Costs	Supply charge only	N/A	Agree	Supply charge only

Current Lease Requirements	**Current Club commitments**	**Current Club income from sub leased tenants**	**Club proposal**	**New Lease and sub lease requirements and commitments offered by Council**
HTTC (Houghton Table Tennis Club) Sub Lease	Nil	$22,000 pa plus $6,000 pa electricity charges paid to Club	$11,000 pa plus agreed utility charges to be determined **(Houghton Table Tennis Club have indicated that they will not agree with this proposal)**	$8,000 pa plus outgoings paid to Council (Club potentially can retain sub lease based on Council's rent rate and current electricity charges, subject to Council approval)
AKG (Athelstone Kindergym)	Electricity charges	$15,000 pa inclusive of utilities	$7,500 pa plus approximately $3,000 utility charges **(Athelstone Kindergym indicate they will not agree to this proposal)**	$4,500 pa plus outgoings paid to Council (Club can retain sub lease based on Council's set rent rate and no outgoings)
Pitch Hire Fees	Nil	N/A	$55,000 fixed rate for all pitches with exclusive use of the pitches for the life of the lease and that they be phased in: Year 1 Nil Year 2 $11,000 Year 3 $22,000 Year 4 $33,000 Year 5 $44,000	Total Hire Fees Year 1 Nil Year 2 20% Year 3 40% Year 4 60% Year 5 $80% Thereafter 100% (based on actual usage in accordance with Council's adopted Fees and Charges Schedule)
Fixed Pitch Hire Fees for term of lease	Nil		New request	CPI Increases applicable

Current Lease Requirements	Current Club commitments	Current Club income from sub leased tenants	Club proposal	New Lease and sub lease requirements and commitments offered by Council
Facility Improvements	Nil		New request for Council to fund all new capital/or funded through grants	Consideration on a case by case basis in accordance with Council's resolution as these decisions are generally based on matching contribution from the Club and Council
Strategic Plan			Submission of Strategic Master Plan	Good initiative and Staff support this outcome
Lease start date			1 January 2018	Agree 1 January 2018

The above highlights the Club's proposal versus Council's requirements and concessions with the Club's detailed reasons for their proposal included in their formal proposal attached.

In respect of the Club's correspondence, a number of issues are raised for consideration by the Club, in particular how a five (5) year lease 'will make it increasingly difficult for the club to retain the confidence of its membership and stakeholder base and consequently also the securing of investment funding and support needed to resurrect the Club*.'*

The introduction of a five (5) year lease has been embraced by all other sporting clubs and seen as a solid commitment by the Council and the Club to maintain / improve the facility and continue to deliver its services with the understanding that a shorter term will allow both Council and Club the opportunity to revisit an renegotiate a new lease prior to the expiration of the existing lease taking into consideration the previous five (5) years.

A five (5) year lease has the added advantage of being able to be approved by Council without the need to undergo a formal public consultation process as is required for leases more than five (5) years in accordance with requirements for leasing of Community Land under the provisions of the Local Government Act 1999.

The statement by the Club that it needs a longer term lease so as to provide confidence and support to resurrect the Club is indeed concerning, especially combined with comments in their lease proposal that the Club simply cannot afford the payments requested for pitch hire and other costs. The Club is successfully making its financial repayments to Council for the installation of the new lights installed on the main pitch and other fees and with an estimated income of junior player fees being approximately $500,000 per annum it is deeply concerning that such income is not enabling the Club to not only survive but indeed thrive. Albeit it is acknowledged that with such a large facility to care for, the cost of utilities would be high and presumably will continue to rise in the future.

Staff believe it has made all reasonable attempts to negotiate a good outcome for all parties and provide the Club concessions not offered to other organisations. The negotiating meetings held between Staff and the Club have at times been tense and difficult however Council Staff have always offered the Club the opportunity to put a proposal to Council for consideration, an offer which has taken some ten (10) months to achieve.

In fairness to the Soccer Club, the sub lessees, Council and the Community, a decision to finalise this matter needs to occur relatively quickly. Ideally it would be beneficial for the Club to enter into a new lease agreement, especially in accordance with Council's previous resolution, albeit with the concessions agreed to.

Should the Club not be prepared to agree to the acceptance of the new lease arrangements, it is recommended that the Club be formally advised that the existing 'holding over' basis of the expired lease shall be terminated provided with the required 30 days' notice and that from that date Council will commence charging the Club casual fees and charges for its use of the pitches in accordance with Council's Fees and Charges Schedule.

A copy of the draft correspondence in this regard is attached for Council's consideration.

