

CONFIDENTIAL ITEMS 2003 – MAY 2018

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommend-action to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
128	15 January 2018	Prudential and other reports – Land Acquisition	<p><u>Section 90 (3) (b) Order</u></p> <p>1. <u>Pursuant to Section 90(3)(b)</u> Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer, Deputy Chief Executive Officer / General Manager Infrastructure and Projects, General Manager Planning and Development, General Manager Corporate Services, A/g General Manager Council Services and Minute Secretary, be excluded from attendance at the meeting for Agenda Item 18.2 Prudential Report Land Acquisition.</p> <p>The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person/entity with whom the Council is:</p> <ul style="list-style-type: none"> - Conducting business or proposing to conduct business; and - Would prejudice the commercial position of the Council. <p>In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public</p>	Council agenda item, related documents with the exception of the attached Prudential Report with any commercial in confidence information to first be redacted, and all minutes be retained in confidence	<p>The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person/entity with whom the Council is:</p> <ul style="list-style-type: none"> - Conducting business or proposing to conduct business; and - Would prejudice the commercial position of the Council. <p>In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest</p>	Retained in confidence until the Council and the related party have concluded all commercial negotiations and either settled the purchase of the subject land or Council has resolved and the related party has advised Council of no longer having a direct interest in the subject land or such lesser period as may be determined by the Chief Executive Officer, and that this order be reviewed every 12 months.		3 Sep 18	<i>Report, attachments and Minutes released on website 9 May 2018</i>

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			<p>has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter.</p> <p><u>Section 91(7) Order</u></p> <p>2. <u>Pursuant to Section 90 (3) (b)</u> That having considered Agenda Item 18.2 Prudential Report Land Acquisition in confidence under 90(2) and (3)(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the council agenda item, related documents with the exception of the attached Prudential Report with any commercial in confidence information to first be redacted, and all minutes be retained in confidence until the Council and the related party have concluded all commercial negotiations and either settled the purchase of the subject land or Council has resolved and the related party has advised Council of no longer having a direct interest in the subject land or such lesser period as may be determined by the Chief Executive Officer, and that this order be reviewed every 12 months.</p>		<p>in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter.</p>				

- 18.2** **REPORT TITLE:** **CONFIDENTIAL REPORT: PRUDENTIAL AND OTHER REPORTS – LAND ACQUISITION**
- DATE OF MEETING:** **15 JANUARY 2018**
- FILE NUMBER:** **FOL/18/1011**
- ATTACHMENTS:** **1. Prudential Report prepared by BRM Holdich – DOC/18/2728 and 18/2824**
2. Executive Summary of the JLL Valuation Report – DOC/18/1571
3. Confidential resolutions from the Council meeting held on 6 November 2017 – DOC/18/1581
4. Site Environmental Assessment Update DOC/18/2827
5. Plan showing aerial photo with new allotment boundaries DOC/18/2896

Mount Barker 2035 – District Strategic Plan:

- The Urban Environment
- Development of the Mount Barker Regional Town Centre.

Purpose:

To provide further (externally sourced) information, including a Prudential Report in relation to the purchase by Council of portion of the Woolworths site.

Summary – Key Issues:

1. A Prudential Report has been prepared by BRM Holdich and states “... we consider that Council has applied due diligence to the Project”.
2. A Valuation Report has been prepared by Jones Lang LaSalle Advisory Services Pty Ltd – refer below.
3. A Site Environmental Assessment Update has been prepared by Toby Carter Consulting – refer below.

Recommendation:

That Council:

Section 90 (3) (b) Order**1. Pursuant to Section 90(3)(b)**

Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer, Deputy Chief Executive Officer / General Manager Infrastructure and Projects, General Manager Planning and Development, General Manager Corporate Services, General Manager Council Services and Minute Secretary, be excluded from attendance at the meeting for Agenda Item 18.2 Prudential Report Land Acquisition.

The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person/entity with whom the Council is:

- Conducting business or proposing to conduct business; and
- Would prejudice the commercial position of the Council.

In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter.

2. Note the Prudential Report prepared by BRM Holdich on the purchase of portion of the Woolworths site by Council (attachment 1).
3. Note that the purchase of this land by Council will require amendment to the 2017/18 Council budget at the next budget review.

Section 91(7) Order**4. Pursuant to Section 90 (3) (b)**

That having considered Agenda Item 18.2 Prudential Report Land Acquisition in confidence under 90(2) and (3)(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the council agenda item, related documents with the exception of the attached Prudential Report with any commercial in confidence

information to first be redacted, and all minutes be retained in confidence until the Council and Burke Urban have concluded all commercial negotiations and either settled the purchase of the subject land or Council has resolved and Burke Urban has advised Council of no longer having a direct interest in the subject land or such lesser period as may be determined by the Chief Executive Officer, and that this order be reviewed every 12 months.

Background:

1. There have been a number of Council meeting agenda items in relation to this matter over a period of time. These remain the subject of a Council confidentiality order.
2. The most recent item (which was confidential) was considered at the Council meeting held on 6 November 2017.
3. The resolutions of that meeting remain confidential (see attachment 3) and include reference to a prudential report being presented at a Council meeting and authorising the Chief Executive Officer or nominee negotiating and progressing the preparation of all of the required documentation. Both of these matters are covered below.

Discussion:

Prudential Report

4. Council commissioned a Prudential Report from BRM Holdich (see attachment 1). Please note that both "Council" and "Mount Barker" as defined are used in reference to Mount Barker District Council.
5. It is also important to recognise that the Prudential Report is prepared on the basis of information that was available at a point in time. As the commercial negotiations progress (refer below) this impacts on some matters like the previous Council financial modelling (a conservative approach was initially taken). An example is reflected on page 33 of the Prudential Report within point 9.12 which includes: "We note that if these negotiations are successful it will result in the Whole of Life Costs for Lot 476 being reduced by \$0.166 million to zero."
6. The Prudential Report states: "In accordance with the Prudential Management Policy an appropriate level of 'due diligence' has been applied to the Project."

7. Some key points contained in the Prudential Report are:
- a. The Project (as defined) is consistent with the Mount Barker 2035 District Strategic Plan and the South Australian Strategic Plan and 30 Year Plan for Greater Adelaide.
 - b. The Project will require adjustment to the Council budget for 2017/18 (recognised above in recommendation 3).
 - c. As is always the case, there will be an opportunity cost element to the Project.
 - d. Borrowing to fund the acquisition of the land is expected to see Council exceed two of the ratios in the Council's Long Term Financial Plan (see below).
 - e. Notwithstanding the commercial in confidence nature of the negotiations, there has still been a level of community engagement.
 - f. Risk Management and Project Delivery capability are both considered to be suitable.
8. Implications for two of Council's financial ratios are the subject of multiple assumptions and some unknowns like when development on the subject land will occur and the impact of same on Council rate revenue.
9. Such matters will require management with regular monitoring and review. It also highlights the importance of Council proceeding as soon as possible to dispose of land (portion or all of lot 479 shown in blue) that is not required for the strategic purpose of a Town Square (either on portion of lot 479 or at another location) and in doing so, without compromising the objective of an integrated approach to development on the Woolworths site.

Valuation Advice

10. Council commissioned a Valuation Report from Jones Lang LaSalle Advisory Services Pty Ltd (JLL).
11. JLL used the direct comparison approach i.e. valuation based on sales evidence. A difficulty in this instance being the lack of directly comparable sales in proximity to Mount Barker resulting in JLL using sales evidence in several other locations including Mawson Lakes, Modbury and Hayborough (near Victor Harbor).

