

## **Item 11.**

### **Sub-Lease Approval - Cathedral Car Parking Station - 2 Cathedral Street**

**File No: X114800**

#### **Summary**

The City of Sydney manages a varied commercial property portfolio that includes offices, retail, industrial assets, and unique infrastructure like airspace leases and tunnels. Among these is the Cathedral Street car park, developed in the late 1990s as part of the Cook and Phillip Park redevelopment.

Delivered through a public-private partnership under a design, construct, finance, and operate model, the underground facility was completed around 2000 alongside broader park and community upgrades.

The car park sits on Crown land leased by the City from the Cook Park West Reserve Trust, making the City the head tenant responsible for ensuring any sub-leases comply with the head lease, planning approvals and development conditions.

The City has undertaken a new sub-leasing process for the car park. This presents an opportunity to modernise operations, enhance compliance, and align future management of the facility with broader mobility, sustainability, and public space objectives.

This report seeks approval from Council to grant a new sub-lease for the car park and provides details of the proposal including essential lease terms and conditions in Confidential Attachment A.

## **Recommendation**

It is resolved that:

- (A) Council approve the granting of a sub-lease for the Cathedral Street car park to Wilson Parking Australia 1992 Pty Ltd (ABN 67 052 475 911) for a period of 4 years, with 2 optional extension period, each of 4-years and in accordance with the essential lease terms and conditions contained within Confidential Attachment A to the subject report; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the terms of the sub-lease in accordance with the essential terms and conditions contained within Confidential Attachment A to the subject report.

## **Attachments**

- Attachment A.** Sub-Lease Proposal and Essential Sub-Lease Terms and Conditions (Confidential)

## Background

1. The City manages a broad and diverse commercial property portfolio that plays a vital role in supporting the city's economic, social, and cultural activities. This portfolio spans a range of asset types - including office buildings, retail premises, industrial properties, and specialised assets such as airspace leases, strata, bridges, and tunnels constructed over or beneath public roads.
2. These assets are strategically located across the local government area and generate significant revenue while enabling the delivery of public services and supporting local business activity. Among these assets is the Cathedral Street car park, a key facility situated beneath Cook and Phillip Park.
3. The Cathedral Street car park was conceived and delivered as part of a broader urban renewal and community infrastructure initiative — the Cook and Phillip Park redevelopment — which sought to revitalise public space and improve access to community facilities in the city's eastern precinct.
4. Initiated in the late 1990s, the project was a major capital undertaking by the City of Sydney. A formal procurement process commenced in 1997, during which the City engaged a private partner to deliver the project under a design, construction, finance, and operate (DCFO) model.
5. This public-private partnership enabled the development of an underground car park beneath the park, integrating the facility seamlessly into the surrounding landscape and community amenities. Completed around 2000, the project coincided with extensive upgrades to parklands, recreational spaces, and adjacent community infrastructure, enhancing public access and activating the area as a mixed-use precinct serving both residents and visitors.
6. The site is located on Crown land forming part of Cook and Phillip Park. The City leases this land from the Cook Park West Reserve Trust under a long-term arrangement. As a result, the City's role is not as the landowner but as the head tenant — with specific legal, operational, and governance responsibilities.
7. These include ensuring that any sub-leases granted for the use and operation of the car park comply with all relevant planning approvals, head lease terms, and conditions of the original Development Consent (D/1997/511/E).
8. Since its completion, the Cathedral Street car park has been operated under a commercial lease arrangement with a private car park operator, Enacon Pty Ltd (a subsidiary of Mulpha Australia Limited), which has managed day-to-day operations, maintenance, and customer service. This long-standing arrangement provided stable income for the City.
9. The lease to the current sub-tenant concluded this year, triggering the City undertaking a new competitive leasing process. This process, managed through the City's appointed leasing agent, sought to identify an experienced commercial operator capable of delivering continued operational excellence while meeting evolving user expectations, regulatory requirements, and strategic objectives for the site.

**Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision**

10. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
  - (a) Direction 1 - Responsible governance and stewardship - specifically expanding revenue from commercial operations and the property portfolio.

**Risks**

11. We maintain a cautious appetite to financial risks, aiming to minimise the likelihood and impact of significant financial losses. We strive to ensure that our financial decisions are well informed, based on sound financial analysis and are aligned with our strategic objectives.
12. We are open to exploring new opportunities and changing service levels to the community, taking into account community expectations, needs and our financial sustainability.

**Economic**

13. The sub-lease will deliver economic benefits to the City through a guaranteed rent securing predictable long-term revenue, strengthening the Council's financial sustainability while ensuring the continued provision of affordable short-stay public parking close to the centre of the city.

**Financial Implications**

14. Financial Implications are outlined in Confidential Attachment A.

**Relevant Legislation**

15. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business and if discussion of the information in an open meeting would, on balance be contrary to public interest.
16. Attachment A contains confidential commercial information which, if disclosed, would: confer a commercial advantage on a person with whom the City of Sydney is conducting (or proposes to conduct) business.
17. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

**Critical Dates / Time Frames**

18. Critical Dates are outlined in Confidential Attachment A.

**Public Consultation**

19. Public consultation is not required as the proposal relates to a commercial sub-lease of an existing property leased by Council and will not directly affect the public's rights to access.

**KIM WOODBURY**

Chief Operating Officer

Carmel Foster, Property Portfolio Manager