

PO Box 188 Bright VIC 3741 Australia  
p 03 5759 3550 | f 03 5759 3693  
e mhar@mthotham.com.au  
w www.mthotham.com.au

**HOTHAM**  
Mount Hotham Resort Management

Peri McDonald

21/06/2016

**RE: Renewal of Edelweiss Lease**

Dear Peri,

In dealing with the possibility of negotiating a new lease I have been made aware of the ongoing matter of sewerage connection at Edelweiss. Mount Hotham Alpine Resort Management Board (MHARMB) records indicate that this matter was not addressed in any written correspondence between 2000 and 2008 or between 2009 and 2015. In this period, MHARMB has arrived at a position that lodges must be connected to the reticulated sewerage network in order to secure a new lease.

The current arrangement for all new leases in Alpine Resorts is that they are based off of a *Standard Alpine Lease*, whose terms are outlined in the *Alpine Resorts Leasing Policy Implementations Details*. These establish guidelines for the issue of any new leases at Mount Hotham.

MHARMB wishes to advise that it is currently not in a position to offer Edelweiss a new lease. Pending the resolution of the matters outlined below, MHARMB may consider a lease of up to 15 years. Significant renovations and improvements would be required in order to secure a longer term of lease.

**Current Occupation Status**

MHARMB understands that the last deed of extension for the connection of sewerage was made on the 1<sup>st</sup> of July 1999. This deed provided relief from connection until 31 March 2000. As this did not occur, the current lease ended at 31 March 2000. Briefly, the current situation is as follows:

- Clause 15 *Staying on Land at End of the Lease* currently applies as MHARMB has not objected to ongoing use of the land;
- The effect of this clause is that Edelweiss has effectively been a monthly tenant for over 16 years;
- **MHARMB wishes to notify Edelweiss that it intends to formally terminate the monthly tenancy on 31 October, 2017;**
- **MHARMB may be willing to enter in to a new Standard Alpine Lease provided that it is satisfied with Edelweiss' response to the matters below.**

To share an Amazing Alpine Experience



facebook.com/mthotham.rmb



mthotham.com.au

developmthotham.com.au  
explore.mthotham.com.au



instagram.com/mt.hotham.rmb

## Reticulated Sewerage Connection

MHARMB understands that the matter of reticulated sewerage connection has been an issue in the existing lease for Edelweiss. However, planning scheme requirements and resort policy require that a connection is established in order for The RMB to be in a position to offer a renewal of lease to the Tenant.

MHARMB's position regarding reticulated sewerage is that all sites within the Resort Boundary must be connected to reticulated sewerage. This is necessary in order to ensure that the Resort operates in an environmentally sensitive manner that does not risk seepage and run-off impacts that often arise from (particularly older) septic storages on site.

MHARMB is in a position to assist in connecting Edelweiss from Davenport, or from the MHARMB workshop. It is estimated that the cost of this will be in the order of \$100,000-200,000. Any cost of connection and infrastructure will be held by the Tenant.

## Business Plan and Proposed Renovations

MHARMB is of the opinion that the current improvements to the site constitute the *Minimum Level of Development* to the site (See table for key statistics). **Pending the resolution of sewerage and Standards of Occupancy issues, MHARMB is presently disposed to offer a term of lease of no more than fifteen years.**

Edelweiss Site Evaluation	
Site Value As of August 2013	\$90,000
Next Valuation	August 2019
Improvements (Rateable FECA)	150.86m <sup>2</sup>
Site Area	1616m <sup>2</sup>
Site Coverage	~9%
Beds	14

Pending formulation of a business plan and further discussions about the Tenant's intent to redevelop the site, the RMB may be in a position to offer an extension of the lease to up to 35 years. However, this would require significant redevelopment, a reticulated sewerage connection and a well-developed business plan.



facebook.com/mthotham.rmb



mthotham.com.au

developmthotham.com.au  
explore.mthotham.com.au



instagram.com/mt.hotham.rmb

To share an Amazing Alpine Experience 



## Bushfire Compliance

Visual inspection of the exterior of Edelweiss were undertaken in June 2016 to determine whether bushfire compliance issues outlined in Phil Davern's Report issued on 5<sup>th</sup> February 2014 had been addressed. A Number of matters appear to not have been addressed. Some of these were also raised in previous Building Standards Reports including MHRMB audits issued in 2001 and 2012;