12. Key assumptions made by JLL were that:
- a. there are no onerous costs required to remediate the land; and
 - b. flooding issues do not significantly impact the use of the land.
13. The Executive Summary of the JLL Valuation Report is included as attachment 2.
14. In summary:
- a. Lot 476 (shown in red as parcel 1 being 3,128m²) to be purchased by Council and subsequently sold to Burke Urban
JLL Valuation \$2,040,000 being \$650m²
Purchase Price \$2,210,000 being \$707m²
 - b. Lot 479 (shown in blue as parcel 2 being 3,178m²) to be purchased by Council
JLL Valuation \$2,215,000 being \$700m²
Purchase Price \$2,540,000 being \$799m²
15. A copy of the full JLL Valuation Report (74 pages) is available to Council Members on request.

Gilbert Family Land – City Centre

16. Council has recently been made aware by Mr Rob Gilbert of the very recent execution of a contract for the sale by the Gilbert family of considerable land (comprising several titles) with frontages to Adelaide Road, Gawler Street, Walker Street and Morphett Street. The purchaser is the Peregrine Corporation.
17. The approach taken to this land by the Gilbert family chopped and changed in a short space of time following an initial approach by Mr Rob Gilbert to Council via Mayor Ann Ferguson. In the end the Gilbert Family chose (as is their right) not to enable an opportunity to be put to Council for consideration via their joint venture partner for the Glenlea residential development Axiom Properties with whom initial discussions (on a without prejudice basis) were held by Council via the Deputy Chief Executive Officer Brian Clancey and Mr Tom Gilbert.
18. This sale may enable Council to further pursue possible strategic opportunities/objectives on portion of this land.

Site Environmental Assessment Update

19. Council commissioned an update report on the site environmental assessment from Toby Carter Consulting. Mr Toby Carter had until recently worked for Golder Associates and had undertaken work on the site previously for another client.
20. In particular Mr Carter was asked to identify changes evident from the period 2009/10 – 2017 and the associated implications.
21. The letter received from Mr Carter is attached (attachment 4). Please note that Mr Carter has clarified that references in this letter to “the southeast corner” means “...land hatched in blue although not all of it. The groundwater and vapour issues discussed in the letter are relatively localised and relate to land immediately west of the current building and land owned by the Minuzzo Group. These issues do not appear to extend significantly north, east or west (i.e. they do not extend further within the blue hatched area).”
22. A key conclusion is “... soil, vapour and groundwater issues are manageable in the context of redevelopment for commercial and open space use.” If a more sensitive land use like child care or residential was proposed for this portion of the site (i.e. the southeast corner) that would most likely be more problematic.
23. The letter identifies the role of design in proposed future land use to minimise the risk and management (including cost) of the contamination.
24. It also raises geotechnical risk associated with the land adjacent the creek. That appears to largely be within lot 476 (as shown in attachment 5 which should be taken as a guide only as it is not the result of a site survey).

Adjacent Land – Corner of Morphett Street and Hutchinson Street

25. The small parcel of adjacent land on the corner of Morphett Street and Hutchinson Street is owned by the Minuzzo Group and has been for sale (on and off) for some years.
26. This is strategically located and is included in the parcel of land for which an integrated Master Plan is to be prepared.
27. Development of this parcel is constrained by the lack of area for required car parking.

28. Council discussions have previously held with the Minuzzo Group regarding the future of this site but did not progress very far due to the expectations of the land owner.
29. The successful acquisition by Council from Woolworths of the adjacent land (lot 479) may provide an avenue to re-open negotiations with the Minuzzo Group by broadening possible options to include for example a land swap with Council.

Contract and Related Documentation – Burke Urban

30. Legal representatives on behalf of Burke Urban have provided draft documentation to Council for review.
31. Council has retained Minter Ellison Lawyers to assist with this process.
32. The draft documentation received by Council includes two Deeds and two Contracts for the Sale and Purchase of Land.
33. Council has provided an initial response to Burke Urban and the process to achieve documentation in final form is progressing well.
34. The negotiations include that Burke Urban would be responsible for making an annual payment to Council for lot 476 until that land is purchased from Council by Burke Urban. The annual payment would cover:
- Council administration costs;
 - Site maintenance costs including initial site tidy up;
 - Rates and charges including the equivalent of Council rates; and
 - Interest on the Council loan to fund this purchase plus a small premium over and above that.

Community Engagement:

Informing only	The Prudential Report with information that is commercial in confidence to be redacted first is to then be made publicly available.
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Policy:

Several Council policy documents are referenced in the Prudential Report including the Prudential Management Policy.

Budget:

It is anticipated that settlement of the land to be purchased by Council will occur in March 2018.

As this land purchase and timing was not known when the 2017/18 budget was adopted, an amendment to the Council budget will be necessary at the next budget review.

Statutory/Legal:

The Prudential Report has been prepared pursuant to section 48 of the Local Government Act (this section is included in Attachment 3 of the Prudential Report).

Staff Resource Requirements:

The Prudential Report was sourced externally as was the Valuation Report, Site Environmental Assessment Update letter and legal advice.

Environmental:

Refer above and attached in relation to Site Environmental Assessment Update.

Social:

The community is seeking that a Town Square be established somewhere in the Mount Barker city centre and would like to finally see development of the Woolworths site commence.

Risk Assessment:

Refer above under the heading of Prudential Report and Site Environmental Assessment Update.

Asset Management:

Upon settlement of the land, Council would become responsible for site management.

Conclusion:

The additional information from external sources is not considered to raise any major issues. It enables Council to now proceed with the acquisition of portion of the Woolworths land as per previous Council meeting resolutions.

Key Contact

Brian Clancey, Deputy Chief Executive Officer/General Manager Infrastructure & Projects

Sponsor of Project

Andrew Stuart, Chief Executive Officer

Attachment 1 to Item 18.2

Mount Barker District Council
Section 48 Prudential Report

**Mount Barker City Centre Strategic Partnering
Opportunity**

January 2018



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EXECUTIVE SUMMARY

The following report has been prepared to satisfy the requirements of the Mount Barker District Council's (Council) Prudential Management Policy and Section 48 of the Local Government Act 1999 (Act) which requires a Council to consider the prudential issues set out in Section 48 subsection 2 of the Act before engaging in a project which meets certain specified criteria including where the expected capital cost over the ensuing five years is likely to exceed \$4.628 million.

The City Centre Strategic Partnering Opportunity Project (Project) is the proposal for the Council to enter into a Contractual Agreement with Burke Urban to purchase 6,306m² of land comprising Lots 476 and 479 of the Woolworths Site, a strategic land parcel in the heart of Mount Barker, and for the subsequent sale of Lot 476 to Burke Urban within five years of the purchase date.

Relationship with Strategic Management Plans

A number of the goals and objectives in the *Mount Barker 2035 – District Strategic Plan* would be progressed by the Project. The Project will also assist to progress a number of the goals and objectives in the South Australian Strategic Plan and the 30 Year Plan for Greater Adelaide relating to liveability.

The Project is not referenced in the Mount Barker 2017/18 Annual Business Plan and Budget or the Long Term Financial Plan (LTFP). The estimated cost to purchase the land is \$5.055 million, however, some of these purchase costs will be offset by future sales of land and the ability to generate Council rates on the site post any future private development. Council will need to allocate funding to the Project if it is to proceed and reflect this in a future update to the LTFP.

If the Project proceeds, the relevant Asset Management Plans will need to be amended to reflect the new assets acquired.

Objectives of the Development Plan

The Project site is located within the "Regional Town Centre Zone" as identified in Council's Development Plan (Mount Barker District Council Development Plan Consolidated 8 August 2017). Land Divisions will be required to create the parcels of land and therefore the Project involves works which are defined as "development" under the Development Act 1993.

Mount Barker advises that Council is the relevant Authority to consider the Development Application and it has received Development Approval under delegated authority for the required Land Divisions.

