

10.6.1 - Shire Presence in Byford Town Centre - Offer to Lease Shop 1 in Byford Village (SJ4583)	
Responsible Officer:	Chief Executive Officer
Senior Officer:	Chief Executive Officer
Disclosure of Officer's Interest:	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .

Authority / Discretion

Executive	The substantial direction setting and oversight role of the Council such as adopting plans and reports, accepting tenders, directing operations and setting and amending budgets.
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Report Purpose

This report presents Council with an option to a lease a space in Byford to establish a Byford Presence of the Shire, implementing the outcomes of the Byford Presence Investigation presented to and endorsed by Council at the May 2025 OCM.

It is recommended that the Shire lease space at the Byford Village Shopping Centre for a period of 10 years to accommodate a Customer Service Centre and Office accommodation for staff.

Relevant Previous Decisions of Council

*Ordinary Council Meeting – 19 May 2025 - OCM116/05/25 - COUNCIL RESOLUTION / Alternate Officer Recommendation - **extract***

That Council:

1. *ENDORSES the Byford Administration Presence Investigation as attached in attachment 1, to satisfy the project approach as adopted by Council at the October 2024 meeting.*
2. *REQUESTS the Chief Executive Officer to:*
 - a. *Advise the Owner of Byford Village Shopping Centre that Council is interested in taking out a 10 year lease with a 5 Year option and is undertaking due diligence.*
 - b. *Present a report to June Ordinary Council Meeting with the outcomes of due diligence investigation including usage and costings for Councils consideration prior to entering into the lease.*

Contact Us

Enquiries

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In Person

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Ordinary Council Meeting - 10 February 2025 - OCM 031/02/25 - COUNCIL RESOLUTION - extract

That Council:

1. *NOTES that the Byford Presence will be subject to a further report in April 2025 outlining immediate response options, and again in June 2025 to inform the next stages of a larger presence, pending the business report from external consultants; and*
2. *RESOLVES to defer any further works based on the scope and specifications of the New Civic Space, as outlined in Attachment 3, pending future resolution.*

Ordinary Council Meeting - 21 October 2024 - OCM 288/10/24 - COUNCIL RESOLUTION / Officer Recommendation

That Council ENDORSES this report as the basis of the Project to investigate options for a Shire Administration presence in Byford, and REQUESTS the Chief Executive Officer to proceed with the project.

Ordinary Council Meeting - 17 June 2024 - OCM 177/06/24 - COUNCIL RESOLUTION / Officer Recommendation

That Council:

1. *RECEIVES the discussion paper "The Identification of Opportunities and Recommendations for Innovative Staff Working Arrangements" provided at attachment 1.*
2. *REQUESTS the Chief Executive Officer implement the following recommendations, subject to funding allocations in the 2024/25 Budget: accommodation*
 - *Recommendation 1*
As part of the 2024/25 FY program, establishes an Apprentice and Traineeship program designed to bring more young people into the organisation.
 - *Recommendation 2*
Review the timeline for the upgrade of Office Accommodation and Council Chambers and present a report to Council with a view to bringing forward redevelopment/refurbishment of the Administration Office with the aim of:
 1. *Creating more collaborative spaces*
 2. *Providing hot desks for employees working on flexible working arrangements for two days per week or more.*
 3. *Improving the physical work environment to give a clean, modern and consistent theme across the work areas.*
 4. *Relocating Council Chambers for the next 2 years and repurposing the space to meet short term accommodation needs.*
 - *Recommendation 3*
Takes no further action in the consideration of co-working spaces at this time.



- *Recommendation 4*
Present a report to Council for consideration as soon as possible, assessing options and providing recommendations (both short and longer term) for the establishment of a Shire presence in Byford to accommodate the following:
 - *Customer Service Centre*
 - *Office space for Shire staff (noting that the main Office Space and Council Chambers will remain in Mundijong)*
 - *Potentially a Coworking space/innovation hub*

Background

The Shire previously had a customer service presence in Byford in 2001, however this did not continue and there is limited information in Shire records regarding this service. From what officers can understand, this was just a customer service centre, not a space accommodating staff.

In recent years, the Shire has been developing and implementing in a staged approach a long-term plan for an Office and Civic Precinct (Chambers) space to accommodate growth in the Shire.

In February 2025, Council adopted a timeframe for the next stages of the upgrade of the Administration Building and resolved to defer redevelopment of the Old Roads Board/Mundijong Library.