- 7.1 Edelweiss has vertical timber cladding that extends to within 400mm of the adjoining ground surface and/or external decks. Given the unlikelihood of the material being of a naturally bushfire resistant timber species, it needs to be replaced or covered over with a non-combustible material to a minimum height of 400mm above the ground and deck. *This has not been undertaken.*
- 7.2 All openable windows are to be fitted with steel, aluminium or bronze mesh screens. *This has not been undertaken.*
- 7.3 Install non-combustible "kickplates" to timber/glazed external doors (including timber sub-floor access door) for a minimum of 400mm above the adjoining ground and/or deck. *This has been completed for the front and rear external doors, but the timber sub-floor access door does not have a kickplate fitted.*
- 7.4 Ensure all sub-floor and roof openings (including vents or gaps for services) are fitted with steel, aluminium or bronze mesh screens. *This has not been undertaken.*
- 7.5 All glazed elements within 400 mm of the adjoining ground or deck are to be confirmed as being Grade A safety glass. *MHRMB has not received any communication to date regarding the refitting of glazed elements.*

MHRMB notes that it was a requirement that these matters be addressed within a three year period. The MHRMB does not have any schedule of proposed works to address these matters on record.

## Building Standards of Occupancy

Visual inspection of the exterior of Edelweiss were undertaken in June 2016 to determine whether bushfire compliance issues outlined in Phil Davern's Report issued on 5<sup>th</sup> February 2014 had been addressed.

- 8.4 Repair and re-paint/stain external timber wall cladding where necessary. *Extensive repairs will be necessary to the northern, southern and eastern aspects of the structure. The western aspect is in better, but not a desirable condition.*
- 8.5 Repaint/stain external timber balustrading. *Balustrading will require repaint/staining.*
- 8.6 Repair damaged concrete paving to front entry deck. *This concrete has not yet been repaired. It will require repair*
- 8.7 Repair and repaint loose/broken timber boards to front deck.
- 8.8 Replace and repaint/stain damaged decking boards as necessary. *The decking will require repair and repaint/staining.*
- 8.9 Sand and repaint external timber window and door frames as necessary. *Doorframes and external timber window and door frames will require extensive repairs, sealing and sanding.*
- 8.10 Repaint internal timber window and door frames as necessary.
- 8.11 Seal and repaint gaps in ceiling linings (particularly in the front entry locker room).
- 8.12 Replace and repaint wall and ceiling linings particularly in bathrooms where worn or peeling.
- 8.13 Install a row of wall tiles behind all vanity basins.

To share an Amazing Alpine Experience 

[mthotham.com.au](http://mthotham.com.au)



[facebook.com/mthotham.rmb](https://facebook.com/mthotham.rmb)



[developmthotham.com.au](http://developmthotham.com.au)  
[explore.mthotham.com.au](http://explore.mthotham.com.au)



[instagram.com/mt.hotham.rmb](https://instagram.com/mt.hotham.rmb)

- 8.14 Reduce gaps in external balustrade to a maximum of 125 mm.
- 8.15 Install lift-off hinges to toilet entry doors where distance between door jamb and front edge of toilet pan is less than 1200 mm.

*RMB unable to comment on internal improvements (8.10-15) at this time, however an inspection to ensure that these works have been undertaken would be required for the RMB to be of the opinion that Edelweiss is a suitable tenant for the site.*

MHRMB notes that it was a requirement that these matters be addressed within a three year period. The MHRMB does not have any schedule of proposed works to address these matters on record.

### Conclusion

In light of the above, the RMB seeks to understand whether Edelweiss is interested in undertaking the improvements necessary to secure a new lease subsequent to the termination of the current lease. I am happy to discuss with you in person to assist in understanding the business plan requirements, and provided that Edelweiss is interested in principle to proceed, the RMB will be able to prepare more precise costings in regards to providing a reticulated sewerage connection.

I hope that this information is helpful to you and your lodge's members in deciding how to progress. Please do not hesitate to send me an email or give me a call on 5759 4040.

Kind Regards,



Adam Galvin



facebook.com/mthotham.rmb



developmthotham.com.au  
explore.mthotham.com.au



instagram.com/mt.hotham.rmb

To share an Amazing Alpine Experience

