

## 2.4 OPERATION AND MANAGEMENT OF CAFÉS AT MONASH AQUATIC AND RECREATION CENTRE, OAKLEIGH RECREATION CENTRE AND CLAYTON COMMUNITY CENTRE

(Tony Oulton: F16-103548)

Responsible Director: Russell Hopkins

### **RECOMMENDATION**

*That Council resolves to amend the commencement date of the proposed licence for the operation and management of the Cafés at the Monash Aquatic and Leisure Centre, the Oakleigh Recreation Centre and the Clayton Community Centre with M & BT Investments Pty Ltd trading as Healthlink Café from 30 September 2018 to 1 August 2020.*

### **INTRODUCTION**

The purpose of this report is for Council to consider a request from M & BT Investments to amend the commencement date of proposed licences for cafés it operates on behalf of Council at Monash Aquatic Centre, Oakleigh Recreation Centre and Clayton Community Centre.

### **BACKGROUND**

Following an Expression of Interest process in June 2018 for the management of cafés including Monash Aquatic Centre, Oakleigh Recreation Centre and Clayton Community Centre, it was resolved by Council at its meeting held 31 July 2018 to:

- *Award the Tender for the operation and management of the Cafés at the Monash Aquatic and Leisure Centre, the Oakleigh Recreation Centre and the Clayton Community Centre to M & BT Investments Pty Ltd trading as Healthlink Café for \$109,999.81 (plus GST) or 10% of income, whichever is greater per annum plus a capital investment of \$308,000 for an initial term of five (5) years with one further option at their discretion to renew of five (5) years commencing by 30 September 2018;*
- *Authorise the Chief Executive Officer to execute Licence agreements, and;*
- *Authorise the Chief Executive Officer or her delegate, to approve the extension option of two (2) years for M&BT Investments as indicated in the Licence agreements subject to satisfactory performance of the agreement/s and the operator/s exercising this option.*

M & BT Investments Pty Ltd trading as Healthlink Café, is the incumbent operator of the cafés and continues to operate under the conditions of its previous agreement pending the finalisation of this matter.

### ***DISCUSSION***

New Licences have not been finalised with the operator for a number of reasons including and not limited to:

- Licence conditions not provided within the original EOI process.
- Clarification of the asset register.
- Uncertainty surrounding the timing of the Oakleigh Recreation Centre redevelopment and pending capital investment to be made by the operator under the terms of their tender submission.

Attempts to finalise this matter earlier this year were further delayed due to the shut-down of Council facilities in March 2020 in response to the Corona Virus pandemic.

Under the terms of the proposed new licence, Healthlink Café will be required to make a \$100,000 capital investment in to the Oakleigh Recreation Centre café within the first five months of signing the agreement. Works are therefore planned to be completed before the full opening of the Centre scheduled for November 2020. A further \$208,000 upgrade to the Monash and Aquatic Recreation Centre will also be required within the first five-year term of the licence.

Healthlink Café has and continues to deliver a valuable service within the three Recreation Centres and Council's previous decision to award the Tender for the operation and management of the cafés to this organisation remains valid.

Whilst keen to pursue the upgrades of the cafés, Healthlink Café requires the agreements to be signed to secure capital funding. The term of the agreement is therefore critical to securing the credit, and thus, the operator has sought approval to amend the proposed commencement date from September 2018 to August 2020 to allow sufficient time to re-pay the loan through operations.

### ***FINANCIAL IMPLICATIONS***

Under the existing agreement and pre-COVID, Healthlink Café was paying an annual rent of \$107,763. Under the terms of the proposed agreement, total rental will increase slightly to \$109,999.81.

***CONCLUSION***

It is recommended that Council resolve to revise the commencement date for the licence for the operation and management of the cafés at the Monash Aquatic and Recreation Centre, the Oakleigh Recreation Centre and the Clayton Community Centre to M & BT Investments Pty Ltd trading as Healthlink Café to 1 August 2020.