As part of the Shire's focus on planning for growth and service delivery, an organisational KPI was undertaken in the 2023/2024 financial year to assess options for establishing a Shire presence in Byford. The outcome of this investigation was considered by Council at the May 2025 OCM.

The purpose of this report is to seek Council consideration of a leasing opportunity which has been identified to lease office space within the Byford Town Centre. The leasing opportunity is outlined in the Letter of Offer is provided as **Attachment 1**, and pertaining to the tenancy known as Shop 1 in Byford Village, located at 20 Abernethy Road, Byford.

Statutory Environment

Section 3.59 of the *Local Government Act 1995* provides for commercial enterprises by local governments.

A local government intending to enter into a major land transaction, or a land transaction that is preparatory to entry into a major land transaction, is required to comply with a legislative process that involves preparation of a business case and statewide public notice.

A land transaction is defined as acquiring or disposing of land, which includes via a lease.

However, this particular lease is considered to be exempt in accordance with Regulation 8 of the *Local Government (Functions and General) Regulations 1996* which prescribes that a land transaction is exempt as follows:

- (1) *A land transaction is an exempt land transaction for the purposes of section 3.59 of the Act if the local government enters into it —*
 - (a) *without intending to produce profit to itself; and*
 - (b) *without intending that another person will be sold, or given joint or exclusive use of, all or any of the land involved in the transaction.*



While the land transaction is exempt from the provisions of section 3.59, in accordance with section 6.2(4)(f) of the Local Government Act, the particulars of proposed land transactions do need to be incorporated into the Annual Budget.

Comment

The report presented to Council in February outlined a staging plan to meet the Office Accommodation needs of the organisation into the future.

As has been reported to Council, investigation has also been occurring into establishing a presence of the Shire in Byford to provide a Customer Service Centre for community access and also to accommodate staff.

In the previous financial year, 20 new headcounts were added to the budget. This was a strategic response to the Shire's rapid population growth to meet the corresponding demand for services.

The current number of staff now exceeds the available desk space within the administration building.

Location	Current Headcount	Offices	Workstations	Meeting Rooms
Civic Centre	12	2	10	5
Administration	100	4	79	2
Finance Donga	17	2	17	-
Infrastructure Donga	25	3	20	-
Old Library	21	1	35	-
	175	12	161	7

Although flexible work arrangements, including working from home, remain popular and widely utilised, they have not fully alleviated the pressure on physical office space. In fact, recent trends indicate that many staff are voluntarily reducing their rostered days off in favour of reduced workday hours. This has resulted in higher staff attendance onsite and, in turn, increased competition for limited desk space. Staff are frequently rotating between desks or working in non-dedicated spaces, which disrupts productivity and consistency.

The impact of this is:

- Staff are often required to share or rotate between desks, reducing efficiency and limiting their ability to perform focused work.
- Bringing new staff into the organisation is increasingly constrained by the inability to provide them with a suitable and consistent workspace.
- While hybrid work remains important, more staff onsite without sufficient space hinders effective collaboration and team-based working.
- There are currently insufficient meeting rooms to support the volume of internal collaboration, external stakeholder engagement, and hybrid (in-person/online) meetings. This has resulted in staff travelling to external meetings impacting their productivity, delays in essential meetings as well as training workshops and other larger group meetings, booking conflicts, and compromised confidentiality for sensitive discussions.



Growth Projections

According to the Shire's population forecasts, the population is expected to increase from approximately 38,631 in 2024 to around 52,691 by 2031. [Population, households and dwellings | Shire of Serpentine Jarrahdale | Population forecast](#)

Local government staffing levels vary based on services offered, geography, and governance structures. Currently the average ratio is 5.2 FTE per 1,000 Residents. However, higher ratios are often found in growth councils that are managing both community services and substantial infrastructure delivery and a common benchmark is between 5 to 8 FTE per 1,000 Residents.

Applying this to the projected 2031 population:

- **At 5 FTE per 1,000 residents:** Approximately 263.5 FTE
- **At 6 FTE per 1,000 residents:** Approximately 316 FTE
- **At 8 FTE per 1,000 residents:** Approximately 421.5 FTE

As of June 2025, the Shire's employed 220.6 FTE (243 staff). To align with the projected population growth and maintain service levels, the Shire would be expecting increase in staffing of approximately 25% over the next five years or 5% per year.