Contribution to Economic Development

The purchase of the land by Council as part of this Project will not produce any direct economic benefits. The economic development will only be realised once the Site is developed and activated. The future form of development is not yet known so the impact on economic development is unable to be quantified.

Following any potential future development of the Woolworths Site, the Project is expected to generate economic activity and have a positive impact on businesses in the proximity. There are no issues relating to fair competition in relation to the Project.

Community Consultation

Given the commercial in confidence nature of the Project, the community has (properly) not been afforded the means to directly influence and contribute to the specific outcomes of the Project. However, the community was afforded the opportunity to influence and contribute to the Mount

Barker Town Centre Strategy and the Mount Barker Regional Town Centre Development Plan Amendment which informed the decision to purchase this land.

Council has also made public statements advising of the negotiations with Woolworths and the continuing discussions regarding the future of the site.

Financial Assessment

The purchase of Lot 476 and Lot 479 of the Woolworths Site by Mount Barker will not in itself generate revenue for Council. It is only with future private development of the site that revenue will be generated. However, Mount Barker expects to generate a total of \$3.893 million from the sale of part of Lot 479 in FY2020 and the whole of Lot 476 in FY2023 to offset the cost of purchase.

The Whole of Life Costs of undertaking the Project are estimated to be \$3.242 million (net of land sales). We are advised by Mount Barker that negotiations with Burke Urban are on-going to seek commercial terms that if successful will result in the Net Whole of Life Costs being reduced by \$0.166 million.

The Project is forecast to result in Mount Barker exceeding its current Key Financial Indicators. Based on the current Policy settings, there is a risk that progressing with the purchase will reduce Mount Barker's capacity to undertake other capital projects and pursue other strategic priorities.

Mount Barker has obtained an independent valuation satisfying the provisions of Section 48 (2)(j) of the Local Government Act and Council's Disposal of Council Land and other Assets Policy. The valuation of the Council portion of the land is 12.80% below the agreed purchase price which is considered to be a not unreasonable premium to enable Council to facilitate the staged development of the Site and secure a parcel of land for a Town Square.

Risk Issues

A risk assessment has been prepared for the Project which identified 17 risks, none of which were rated as 'Very High'. Post recommended risk mitigation strategies, the number of risks with a 'High' risk rating is zero.

Project Delivery

The Chief Executive Officer has been authorised by resolution of Council to conduct negotiations on behalf of Council in relation to the purchase of portion of the Woolworths Site. Mount Barker has also engaged suitably qualified and experienced expert advisors to assist in undertaking the Project.

Mount Barker has identified and implemented procurement arrangements for the delivery of the Project to date which are consistent with the Procurement Policy.

Conclusion

In accordance with the Prudential Management Policy a level of 'due diligence' is considered to have been applied to the Project.



*Mount Barker District Council
The City Centre Strategic Partnering Opportunity – Section 48 Prudential Report*

1. INTRODUCTION

1.1 Background

- 1.1.1 The Mount Barker District Council (Council) endeavours to offer the best of urban and rural living in a setting where residents and visitors can enjoy clean air, open spaces and natural beauty. The district has experienced high and sustained population growth which is forecast to grow from the current population of 33,915 to 55,416 by 2036.
- 1.1.2 Following extensive community consultation, Council endorsed the Mount Barker Town Centre Strategy on 16 July 2012 which incorporated the community's desire to see the development of a Town Square in the Town Centre.
- 1.1.3 The Town Centre Strategy provides a high level strategic direction and long term vision for the Town Centre that is encapsulated in three key themes:

“Activity Generation

With the centre operating as a clearly defined and true “regional centre” that is supported by the progressive increase to retail and commercial floor space over the next 20-30 years. A mix of land uses – including residential throughout and high density residential on the edges of the centre – will support the growth in commercial activity and provide north-south pedestrian through movement. This is to be supported through a program of community activities and events.

Quality of Experience

The centre will support “people first” through environments that are comfortable, reflect the character and heritage of Mount Barker and provide for the safe and efficient movement of pedestrians and cyclists. Gawler Street will continue to function as the “main street” and will provide an “intimate” place to meet, browse and socialise. Its development will be carefully managed to ensure its character is enhanced and protected. Upgrades to open space and linear trails (such as adjoining the creek) will provide recreation opportunities. The height and design of new buildings will capitalise on (and protect) important views and vistas and increased building heights and densities will provide opportunities for residential development within the centre.

Access and Movement

The centre will support the use and function of public transport, walking and cycling options (including comprehensive cycle networks). Priority will be given to safe and inclusive pedestrian and cycle movement throughout, complemented by a slower vehicle speed environment, with car access and parking on the edges of the centre. Car parking will be provided via a basement, under-croft and decked structures that do not detract from the amenity within the centre.”

- 1.1.4 The endorsed Town Centre Strategy required specific policy changes to Council's Development Plan. Consequently, Council resolved on 7 March 2016 to endorse the Mount Barker Regional Town Centre Development Plan Amendment (DPA) and forward it to the Minister for Planning seeking approval.

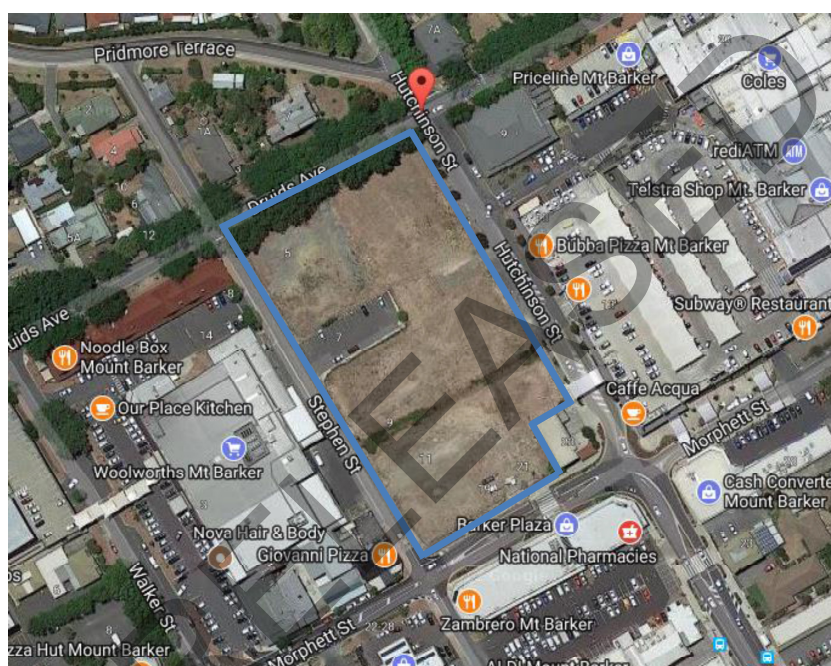
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1.1.4.1 The Minister approved the DPA and it was gazetted on 8 December 2016. The Mount Barker Development Plan was consolidated (incorporating the Regional Town Centre DPA) on 8 December 2016.

1.1.5 For a number of years there has been a large vacant site (11,335m²) located within the Mount Barker Town Centre bounded by Druids Avenue and Stephen, Morphett and Hutchinson Streets with consolidated ownership being held on behalf of Woolworths since 2010 (the Woolworths Site). Figure One shows an overhead view of the Woolworths Site.

Figure One: Overhead map of the Woolworths site



1.1.6 Since 2015 Council has undertaken extensive efforts to secure land within the Mount Barker Town Centre in order to create a Town Square, this has included pursuing the acquisition of a portion or the whole of the Woolworths Site. A chronology of commercially confidential reports which were considered in confidence by Council at the time, together with a synopsis of the resolutions is included in Attachment One.

1.1.7 In August 2017 Council received a commercial in confidence proposal from Burke Urban Developments Pty Ltd (Burke Urban), a family owned South Australian property developer, to purchase the Woolworths Site with Council involvement. Council resolved to pursue this proposal.