Social Implications

The granting of a new lease agreement to the Campbelltown City Soccer and Social Club will provide the Club with security of tenure for the site. The granting of the new lease with Council's lease requirements will ensure the Soccer Club's agreement is in line with all current and new lease agreements with other sporting organisations thus ensuring a fair and equitable arrangement for all organisations in the City of Campbelltown.

Environmental Implications

There are no environmental implications in relation to this report.

Asset Management Implications

The granting of a new lease agreement to the Campbelltown City Soccer and Social Club with the payment of hire pitch fees being required will assist Council funding the maintenance of the pitches and the entire property to a standard befitting this great asset.

Governance / Risk Management

There are no governance / risk management implications in relation to this report.

Community Engagement

There are no Community engagement implications in relation to this report should the proposed lease be for a maximum of five (years).

Regional Implications

The granting of a new lease agreement to the Campbelltown City Soccer and Social Club will provide the sporting fraternity both locally and Statewide a secure site to cater for the ever growing sport of soccer.

Financial Implications

The financial implications in relation to this report are noted in the report. Should a separate metre be installed, there will be an additional cost incurred.

Recommendation

That:

1. **Council hereby provides the Campbelltown City Soccer and Social Club notice that the 'holding over' provision shall cease on Friday 10 November 2017**

2. **Council shall enter into lease agreements with the Athelstone Kindergym at a rate of $4,500 per annum plus outgoings and the Houghton Table Tennis Club at a rate of $8,000 per annum plus outgoings**

3. **Staff install an appropriate electricity meter to capture the Athelstone Kindergym's electricity usage**

4. **Staff continue negotiations with the Campbelltown City Soccer & Social Club Inc in accordance with the Council resolution of its meeting on 18 October 2016 and:**

    - **……..**
    - **……..**
    - **……..**
    - **……..**

Campbelltown City Soccer & Social Club Inc.
Steve Woodcock Sports Centre
Stradbroke Road and Whites Lane, Newton
PO Box 3062, Newton, South Australia, 5074
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Email: office@campbelltowncsc.org.au
Web Site: www.campbelltowncsc.org.au

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Mr Paul Di Iulio
Chief Executive Officer
Campbelltown City Council
172 Montacute Road
Rostrevor SA 5073

20 September 2017

Dear Paul,

Proposal of New Lease Terms from CCSSC to Campbelltown City Council

We refer to our various discussions regarding the proposed new Lease Terms and Conditions between the Council and the Club.

As expressed already, the Club is concerned that the original Terms and Conditions proposed by the Council will result in significant financial and strategic consequences for the Club in respect of its long term viability and sustainability. Being a non-for-profit Club, such outcomes would have a direct negative impact on the wider Campbelltown community and in particular the 500 girls and boys in the community that our Club serve.

Entering into the new lease discussions, the Club has been working on the understanding that it would be no worse off under the new lease than under the present lease arrangement. The proposed new Lease Terms and Conditions do not appear to reflect this notion.

The Council has advised that they can only entertain a 5 year lease in order to be able to negotiate the terms of the proposed lease directly with the Club. In addition to the financial impost being imposed onto the Club through the proposed new lease terms, the very short duration of the lease term will make it increasingly difficult for the Club to retain the confidence of its membership and stakeholder base and consequently also the securing of investment funding and support needed to resurrect the Club.

Notwithstanding the above, the Club is willing to work with the Council to negotiate new lease terms that are amicable and which suit both parties. In order to do this the Club has performed financial analysis and modelling to ensure that the proposed terms and conditions ensure the Club can maintain its growth and financial viability and sustainability into the future.

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It is after this critical analysis and modelling and also preliminary discussions with our sub-tenants that we present to the Council what is financially viable for the Club under the Council's new Leasing Policy and Hire Fee and Maintenance Levy schedule.

What we present below are the worst case scenario implications for the Club and the Club cannot commit itself to any more debilitating financial impost. It represents the Club's bottom line.

The Club is very committed to working collaboratively with the Council and our sub-tenants for the Campbelltown community good and benefit, but it would be professionally irresponsible for the Board to commit otherwise.