The above demonstrates that without progressing with the redevelopment of the Old Road Board/Library Building into Council Chambers the Shire will run out of Office space between now and when the future stage of an extension/wing towards Cockram Street (over the existing bushfire and SES site) can be constructed.

However, delivery of these future stages required the following to occur:

- Relocation of the Mundijong Bushfire Brigade and SES to a new purpose-built Level 3 Incident Control Centre next to the Shire owned land next to the Police Station in Mundijong.
- The design and construction of a new (potentially two story) wing to the building to Cockram Street. This would be built over the top of the two dongas (which would be removed) and connect into the existing building.

At the present time neither of these two projects are designed, funded or able to be constructed. Even by best estimates, undertaking the above projects will take some 10 years to be completed. Therefore, a medium-term solution will need to be found to meet staff accommodation requirements over the coming 2-10 years.

Officers have considered the concept of placing additional dongas on the existing site, however there is not the space to accommodate this without decommissioning the Oval. Furthermore, any additional dongas will likely take up car parking space which is already at a premium. Therefore, neither of these options are considered worthy of pursuit.

Leasing space in Byford can meet the Shire's Office accommodation needs and also provide improved service to the community.

The Byford Presence Investigation report recommends Council given all factors lease space to meet this need rather than buy and build or build to rent.

The Shire has been presented with an opportunity to lease space now the details of which are outlined as follows.

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The subject property, the former medical centre in Byford Village, is currently available for lease. Officers consider this to be a unique opportunity, given the location and shape of the tenancy in meeting immediate accommodation needs of the Shire.

Officers believe the tenancy represents a very unique and strategic location, which consistent with previous decisions of Council, enable a Byford presence to be established with the civic heart of the emerging activity centre. Given the limited availability of comparable properties in the current market with Byford, this lease presents a valuable opportunity to secure premises that align with the Shire's current operational needs and provide easy access by the community.

Officers have received a Letter of Offer from the lessor, to lease the 261m² space known as Shop 1 within Byford Town Centre. Details of the lease include:

<u>Term</u>	10 years plus 1 x 5 year option term
<u>Base rent</u>	\$126,089.10 / year
<u>Base rent review</u>	3.5% on each lease anniversary date Market review option at end of 10 years then 3.5% increases at anniversary
<u>Outgoings</u>	Approx. \$40,950.90 / year RENT PLUS OUTGOINGS = \$167,040
<u>Parking</u>	Staff parking permits for street bays. Visitors utilising available parking in broader town centre. Staff access by train (230m walk from station platform)
<u>Contribution to fit out</u>	\$220,000 ex GST or tenant's actual expenditure ex GST, whichever is the lesser.
<u>Area of tenancy</u>	261sqm
<u>Toilets</u>	Communal toilets accessible directly from the tenancy

The below diagrams show the location of the tenancy in the complex and broader town centre.



Figure 1 - Byford Coles Shopping Precinct



Figure 2 - Tenancy in context of village centre



Figure 3 - Shop 1 Byford Village Vacant Tenancy

Officers are proposing the following in terms of usage of the space:

- Customer Service Centre.
 - A small customer service counter will be installed which will enable customers to have all the access to services available at the Shire's main customer service centre at the Mundijong Office.
 - Officers from high customer contact teams will be available on a roster system from the main office to this location to provide additional support for customer enquiries. This is expected to include Rates, Planning, Building, Rangers and Health enquiries. This will be a roster of staff from existing teams working at the Byford location.
- Staff Office space (20 workstations)
 - Staff from the Community Engagement Directorate will relocate from the Mundijong Office to this location. Having the Community Engagement staff operating from this location will assist the Shire to strengthen relationships and services to the community. This is not additional staff, just a relocation of existing staff to this location.
 - Hot Desks. It is also proposed to have a small number of hot desks available for staff to work at from this location.
- A meeting room which can be used by staff when meeting with members of the community.

The benefits of this arrangement will be:

- Improved service and access to the community particularly those services offered in Byford.
- The existing space in the administration building occupied by the Community Engagement Directorate to be used by other staff from across the organisation. This will relieve pressure and crowding and provide space for collaborative spaces.