1.2 Rationale

1.2.1 The lack of development on the prime Woolworths Site in the heart of Mount Barker's Town Centre is seen by Council, the community and many other stakeholders as

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having had a detrimental impact on economic activity in the area for a number of years.

1.2.2 Securing the Woolworths Site would enable Council to:

- 1.2.2.1 Facilitate the staged development for a mixed range of uses of the Woolworths Site and achieve an integrated approach to this (as opposed to the site being sold off and developed piecemeal creating further car parking issues for Council and resulting in missed opportunities);
- 1.2.2.2 Secure a parcel of land between 600-1,000m² in the Mount Barker Town Centre for the purposes of achieving community open space in the form of a Town Square or that could be traded/exchanged to enable a Town Square to be established on another site; and
- 1.2.2.3 Act as a facilitator and catalyst for development to commence on the site and deliver community benefit such as much needed employment generation.

1.3 The Project

1.3.1 The City Centre Strategic Partnering Opportunity Project (Project) is the proposal for Council to enter into a Contractual Agreement with Burke Urban to purchase 6,306m² of the land known as the Woolworths Site shown as Lot 476 marked in red and Lot 479 marked in blue in Attachment Two, and for the subsequent sale of Lot 476 to Burke Urban within five years of the purchase date.

1.3.2 The specific details of the proposal presented by Burke Urban to Council are as follows:

“Burke Urban presents to Council the following:--

- 1. Burke Urban will enter into a contract with Woolworths and assign to Council the combined southern portions of the red and blue areas (6,306m²) for the Heads of Agreement consideration of \$4,750,000, subject to item 4 below.*
- 2. Burke Urban will (subject to Council approval of 1 above), enter into a contractual arrangement with Woolworths to secure the northern land for the benefit of the integrated project and provide adequate protection for Council to ensure that any on sale of the whole or part of that northern portion if not developed by Burke Urban or related entity will be done so in accordance with a joint party MOU, an agreed master plan and project objectives. Burke Urban will enter into a an arrangement for a first right of refusal under market conditions, a put and call option with Council similar to the southern portion red area or other mutually agreeable term to ensure that protection.*
- 3. Burke Urban and Council will enter into an MOU to set out a master planning and economic driver strategy for the site to attract and develop complementary uses and concentrated built form adjacent a civic square.*
- 4. Under the assignment of the southern land to Council Burke Urban and Council will enter into an unconditional put and call option to provide for Burke Urban or*



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related to entity to purchase the red area from Council for a consideration of \$2,210,000 plus the cost of Council funds and a fair administration charge. We propose the term of the put and call to be 5 years from the Council purchase date of the southern land. To be clear, if at the end of 5 years Burke Urban has not "called" under the option, Council can "put" the unconditional contract to us and settlement must proceed forthwith."

- 1.3.3 We note that in accordance with Council's resolution on 6 November 2017 (OM20171106.29) following the purchase of land, Council is intending as matter of priority to:
- 1.3.3.1 Seek to progress the finalisation of the site for a Mount Barker Town Square.
 - 1.3.3.2 Progress the sale of land purchased from Woolworths that is surplus to meeting the objectives of securing a Town Square to reduce the indebtedness attributable to this land purchase (excluding the land to be sold to Burke Urban).
 - 1.3.3.3 Progress the preparation of a Master Plan for consideration by Council for the entire parcel of land as shown in yellow on Attachment Two to achieve an integrated approach to the development of the entire Woolworths Site.
- 1.3.4 However, the form of any future development on the Woolworths Site is currently unknown and not within the scope of the Project for the purposes of this Prudential Review.
- 1.3.5 The estimated capital cost of the Project is shown in Table One.

Table One: Project components and indicative cost estimates

Description of component	Indicative cost estimate (\$m)
Land purchase	4.750
Stamp Duty	0.255
Other fees – conveyancing, registration, legal, Prudential Report, Valuation	0.050
Total	5.055

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1.4 Legal Framework and Prudential Issues

- 1.4.1 Council adopted a Prudential Management Policy, dated 3 August 2017 (DOC/17/75239) that sets out Council's approach for prudential management of all its projects. The objectives of the Policy are:

"...to ensure that each Council project:

- is undertaken only after an appropriate level of "due diligence" is applied to the proposed project*
- is managed during the project and evaluated after the project to achieve identified public benefits or needs; and to minimise financial risks*
- Gives consideration to Council's strategic plans."*

- 1.4.2 This report has been prepared to ensure the requirements of the Council's Prudential Management Policy have been met.

- 1.4.3 The Local Government Act 1999 (Act) Section 48 requires Council to consider a report addressing the prudential issues set out in subsection (2) when a project meets certain criteria, specified in (b), namely where a council:

"(b) engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)—

- (i) where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or*
- (ii) where the expected capital cost of the project over the ensuing five years is likely to exceed \$4 000 000 (indexed); or*
- (iii) where the council considers that it is necessary or appropriate."*

- 1.4.4 The requirements of the Act are reproduced in Attachment Three, we note that the \$4.00 million threshold in Section 48 (1)(b)(ii) is indexed by CPI from a September 2009 base year. As at the date of this report, the relevant threshold is \$4.628 million.

- 1.4.5 The prudential issues identified in Section 48 are:

- "(a) the relationship between the project and relevant strategic management plans;*
- (b) the objectives of the Development Plan in the area where the project is to occur;*
- (c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;*



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- (d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;*
- (e) if the project is intended to produce revenue, revenue projections and potential financial risks;*
- (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;*
- (g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;*
- (h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);*
- (i) the most appropriate mechanisms or arrangements for carrying out the project;*
- (j) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994."*

- 1.4.6 We note that as the expected capital cost of the project will exceed the threshold in Section 48(1)(b)(ii), Mount Barker has engaged BRM Holdich to prepare a report to satisfy the requirements of Section 48 of the Act and the Council's Prudential Management Policy.



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2. RELATIONSHIP WITH RELEVANT STRATEGIC MANAGEMENT PLANS

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

(a) *the relationship between the project and relevant strategic management plans;*

2.1 Relevant Strategic Management Plans

2.1.1 Section 122 of the Act requires a Council to develop and adopt strategic management plans; these are required to incorporate the extent to which a Council's objectives are related to regional, state and national objectives.

2.1.2 For the purposes of this report the relationship between the Project and the following plans are considered relevant.

2.1.2.1 Mount Barker District Council

- 2035 District Strategic Plan;
- Annual Business Plan and Budget 2017/18;
- Long Term Financial Plan 2017-2027; and
- Asset Management Plans.

2.1.2.2 Regional

- No relevant regional plans were identified.

2.1.2.3 South Australian State Government

- South Australian Strategic Plan;
- 30 Year Plan for Greater Adelaide; and
- State Government Strategic Priorities.

2.1.2.4 National

- No relevant national plans were identified.

2.2 Mount Barker District Council Plans

2.2.1 Mount Barker 2035 District Strategic Plan

2.2.1.1 The strategic direction for Mount Barker District Council is detailed in *Mount Barker 2035 – District Strategic Plan*.

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2.2.1.2 The Mount Barker vision is:

“The Mount Barker district will be recognised as being highly liveable, prosperous and safe, built from a foundation of community spirit and energy, quality of lifestyle and unique heritage, environment and landscape.”

2.2.1.3 The vision is implemented through five key goal areas:

1. Community Wellbeing;
2. Economic Prosperity;
3. The Urban Environment;
4. The Natural Environment & Sustainable Living; and
5. Governance & Leadership.

2.2.1.4 Table Two shows the alignment of the Project with key goal areas of the Mount Barker 2035 – District Strategic Plan.