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PROPOSED LEASE TERMS & CONDITIONS FROM CCSSC TO COUNCIL	
Terms & Conditions	***$ Effect on CCSC***
• **CCSC has a lease over all the buildings** – Senior & Junior – at peppercorn rate of $1 o *Sub-leases with Kindergym & Table Tennis remain with CCSC* o *Sub-lease rental rates to be revised to 50% of current rates* o *Agreed % of Outgoings payable by sub-tenants (not expected to be absorbed within the new rental rate as has traditionally been the case). Calculation and payment of Outgoings to fairly reflect usage by the respective sub-tenants.* o *In the event of sub-tenant leaving, CCSC has first right of refusal for the premises*	**- $ 18,750**
• **CCSC accepts Pitch Hire & Maintenance fees** o *3,000 hours of playing time usage estimated per season* o *Cannot afford total proposed financial impost of $72,000 approx. (Hire & Maintenance fees)* o *Must be balanced & Offset against CCSC contribution to assets in 2016/2017 - $240,000 in Lights and Solar* ▪ *CCSC has since May 2015 sought new lease terms & conditions.* ▪ *Council dealt with & negotiated with CCSC in respect of the Lights & Solar contracts during 2015/2016.* ▪ *CCSC entered these facility improvement contracts with the legitimate & reasonable expectation that it would get a long 20 year lease and would not be financially worse off under new lease agreement.* ▪ *CCSC entered these facility improvement contracts with no knowledge of a proposed large increase in Pitch and Maintenance hire fees and unfavourable lease terms compared to those over our Club's 54 year history* ▪ *Council advised CCSC of the details of this new lease policy in November 2016, after CCSC had already committed to the Lights and Solar contracts.* ▪ *Had the CCSC known of the new lease policy & the level of the proposed new financial impact, it would not have been financially responsible for the Club to have entered into these facility improvement contracts, and*	

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would not have done so at the time. ○ **CCSC proposes to pay an additional amount of $26,000 p.a. above the current total of $29,000 p.a. (approx.) for Pitch & Building Maintenance fees, to reflect & offset the Club's contribution to facility improvements in 2016/2017.** ○ **CCSC proposes this new total amount of $55,000 p.a. is to be considered a fixed annual rate, with payments made on a monthly basis.**	**- $ 55,000**
• **Council waives all current Building & Pitch Maintenance fees** ○ *Saving of annual repayment of $29k per year*	**+ $29,000**
• **First Year of new arrangement not applicable 2017/2018:** ○ *CCSC needs to formulate new & reasonable financial & Business Plan to effect new deal*	
• **Five Year phase in plan for new fees to apply after First Year**: ○ *20%; 40%; 60%; 80%; 100%.*	
• **Council waives the $85,000 balance of loan CCSC has with the Council.** ○ *Saving of annual repayment of $10k per year*	**+ $10,000**
• **Pitch Hire & Maintenance fees are fixed for CCSC for the full term of the lease:** ○ *CCSC needs certainty for Strategic & Business Planning & future expansion* ○ *Financial certainty & stability required for long term viability & sustainability*	
• **CCSC has exclusive rights to use all the soccer pitches for the full term of the lease**	
Net Financial Impact per year on CCSC for full year:	**- $ 34,750**

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• **Summary of Negative Financial Impact on CCSC based on above terms proposed:** o *2018: Status Quo - Nil* o *2019: $ 11k (20%)* o *2020: $ 22k (40%)* o *2021: $ 33k (60%)* o *2022: $ 44k (80%)* o *2023: $ 55k (100%)*	
• **All future Facility Improvements to be funded by Council and/or Grants** o *Club will not be able to afford CASH contribution to Facility Improvements in the immediate future.*	
• **CCSC will submit a Strategic Plan & Masterplan in next 6 months that will:** o *Provide for Club Growth Plan to retain players:* ▪ *Expand with Amateur Competition teams* ▪ *Retain young players within CCSC that have gone through the Club's junior development program* o *Provide for a future build of new Senior Clubrooms on the hill between Pitch 1 & Pitch 2 & transfer all Senior Soccer activity to that facility, and* o *Enable Council to renovate the existing Senior Clubrooms & make them available for Council to have 2/3 halls available for Community hire.*	
• **New lease start date of January 1st, 2018**	

Yours Sincerely,

Paul Centofanti
Chairman
Campbelltown City Soccer & Social Club.

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COPY

PDI
Ref: B408/4

Enq: Paul Di Iulio
Ph: 8366 9239

22 September 2017

Mr Paul Centofanti
Campbelltown City Soccer & Social Club Inc.
PO Box 3062
NEWTON SA 5074

Dear Mr Centofanti

I acknowledge receipt of your letter of 20 September 2017 regarding your response to the proposed new Lease Terms for Campbelltown City Soccer & Social Club to lease the Steve Woodcock Sports Centre.

Following numerous conversations between you and your Board over an extended period of time I am disappointed in the response as I left our last meeting with the anticipation that we would be able to negotiate a suitable outcome. As I have reiterated on a number of occasions if the Club wishes to entertain a longer term lease, that is possible with Council approval and will require consultation with the Local Community. Therefore could you please confirm whether it is the Clubs preference to enter into a 5 year lease, 21 year lease or 21 + 21 year lease as soon as possible.