- As indicated in the above analysis this option meets the Shires growing staffing numbers until a new wing/extension can be constructed.
- The creation of meeting room space at the existing Mundijong Office. Meeting rooms are currently at a premium in the Mundijong Office. The relocation of a number of staff to the Byford presence will enable new meeting rooms to be created used by Officers for both internal and external meetings with members of the community.
- Space within the current building to be used to “decant” staff as the staged redevelopment of the existing building takes place. Over the coming years as the staging plan identifies the existing space in Mundijong will be redeveloped/upgraded. Currently there are very limited opportunities for accommodating staff during this upgrade. This additional space will provide room to temporary relocate staff to while redevelopment takes place.

On this basis Officers are recommending Council accept the offer to lease and authorise the Chief Executive Officer to enter a lease and establish a Shire Presence at this location. Other locations and leasing options will become available over time; however Officers believe this location is well suited to the Shires needs and strategically located.

If Council agrees with entering the lease, officers estimate establishing the Byford Presence would take 6 months.

At the end of the first 10 year term, Council could then assess the demand/need and either use the space for a customer service and staff accommodation or another purpose (ie community space) or decide not to exercise the option for extension and return the space to the owner.

Council could wait to lease space for 2-3 more years until space is critically required, however Officers believe this location warrants securing now and will see immediate benefits to residents and Shire employees.

Option 1

That Council:

1. APPROVES the proposal for the Shire of Serpentine Jarrahdale to enter into a retail lease agreement with The Trust Company Limited for premises referred to as Shop 1 at Byford Village, comprising approximately 261sqm of floorspace, for the purpose of the Shire's public administration and customer service centre.
2. AUTHORISES the Chief Executive Officer to negotiate, finalise, and execute the lease agreement on behalf of the local government, subject to the following minimum key terms being met:
 - Lease Term: 10 years
 - Option to Renew: 1 x 5 years
 - Base Rent: - \$126,089.10 per annum plus GST plus outgoings
 - Permitted Use: Shire of Serpentine Jarrahdale Public Administration and Customer Service Centre
 - Annual Outgoings: currently estimated as \$40,950.90
 - Contribution from Landlord to the Shire's fitout costs being no less than \$220,000 ex GST, and payable within 30 days of the lease being executed
 - Annual base rent review of 3.5% or CPI, whichever is the lesser



- Market review at the time commencement of the option term, should that be elected by the Shire to occur
 - There be no bank guarantee required
 - Standard trading for the Shire being Monday to Friday only, between the hours of 830am to 500pm
3. AUTHORISES the Chief Executive Officer to take all necessary steps to implement the lease, including the execution of documentation and compliance with any associated statutory or regulatory requirements.
 4. REQUESTS the Chief Executive Officer establish the Byford Presence of the Shire at this location incorporating a Customer Service Centre and work stations for Staff.
 5. REQUESTS the Chief Executive Officer to include capital and operating funds for this to occur in the 2025/26 budget.

Option 2

That Council:

1. DOES NOT ACCEPT the Letter of Offer and DOES NOT proceed with the Lease at Shop 1, Byford Village.
2. REQUESTS the Chief Executive Officer present to Council other leasing opportunities to establish a Byford Presence as they become available for consideration.

Option 1 is recommended.

Conclusion

The Shire has been on a journey planning and implementing strategies to meet its Office and Civic Space requirements as the Shire grows. This has resulted in good outcomes to date including the new Library in Byford and the upgraded Amenities facilities at the Mundijong Office. As per the Council resolution, upgrades are being undertaken to the dongas on site accommodating Finance and Infrastructure Services.

The final element to meet the medium-term Office requirements until a new wing/extension can be constructed is to lease Office space in Byford providing room for a customer service centre and Office space.

This report presents Council with an opportunity to implement this step and establish the Byford Presence. Other opportunities will come along however Officers believe this location, condition and rental terms are attractive and worthy of consideration at this time.