Table Two: Alignment with Mount Barker 2035 - District Strategic Plan

Key Goal	Objectives	Strategies	Alignment with Project
The Urban Environment	Development of the Mount Barker regional town centre The built form, urban spaces and environments in the Mount Barker town centre are developed to promote walkability, activity, vibrancy, diversity of use and economic activity befitting of a small regional city	UE4.3 Promote and support bold and iconic public and private building developments within strategic town centre land sites High priorities Commit to, and commence development of at least one major Council project and town square/open space in the Mount Barker town centre	Acquisition of the proposed land provides Council with the opportunity to establish a Town Square within the Mount Barker Town Centre and facilitate development of a long standing vacant site
Governance and Leadership	Program and project deliver The Council achieves excellent program and project delivery within a well managed financial system	GL 3.1 Partner with developers to contribute financially to providing community infrastructure to benefit current and future generations	The proposed strategic partnership with the developer provides an opportunity for Council to acquire land that could be developed as a Town Square and facilitate the staged development for a mixed range of uses of a long standing vacant site

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- 2.2.1.5 The Project is strongly aligned to the Mount Barker 2035 – District Strategic Plan.
- 2.2.2 Annual Business Plan and Budget 2017/18
 - 2.2.2.1 The Mount Barker Annual Business Plan and Budget 2017/18 (ABPB) guides Council's activities to progress towards meeting the overarching long term objectives in the 2035 District Strategic Plan.
 - 2.2.2.2 The ABPB outlines how Council plans to allocate its budget and what services and projects will be developed and delivered in the forthcoming financial year.
 - 2.2.2.3 There are no references or budget allocation for the Project in the ABPB.
 - 2.2.2.4 If the Project is to proceed, appropriate budget provisions will need to be included in the next Budget review process.
- 2.2.3 Long Term Financial Plan 2017-2027
 - 2.2.3.1 While seeking to achieve its corporate goals, Council is mindful of its responsibilities to be financially sustainable. Being financially sustainable means having a financial position capable of meeting long term service and infrastructure levels and standards, acceptable to the community, without substantial increases in rates or disruptive cuts to services. It implies equity between generations.
 - 2.2.3.2 The 2017-2027 Long Term Financial Plan (LTFP) seeks to reflect these responsibilities and aspirations and is updated annually to incorporate changes in external factors such as government policy and local and global economic factors.
 - 2.2.3.3 The LTFP as adopted by Council on 7 August 2017 (Resolution OM20170807.02) does not incorporate financial provisions for this Project.
 - 2.2.3.4 Given the relatively high capital cost of the Project, progressing the Project will have a material impact on the LTFP and Council's financial ratios. An assessment of the impact on the LTFP is included in Section 6.
 - 2.2.3.5 If the Project is approved by Council, the expected financial impact should be included in the next revision of the LTFP.
- 2.2.4 Asset Management Plan
 - 2.2.4.1 Council owns and is responsible for the management, operation and maintenance of a diverse infrastructure asset portfolio that provides services and facilities to the community.

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- 2.2.4.2 Council has adopted an 'Infrastructure Asset Management Policy' (last reviewed on 1 December 2008) to guide the provision, maintenance and renewal of its infrastructure assets. In accordance with its Policy, Asset Management Plans have been developed to ensure that Council continues to provide effective and comprehensive management of its infrastructure asset portfolios.
- 2.2.4.3 The Project will create new land assets that should be included within the Infrastructure Asset Management Plan and Assets Register on purchase.
- (a) We note Council's priority post acquisition is to progress the sale of land purchased from Woolworths that is surplus to meeting the objectives of securing a Town Square. Once this is achieved the Infrastructure Asset Management Plan and Assets Register should be updated.

2.3 Regional Objectives

- 2.3.1 No regional objectives or plans were identified that relate to the Project.

2.4 South Australian State Plans

- 2.4.1 The South Australian Strategic Plan
- 2.4.1.1 The South Australia Strategic Plan is built on six pillars and identifies a number of targets. Table Three identifies the relationship between the Project and the vision, goals and targets which are supported or would be advanced by the Project.
- 2.4.1.2 The analysis has been performed on the assumption that undertaking the Project will secure a parcel of land for the establishment of a Town Square in the Town Centre and facilitate development of a long standing vacant site which will lead to positive outcomes for the economy in Mount Barker.

Table Three: Project Alignment with the South Australian Strategic Plan

Relevant State Pillar	State Goals and Targets Advanced by the Project
Our Community	<p>Vision: Our Communities are vibrant places to live, work, play and visit.</p> <p>Goal: We are committed to our towns and cities being well designed, generating great experiences and a sense of belonging.</p> <p>Primary Target 1: Urban spaces - Increase the use of public spaces by the community.</p> <p>How the Project is aligned: The site has been vacant for a significant period of time. Any future form of mixed use development including the establishment of a Town Square is likely to include a level of public access which will help to increase the use of public spaces by the community.</p>

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Relevant State Pillar	State Goals and Targets Advanced by the Project
Our Prosperity	<p>Vision: South Australia plans and delivers the right infrastructure.</p> <p>Goal: South Australia has a resilient, innovative economy.</p> <p>Related Target 35: Economic Growth - exceed the national economic growth rate over the period to 2020.</p> <p>Related Target 39: Competitive business climate.</p> <p>Related Target 46: Regional population levels</p> <p>How Project is aligned: Facilitating the development and activation of a currently unused vacant site.</p>
Our Health	<p>Vision: We are active in looking after our health.</p> <p>Goal: We are physically active.</p> <p>Related Target 1: Urban spaces.</p> <p>How Project is aligned: Establishing a Town Square on a currently unused vacant site which will result in increases in community access and use.</p>

2.4.1.3 There are high level linkages between the Project and the activation of a key Mount Barker Town Centre site and the State Strategic Plan in relation to the Our Community, Our Prosperity and Our Health Objectives.

2.4.2 State Government Strategic Priorities

2.4.2.1 The State Government has also set seven strategic priorities.

2.4.2.2 Priority one 'Creating a vibrant city' and Priority five 'Safe communities, healthy neighbourhoods' are considered relevant to the Project.

2.4.2.3 The opportunity to facilitate the development of the vacant site and establish a Town Square is likely to generate economic activity and vibrancy in the Mount Barker Town Centre. The Project is considered to contribute to the progression of Priorities one and five of the State Government's seven strategic priorities

2.4.3 30 Year Plan for Greater Adelaide

2.4.3.1 The State Government's broad vision for sustainable land use and the built development of the state is outlined in the Planning Strategy. The relevant volume of the Planning Strategy is the 30-Year Plan for Greater Adelaide (2017 Update).

2.4.3.2 The 30 Year Plan (2017 Update) has three key objectives, these are:

- (a) maintain and improve liveability;
- (b) increase competitiveness; and

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(c) drive sustainability and resilience to climate change.

2.4.3.3 The Project is likely to advance the objective of 'Liveability' as it will provide the Mount Barker community with a vibrant public space where people can gather and meet.

2.4.3.4 The 30 Year Plan (2017 Update) builds on the existing Plan's fourteen principles and strengthens the Plan's focus on creating healthy neighbourhoods where walking and public life are encouraged.

2.4.3.5 The 30 Year Plan (2017 Update) simplifies the 89 recommendations in the 2010 Plan to six high level targets which better align the targets with the strategic objectives.

(a) Target One focuses on "Containing our urban footprint and protecting our resources" which supports the decision by Council that the Mount Barker Town Centre would not increase in area and instead the intensity of development within that area should increase commensurate with the needs of the rapidly growing community.

(b) Target Two focuses on 'More ways to get around' which supports the concept of housing, commercial and community activity being close to and connected with public transport.

(c) Target Three focuses on 'Getting active' which supports people being able to walk or ride to work.