Furthermore, you indicated at our most recent meeting that the existing sub tenants were very comfortable with the proposal you had put to them, however we have had recent advice from both sub tenants that they are concerned with what the Club has proposed.

Therefore as there is a number of unresolved matters and the Club is not prepared to enter into a lease agreement which generally reflects the terms and conditions of Council's resolution, this matter will now be referred to Council for their consideration.

I will be in contact with you following Council's deliberations, however in the meantime should you wish to discuss this matter further please contact me at your earliest convenience.

Yours sincerely

Paul Di Iulio
Chief Executive Officer



DRAFT

MS
Container Ref: B408/4

Enq: Mario Scalzi
Ph: 8366 9267

4 October 2017

Mr Paul Centofanti
Chairman
Campbelltown City Soccer and Social Club Inc
PO Box 3062
NEWTON SA 507

Dear Mr Centofanti

New lease arrangements – Steve Woodcock Sports Centre

I refer to recent discussions in regards to the abovementioned lease.

Council is becoming concerned that the ongoing, albeit protracted, lease negotiations with the CCSSC (Campbelltown City Soccer & Social Club Inc) in relation to a new lease of the Centre (Steve Woodcock Sports Centre) are causing difficulty and uncertainty for other users of the Centre, namely the Athelstone Kindergym and Houghton Table Tennis Club.

The CCSSC is currently occupying under the 'holding over' provision of the existing lease, which expired on 30 March 2016.

Council hereby gives written notice to the Club of the termination of the existing lease to take effect on 10 November 2017

If an agreement cannot be reached between Council and the CCSSC in relation to the new lease by 10 November 2017, the CCSSC will be charged casual fees and charges for its use of the clubrooms and ovals at the Centre from 11 November 2017, in accordance with Council's Fees and Charges Schedule. Council values the significant contribution this Club makes to the local Community and wants to reassure the Club that we are committed to working with the Club to grow and flourish at Steve Woodcock Sports Centre.

Council reserves all rights in relation to the CCSSC's obligations under the existing lease and the balance of the CCSSC's loans remaining outstanding to Council.

Council remains committed to finalising a new lease with the CCSSC on the general terms Council has adopted for all community and sporting facilities.

I look forward to working with you to finalise the lease.

Yours sincerely

Paul Di Iulio
Chief Executive Officer



COPY

MS
Container Ref: B408/4

Enq: Mario Scalzi
Ph: 8366 9267

19 April 2017

Mr P Centofanti
Chairman
Campbelltown City Soccer & Social Club Inc
PO Box 3062
NEWTON SA 5074

Dear Mr Centofanti

Lease of premises-Steve Woodcock Sports Centre

I write confirming advice in regards to the recent discussion held between Council and the Club regarding the progress of the new Memorandum of Lease for the lease of Steve Woodcock Sports Centre in favour of the Campbelltown City Soccer & Social Club Inc.

Firstly I would like to confirm my previous advice that Council resolved that the new Memorandum of Lease shall include the following requirements, that the:

- new lease shall be for a maximum of five (5) years
- new lease shall provide the building on a 'peppercorn' lease of $1 per annum
- new lease shall be based on the lease being restricted to the building(s) on the site and all ovals/pitches shall be hired by the lessee in accordance with Council's Fees and Charges Schedule, including the maintenance levy
- lessee shall be responsible for payment of all rates, taxes and outgoings applicable for the property including building contents insurance
- lessee shall be responsible for taking out contents insurance for all equipment and other contents applicable to their use in addition to Public Liability Insurance
- Council will apply a $3 per hour, per pitch hired maintenance levy to be incorporated into the hire fees in accordance with Council's Fees and Charges Schedule where an organisation has a lease over the building (or part thereof) at that facility, introduced over a two (2) year period commencing in 2017/2018 with the first year charged at $1.50 per hour per pitch
- there shall be no subletting of the premises without Council approval; however one off hires of the premises shall be allowed from time to time
- Council reserves the right to allow use of the leased premises to other organisations when the premises are not in use by the lessee with the net income (in accordance with Council's Fees and Charges Schedule) derived from this arrangement being provided to the lessee as additional income

- Maintenance Table be an annexure to the lease which will specify which party is responsible for carrying out identified tasks and which party is liable to pay for the cost of such work.

Furthermore Council in resolving this has also delegated me the authority to negotiate and finalise the new lease with you if it is consistent with the general terms listed above. As discussed at our meeting we are working towards a 1 July 2017 commencement date for the new lease.