Attachments (available under separate cover)

- **10.6.1 - attachment 1** - Letter of Offer - Byford Village - Shop 1 (IN25/5913)



Continued

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Alignment with our Council Plan 2023-2033

Thriving
1. Plan for the sustainable growth of the Shire of Serpentine Jarrahdale
4. Ensure sustainable and optimal use of Shire resources and finances

Financial Implications

Officers have prepared costings for a fit out of the tenancy as shown below:

Byford Office Accomodation Fit Out		
These prices are estimates only - based on industry benchmark and costings from shire tendered contractor rates - No formalised Quotes have been received at this time.		
Items		Cost
Electrical - switches, gpo's, lighting, hearing loop, wiring		\$ 35,000.00
Plumbing - hot water system, general plumbing works, water services		\$ 16,000.00
Carpentry		\$ 20,000.00
Cabinet Maker - customer service fitout		\$ 60,000.00
Painting		\$ 15,000.00
Wall Framing		\$ 20,000.00
Gyprocker - plasterboard, insulation, skimming, finishing		\$ 12,000.00
Ceiling Fixer - new suspended ceiling		\$ 55,000.00
Carpets		\$ 23,490.00
Glazing - tinting of existing winows		\$ 6,000.00
Kitchen - cupboards, bench tops, sink, dishwasher, stove, fridge		\$ 45,000.00
Security - access fob - duress systems for customer service		\$ 15,000.00
Fire Services - sprinkler system		\$ 12,000.00
Design - concept design and drawings		\$ 25,000.00
IT Equipment - Data points, WAP, Etc		\$ 12,000.00
IT Equipment - Monitors, docking stations, etc		\$ 40,000.00
Project Management costs		\$ 10,000.00
Furniture - office set up, desks, chairs, draw's etc - staff members		\$ 80,000.00
Furniture - additional - kitchen table, chairs, pods, sofa customer service, plants, etc - estimate only		\$ 60,000.00
Signage - Building and Windows		\$ 17,000.00
Estimate		\$578,490.00
15% Contingency		\$ 86,773.50
Total		\$665,263.50

The landlord has offered to contribute up to \$220,000 towards fit out if the Shire takes on a 10-year lease.

This would mean the Shire's costs to fit out the tenancy would be \$445,000.

Funds have been included in the draft 2025/26 FY budget for the following:

- \$445,000 towards fit out costs being drawn down from the Administration Building Reserve. Once this drawdown occurs, there will be \$728,000 remaining in the Administration Building Reserve.
- \$167,000 for rental and outgoing expenses.
- \$71,000 annual costs for cleaning and maintenance

The ongoing lease costs for the coming 10 years are reflected in the LTPF.

**Risk Implications**

Risk has been assessed on the Officer Options and Implications:

Officer Option	Risk Description	Controls	Principal Consequence Category	Risk Assessment			Risk Mitigation Strategies (to further lower the risk rating if required)
				Likelihood	Consequence	Risk Rating	
1	That Council enters into the lease and fit out costs exceed estimates.	Staff expertise in quantifying the cost of fit out and seeking contribution to this.	Financial	Possible	Moderate	MODERATE	
2	Not proceeding with the lease which causes space issues and problems in accommodating a growing workforce.		Organisational Performance	Likely	Major	SIGNIFICANT	Accept Option 1.

Voting Requirements: Simple Majority

Officer Recommendation:

That Council:

- APPROVES** the proposal for the Shire of Serpentine Jarrahdale to enter into a retail lease agreement with The Trust Company Limited for premises referred to as Shop 1 at Byford Village, comprising approximately 261sqm of floorspace, for the purpose of the Shire's public administration and customer service centre.
- AUTHORISES** the Chief Executive Officer to negotiate, finalise, and execute the lease agreement on behalf of the local government, subject to the following minimum key terms being met:
 - Lease Term: 10 years
 - Option to Renew: 1 x 5 years
 - Base Rent: - \$126,089.10 per annum plus GST plus outgoings
 - Permitted Use: Shire of Serpentine Jarrahdale Public Administration and Customer Service Centre
 - Annual Outgoings: currently estimated as \$40,950.90



- **Contribution from Landlord to the Shire's fitout costs being no less than \$220,000 ex GST, and payable within 30 days of the lease being executed**
 - **Annual base rent review of 3.5% or CPI, whichever is the lesser**
 - **Market review at the time commencement of the option term, should that be elected by the Shire to occur**
 - **There be no bank guarantee required**
 - **Standard trading for the Shire being Monday to Friday only, between the hours of 830am to 500pm**
- 3. AUTHORISES the Chief Executive Officer to take all necessary steps to implement the lease, including the execution of documentation and compliance with any associated statutory or regulatory requirements.**
 - 4. REQUESTS the Chief Executive Officer establish the Byford Presence of the Shire at this location incorporating a Customer Service Centre and work stations for Staff.**
 - 5. REQUESTS the Chief Executive Officer to include capital and operating funds for this to occur in the 2025/26 budget.**