(d) Target Four focuses on 'Walkable Neighbourhoods' which encourages the creation of thriving hubs of commercial and community activity such as would be created by progressing the Project

2.4.3.6 The Project is considered to progress Targets One, Two, Three and Four in the 30 Year Plan (Update 2017).

2.5 National Objectives

2.5.1 We have not identified any Commonwealth Government plans that relate specifically to the Project.



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3. OBJECTIVES OF THE DEVELOPMENT PLAN

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

(b) the objectives of the Development Plan in the area where the project is to occur;

3.1 Development Plan

3.1.1 Development in Mount Barker is governed by the Mount Barker District Council Development Plan, pursuant to Section 33 of the Development Act 1993, the latest consolidated version is dated 8 August 2017.

3.1.2 The Development Plan outlines what sort of developments and land use are and are not envisaged for particular zones and various objectives, principles and policies further controlling and affecting the design and other aspects of proposed developments. As such, the Development Plan covers matters including zoning issues, building appearance and neighbourhood character, land division, building siting and setbacks and environmental guidelines.

3.1.3 The Development Plan is arranged with the Council-wide Objectives and Principles of Development Control appearing first, followed by more detailed Desired Character Statements, Objectives, Principles of Development Control and Policies relating to particular zones, policy areas and precincts.

3.1.4 The Project is defined as the purchase by Council of the two parcels of land shown as Lot 476 marked in red and Lot 479 marked in blue in Attachment Two and the subsequent sale of Lot 476 to Burke Urban within five years. Land Divisions will be required to create these two parcels of land and therefore the Project involves works which are defined as “development” under the Development Act 1993.

3.2 Development Zone

3.2.1 The whole of the land which is the subject of this Project is described as Allotments 476 and 479 in Deposited Plan 23261 located within the Mount Barker Town Centre bounded by Druids Avenue and Stephen, Morphet and Hutchinson Streets as shown marked in red and blue in Attachment Two.

3.2.2 The subject land is located within the “Regional Town Centre Zone” as identified in Council’s Development Plan (Mount Barker District Council Development Plan, Consolidated 8 August 2017).

3.2.3 Council resolved at its meeting on 6 November 2017 to exclude from community land classification all of the land proposed to be purchased by Council as shown marked in red and blue in Attachment Two.

3.3 Approving Authority

3.3.1 Pursuant to the Development Act 1993, a Council can make decisions on certain kinds of applications where the Council is the applicant subject to Schedule 10 of the Development Regulations 2008.

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- 3.3.2 However, in circumstances where development is to be undertaken by a Council, and there is potential for a perception of bias or conflict, there is provision under the Development Act 1993, to refer the application to the Minister for Planning with a request for a determination that the Development Assessment Commission is the relevant authority, pursuant to Section 34(1)(b)(iii) of the Act, which reads:

"Subject to this Act, the relevant authority, in relation to a proposed development, is ascertained as follows:

(iii) the Minister, acting at the request of a council or regional development assessment panel, declares, by notice in writing served personally or by post on the proponent, that the Minister desires the Development Assessment Commission to act as the relevant authority in relation to the proposed development in substitution for the council or regional development assessment panel (as the case may be) then the Development Assessment Commission is, subject to subsection (2), the relevant authority."

- 3.3.3 The Minister can either accede to the request and determine that the State Commission Assessment Panel is the relevant authority, or could decline the request and refer the application back to Council for determination. We note that the State Planning Commission assumed the functions, powers and duties of the Development Assessment Commission on 1 August 2017 and that on the same day it established the State Commission Assessment Panel (SCAP) to continue the assessment functions formerly undertaken by the Development Assessment Commission.
- 3.3.4 Mount Barker has developed a policy titled 'Development Act 1993 Delegations Policy' (Doc/17/7222) endorsed by Council on 6 February 2017. The purpose of the policy is to explain how Council will make the various delegations required by Section 34(23) of the Development Act.
- 3.3.5 Council is the applicant for the Land Divisions and Mount Barker has advised that the Council is the relevant authority to determine the application. Mount Barker has also advised that it has received Development Approval for the Land Divisions under delegated authority.
- 3.3.6 It is noted that a further Land Division will likely be required to enable Mount Barker to progress the sale of land purchased that is surplus to meeting the objectives of securing a Town Square.

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4. ECONOMIC DEVELOPMENT

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;*

4.1 Contribution to Economic Development

- 4.1.1 Economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base.
- 4.1.2 The purchase of part of the land known as the Woolworths Site by Council as part of this Project will not produce any direct economic benefits.
- 4.1.3 The economic development will only be realised once the Property is developed and activated. As the form of any future developments is currently unknown, it is not possible to quantify the potential future economic development impact of undertaking the Project.

4.2 Impact on Business in the Proximity

- 4.2.1 The purchase of part of the land known as the Woolworths Site within the Mount Barker Town Centre will not impact on businesses in the proximity.
- 4.2.2 We note that development of the Woolworths Site in the future, either as a mixed use development which may or may not include a 'town square' element, would be expected to have a positive impact on businesses in and around the development.
- 4.2.3 While competition amongst traders could potentially increase, the activation and increased population living in the vicinity of the development and being attracted to the area would more than likely benefit both new and existing businesses.
- 4.2.4 As with many construction projects, Mount Barker will need to be mindful of existing traders during any future development at the Woolworths Site to ensure that the impact of construction activity on existing businesses is minimised.

4.3 Fair Competition

- 4.3.1 The arms-length purchase of part of the land known as the Woolworths Site in partnership with Burke Urban by the Council does not give rise to any issues in relation to Fair Competition.

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5. COMMUNITY CONSULTATION

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;*

5.1 Level of Consultation

- 5.1.1 Council is strongly committed to genuine, effective and timely community consultation on a range of issues to ensure it meets (or exceeds) its obligations under the Local Government Act 1999. The Community Consultation Policy, prepared pursuant to Section 50 of the Local Government Act 1999, adopted on 7 April 2014 (Reference Number 14/020391) reflects this commitment.
- 5.1.2 The Policy sets out the following primary policy objectives.
 - 5.1.2.1 *Encourage the community to actively participate in policy development, planning and programming, the management and evaluation of services and in identifying areas of concern.*
 - 5.1.2.2 *Ensure that Council's objectives and initiatives are informed and improved by the valuable information gathered in community consultation.*
 - 5.1.2.3 *Demonstrate that community consultation precedes action - it is the beginning of the cycle which results in action.*
 - 5.1.2.4 *Provide a community consultation process which serves and builds trust and positive relationships within the community.*
 - 5.1.2.5 *Demonstrates open, transparent and responsive decision making.*
- 5.1.3 In applying this policy, Mount Barker also utilises its Community Engagement Framework and Toolkit to enable a consistent and effective approach to consultation by staff.
- 5.1.4 Given the 6 November 2017 Council Resolution and the order of confidentiality in respect of the details of the Project on the grounds that the Project is commercial in confidence, it has not been appropriate to consult specifically on the Project.
- 5.1.5 However, we note that Council has undertaken extensive community consultation on elements relating to the Project as follows:
 - 5.1.5.1 The Town Centre Strategy which specifically incorporated the community's desire to see the development of a Town Square in the Town Centre; and
 - 5.1.5.2 The Mount Barker Regional Town Centre Development Plan Amendment (DPA) which recognises the potential for a mixed range of uses for the Woolworths Site.



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5.1.6 We also note that despite the confidentiality orders on the numerous reports considered by Council on this matter, Council has sought to ensure open and transparent decision making and engagement with the community on this matter by:

5.1.6.1 Communicating with the Mount Barker Districts Residents' Association to advise them that Council is continuing to pursue an interest in the Woolworths Site; and

5.1.6.2 Seeking agreement from Woolworths that Council could make a public statement advising that Council had made offers to Woolworths that had not been accepted and that Council was continuing discussions with Woolworths regarding the future of the site and subsequently making public statements as reported on in the local media.