Although this is a significant variance from the existing lease agreement, Council is very mindful of the contribution that your Club has made to the facility over many years. In recognition of the Club's contribution and long term use of the Steve Woodcock Sports Centre, Council has agreed to phase in the requirement to pay the pitch hire fees over a five year period to coincide with the new lease term. Furthermore, the following payments made by the Club will no longer be required under the terms of the new lease:

- Building Maintenance contribution approximately $14,000 per annum
- Pitch Maintenance contribution approximately $15,000 per annum
- Building Rental Fee approximately $500 per annum

The Club will be required to pay Council the hire fee for the pitches, including the $3 per hour per pitch/oval hired maintenance levy. This levy will be introduced over a two (2) year period commencing in 2017/2018 with the first year charged at $1.50 per hour per pitch.

As you indicated at our meeting it is likely that the Club will be hiring the pitches for approximately 3,000 hours per season. Therefore based on that assumption and making an estimate of the split between junior and senior usage which attract a slightly different rate, the total pitch hire fee for a year could be a in the vicinity of $120,000.

As this is a significant impost on the Club’s finances in one year, especially since the Club have not paid pitch hire fees before, Council proposes to not charge the Club any pitch hire fees in the first year of the new lease and then commence charging 20% of the total cost in the second year, 40% in the third year, 60% in the fourth year and 80% in the 5th year. As a result of this staged approach the Club will not have to bear the full cost of pitch hire, like all other Clubs do, until 1 July 2022.

Personally I believe this is a very fair and equitable way of introducing the hire fee arrangement on your Club as although you may consider this a huge impost, it's what all other Clubs have paid for many years. I know from our discussions that you have indicated that the Club has contributed significantly to the upgrading of the facility, and whilst acknowledging that, I would hasten to add that Council has been very supportive of your Club, and provided the Campbelltown City Soccer & Social Club preferential treatment when compared to what other sporting clubs have had to pay over the years for the usage of their grounds/facilities.

To provide some context around the support Council has provided the Club over the years, I provide the following information. When the new Soccer Clubrooms were built the Club entered into an agreement with the Council in 1996 whereby they would borrow $300,000 and pay that back to Council, principle and interest, over a 20 year period (see attached). However in 1999, due to a request from the Club, Council agreed to forego the interest payment and agreed to a new arrangement which enabled the Club to pay $10,000/year over a 26 year period. This decision alone has saved the Club over $350,000 (see attached).

Council also brokered an arrangement with the Houghton Table Tennis Club to lease the main stadium from you for at least $20,000/year from 2000. This arrangement has also delivered approximately $350,000 to the Club since that time.

Furthermore, over that period of 20 years Council did not charge the Club for the hire of the pitches and without calculating what that would have been worth, assuming a average rate of $40,000 per year, it would be in the order of $800,000.

Therefore these three actions by Council has resulted in the Club benefiting significantly financially to the tune of at least $1.5 million dollars. This financial benefit does not take into account the income raised by the Club through the ongoing lease to the Athelstone Kindygym, the significant Capital expenditure Council has made over the years to improve the facilities at Steve Woodcock Sports Centre, or the ongoing maintenance to the facilities. There is no doubt the facilities at Steve Woodcock Sports Centre are the envy of all other Clubs in the FFSA.

As mentioned earlier, Council resolved that there will be no subletting of the premises without Council approval. Therefore the sub leases that the Club previously had in place with the Athelstone Kindergym and the Houghton Table Tennis Club will be renegotiated by Council, and any new lease agreement with those organisations will be between the Lessee and Council directly. Council will proceed with the preparation of the 'draft' lease documents for these organisations with an anticipated commencement date of 1 July 2017, to coincide with the commencement of your new lease.

Furthermore, Council is keen to work with your Club to improve the facilities at Steve Woodcock Sports Centre. The new lights have made a significant improvement to the site and we believe there are further opportunities to make the facilities even better. We would welcome the opportunity to Master Plan the site with you to enable Council and the Club to work together on a common goal to further enhance the facilities over the coming years.

Council is keen to progress this lease agreement, therefore we look forward to hearing from you soon, so we can proceed with the preparation of the new Memorandum of Lease abovementioned terms and conditions commencing from 1 July 2017.

Although a completely separate issue, with regards to the ongoing issue of complaints being received from neighbours about the spillage of light into their properties from the newly installed lights, can you please explore with NexGen if protective shields or other alternatives which will alleviate the problem can be installed.

If you would like me to attend a Board Meeting to further discuss the contents of this letter or should you have any questions in regards to these matters please do not hesitate to contact me at your convenience.

Yours sincerely

Paul Di Iulio
Chief Executive Officer