5.1.7 If the property is purchased, Council has resolved that as a matter of priority it will progress the preparation of a Master Plan for the entire parcel of land as shown in yellow on Attachment Two to achieve an integrated approach to the development of the entire Woolworths Site. This will afford the community with another considerable opportunity to be consulted on the site. However, at this stage the nature and form of this consultation process is currently unknown.

5.1.8 Based on Council's existing Public Consultation Policy, the consultation actions taken to date are considered appropriate.

5.2 Community Influence and Contribution

5.2.1 At this stage, the community has (properly) not been afforded the means to directly influence and contribute to the specific outcomes of the Project but has been consulted on elements relating to the Project.

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6. FINANCIAL ASSESSMENT

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (e) if the project is intended to produce revenue, revenue projections and potential financial risks;*
- (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;*
- (g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;*
- (j) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.*

6.1 Revenue Production, Revenue Projections and Potential Financial Risks

6.1.1 Revenue Production and Projections

6.1.1.1 The purchase of Lot 476 and Lot 479 by Council will not in itself generate revenue for Council. It is only with future development of the site that revenue will be generated.

6.1.1.2 Based on information provided by Council the purchase of Lot 476 and Lot 479 will initially result in a loss of Council rate revenue of approximately \$19k per annum being paid by the current owner,. This represents the portion of land that Council will own on purchase of the Woolworths Site and which therefore is not subject to Council rates.

6.1.1.3 This reduction in rates will be offset by:

- (a) future development of the Woolworths Site which will increase the density of use above the current use as vacant land and hence is expected to generate increased Council rates revenue; and
- (b) further activation and activity in and around the site which may lead to increased property values and further indirect increases in Council rates.

6.1.1.4 We note that Council has not as yet undertaken any financial modelling of Council rate revenue arising from the future development of the Site, given that the specifics like future land use and timing of development are currently unknown.

6.1.2 Potential Financial Risks

6.1.2.1 The Mount Barker Project Risk Register identified the following seven key financial risks.

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- (a) Burke Urban defaults on its contractual obligations to purchase the land shown as Lot 476 and marked in red in Attachment Two.
- (b) Known contamination of the land as shown in Attachment Four is more substantive than thought which causes delays/cost to remediate or impacts on intended land uses.
- (c) Council determines to retain all the purchased land (Lot 479) as open space.
- (d) Burke Urban and/or its development partners seek concessions from Council for sewer and rates.
- (e) The value of the land decreases over time.
- (f) Limited demand for the purchase of the Council land that is surplus to requirements.
- (g) Loss of Council rate revenue in the interim for Lot 476 it purchases for subsequent sale to Burke Urban (\$9,228 per annum).

6.1.2.2 In addition to the financial risks identified by Mount Barker, we recommend the following financial risks be added to the Project Risk Register.

- (a) Purchase of the land affects Mount Barker's ability to deliver on other strategic priorities and opportunities. Borrowing for the project will result in Council exceeding its Key Financial Indicators which may limit borrowing and/or ability to undertake other strategic priorities.
- (b) Council is not able to fully recover the holding costs for Lot 476 from Burke Urban.

6.2 Recurrent and Whole of Life Costs, Financial Arrangements

6.2.1 Recurrent Costs

6.2.1.1 The Project will result in recurrent costs associated with the maintenance of the vacant land before it is on sold and the cost of maintenance and capital for the portion of the Woolworths Site which is retained by Council.

6.2.1.2 Maintenance

- (a) The additional maintenance expense required to service Lot 479 is calculated at 1.5% of \$2.719 million being the total cost of purchasing the land. This includes provision for slashing, fencing, insurance, water and Emergency Services Levy.
 - (i) The recurrent costs in relation to Lot 479 are reduced in FY2020 when a portion of Lot 479 that is surplus to requirements is assumed to be sold.

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- (ii) The total assumed recurrent cost associated with maintenance of Lot 479 is \$40.8k per annum to FY2020 and \$26.7k per annum after FY2020.
- (b) The additional maintenance expense required to service Lot 476 is calculated at 1.5% of \$2.337 million being the total cost of purchasing the land. This includes provision for slashing, fencing, insurance, water and Emergency Services Levy.
 - (i) The recurrent costs in relation to Lot 476 cease in FY2023 when the land is assumed to be sold to Burke Urban.
 - (ii) The assumed recurrent cost associated with maintenance of Lot 476 is \$35k per annum.

6.2.1.3 Financing

- (a) At a proposed purchase price of \$4.750 million, total cash outflows inclusive of transaction costs, are estimated at \$5.055 million.
- (b) The cost of finance for the purchase of Lot 479 has been assumed on a LGFA loan facility for 20 years with an interest rate of 4.65% with the future sale of the surplus land to be applied as an extra payment to reduce the LGFA debt.
 - (i) Based on the total cost of purchasing Lot 479 of \$2.719 million the notional financing cost is estimated at \$0.125 million in year one which will reduce over the life of the loan facility.
- (c) The cost of finance for the purchase of Lot 476 has been assumed on a CAD LGFA loan facility for five years at an average rate of 4.42% with interest to be accrued and compounded. We note that Council's cost to finance the purchase of Lot 476 will be recovered when the land is sold to Burke Urban, assumed to be in FY2023.
 - (i) The notional financing cost for Lot 476 is estimated at \$0.559 million over the five years which averages out at \$0.112 million per annum over the next five years.

6.2.2 Whole of Life Costs

6.2.2.1 The whole of life costs for the Project have been calculated based on the following assumptions provided by Mount Barker:

- (a) Project life is 20 years to correspond with the life of the loan facility;
- (b) Council purchases Lots 476 and 479 totalling 6,306m² with settlement occurring on 31 January 2018;
- (c) Council sells 1,178m² of Lot 479 for \$0.942 million in FY2020;

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- (d) Council sells Lot 476 comprising 3,128m² to Burke Urban in FY2023 for \$2.951 million;
- (e) no increase in the value of the land from the initial cost price;
- (f) the land remains undeveloped;
- (g) 2,000m² of Lot 479 is retained by Council for a Town Square but is not developed (i.e. no forecast expenditure for development);
- (h) a provision for loss of rates revenue from Lot 476 until FY2023 when it will be sold and from Lot 479 with an adjustment for when the surplus land is sold in FY2020;
- (i) The cost of finance and cost of maintenance has been calculated consistent with the assessment of recurrent costs; and
- (j) no provisions for inflation or discounting of cash flows have been made.

6.2.2.2 Based on the assumptions above, the net Whole of Life Costs for the Project are expected to be \$3.242 million as shown in Table Four.

Table Four: Whole of Life Costs

	Lot 476	Lot 479	Total
Purchase price	2.337	2.719	5.056
Assumed sale price	(2.951)	(0.942)	(3.893)
Whole of life costs:			
- Maintenance	0.175	0.575	0.750
- Financing	0.559	0.646	1.205
- Loss of rate revenue	0.046	0.078	0.124
Total Whole of Life	0.166	3.076	3.242

Note: Additional Rate Revenue post development of the Woolworths Site has not yet been quantified

6.2.3 Financial Arrangements

6.2.3.1 Council endorsed a 'Treasury Management Policy' (Reference Number DOC/16/1998) on 4 July 2016 which:

- (a) Provides clear direction to management, staff and Council in relation to the Treasury function;
- (b) Establishes a clear decision framework to manage financial risk and ensure Council is operating in a financially sustainable manner;

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- (c) Establishes financial indicators to ensure its long term financial sustainability as outlined in Table Five.

Table Five: Key Financial Indicators

Indicator	Targets
Operating Surplus/(Deficit) Ratio - %	≥+1% of the general rate
Net Financial Liabilities Ratio - %	>0%<80% total operating revenue
Asset Sustainability Ratio - %	≥100% asset management plans

- 6.2.3.2 The Policy underpins Council's decision making regarding financing of operations to ensure that:
- (a) Funds are available as required to support approved outlays;
 - (b) Interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed; and
 - (c) The net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.
- 6.2.3.3 Council also has a 'Funding Policy' which it endorsed on 5 May 2014 (Reference Number 12/105644) to be read in conjunction with the 'Treasury Management Policy' which sets out the rationale for funding Council's wide range of functions now and in the future. The Policy ensures there is a consistent, rational and fair basis for funding Council activities.
- 6.2.3.4 The purchase of Lot 476 and Lot 479 with the associated transaction and holding costs will be funded through borrowings.
- 6.2.3.5 The financial arrangements for the Project are considered to be consistent with the 'Funding Policy'.
- 6.2.3.6 Following the purchase of part of the Woolworths Site, the Project is expected to generate cash inflows from the future sale of the site as follows:
- (a) Part of the land shown as Lot 479, which is deemed surplus to meeting the objectives of securing a Town Square, estimated at \$0.942 million in FY2020. The estimate has been calculated based on the following assumptions:
 - (i) no increase in the value of the land;
 - (ii) the land remains undeveloped;
 - (iii) surplus land to be sold is 1,178m²;
 - (iv) no provision for cost of sale (i.e. land agent fees, conveyancing, land division or advertising); and

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- (v) settlement to occur in FY2020.
- (b) The unconditional put and call option to provide for Burke Urban to purchase the land shown as Lot 476 from Council for a consideration of \$2.210 million plus the cost of Council funds and a fair administration charge within five years of the purchase date of the land by Council. This is estimated at \$2.951 million. The estimate has been calculated using the following assumptions:
 - (i) original purchase price of \$2.337 million made up of land cost of \$2.210 million and \$0.127 million in purchase costs (i.e. stamp duty, legal costs and conveyancing);
 - (ii) provision of \$0.559 million for the cost of finance based on a CAD LGFA loan facility interest rate of 4.42% to be accrued and compounded;
 - (iii) provision for \$55.27K for Administration charge; and
 - (iv) Burke Urban to settle Lot 476 in FY2023.

6.2.3.7 The estimated cash inflows from the future sale of part of the Woolworths Site is shown in Table Six.

Table Six: Potential cash inflows from future sale of Project land

Land parcel	FY2020	FY2023	Total
Portion of Lot 479 surplus to Council requirements	\$0.942		\$0.942
All of Lot 476 to Burke Urban		\$2.951	\$2.951
Total	\$0.942	\$2.951	\$3.893

6.2.3.8 Based on Mount Barker's assumptions, the recovery of \$2.951 million from the sale of Lot 476 to Burke Urban in FY2023 is \$0.166 million less than the total purchase price of \$2.337 million plus the assumed Whole of Life Costs of \$0.780 million.

6.2.3.9 However, we are advised by Mount Barker that negotiations with Burke Urban are on-going with a view to reaching an agreement that all outgoings including finance costs, maintenance and Council rate revenue forgone are fully recovered and paid annually rather than as a lump sum when the land is sold to Burke Urban. We note that if these negotiations are successful it will result in the Net Whole of Life Costs being reduced by \$0.166 million to \$3.076 million (i.e. Council will have zero Whole of Life Costs for Lot 476).

6.3 Financial Viability

6.3.1 Financial viability can be defined as the ability to generate sufficient income to meet operating expenses, financial obligations and to provide the potential for future growth.



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- 6.3.2 The Council's LTFP 2017 – 2027 has set targets for its Key Financial Indicators to guide revenue and expenditure decisions, overall budget strategies and future decision making. The overall targets and forecasts are shown in Table Seven.
- 6.3.3 There is no provision for the Project in the 2017/18 Budget or LTFP.
- 6.3.4 The scale of the Project is not insignificant in the context of the Council's capital expenditure forecast. The estimated Project cost would be 23.1% of the approved capital and renewal expenditure of \$21.894 million in FY2018.
- 6.3.5 The 2017/18 LTFP has a closing net liabilities position of \$9.679 million at the end of FY2018 increasing to a net liabilities position of \$12.909 million at the end of FY2019 and decreasing to a net liabilities position of \$7.343 million at the end of the ten year modelled period in 2027.
- 6.3.5.1 Based on Council's budget review on 6 November 2017, the Project, together with Council's other approved capital works projects, will result in borrowings of \$15.344 million in 2017/18.
- 6.3.5.2 As a result, Council's Net Financial Liabilities Ratio is forecast to increase to 38.6% in 2017/18 before peaking at 94.1% in FY2021, above Council's endorsed operating range of <80%.
- 6.3.5.3 The Council's Operating Surplus as a result of the Project together with Council's other approved capital works projects, is now forecast to be below Council's endorsed operating range from FY2019 to FY2024.
- 6.3.6 The impact of the Project on the Financial Indicators, which includes the revised budget estimates for the recently approved Environmental Services Centre, compared to the targets established in Council's 'Treasury Management Policy' and the ratios adopted in the 2017/18 LTFP, as provided by Mount Barker, is detailed in Figure Two and shown graphically in Figure Three.

Figure Two: Impact of the Project on the LTFP Financial Indicators

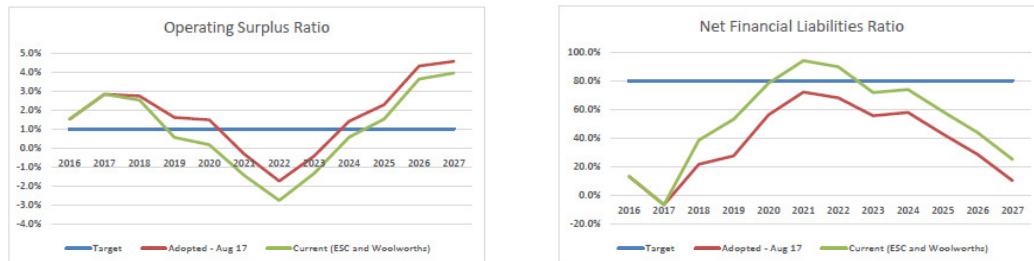
Operating Surplus Ratio	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Target	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Adopted - Aug 17	1.5%	2.8%	2.7%	1.6%	1.5%	-0.3%	-1.7%	-0.4%	1.4%	2.3%	4.3%	4.6%
Current (ESC and Woolworths)	1.5%	2.8%	2.5%	0.6%	0.2%	-1.4%	-2.8%	-1.3%	0.6%	1.5%	3.6%	4.0%
Net Financial Liabilities Ratio	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Target	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Adopted - Aug 17	13.3%	-6.5%	21.8%	27.7%	56.3%	72.2%	68.1%	55.6%	58.0%	42.9%	28.6%	10.3%
Current (ESC and Woolworths)	13.3%	-6.5%	38.6%	53.2%	78.4%	94.1%	89.8%	71.9%	74.0%	58.6%	43.8%	25.1%

Source: Mount Barker Corporate Services

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Figure Three: Impact of the Project on the Operating Surplus and Net Financial Liabilities Ratios



Source: Mount Barker Corporate Services

6.3.7 The Project will result in Council exceeding its current Key Financial Indicators. We note that these indicators have not been reviewed since 4 July 2016 and accordingly may not reflect the current views of Council.

6.3.7.1 We note that the assumptions do not include any modelling for the likely increase in rate revenue arising from the development of the Woolworths Site nor the cost for Council to develop the Town Square.

6.3.8 Notwithstanding the potential for a cash inflow to offset some of the purchase price, the purchase will have an impact on Council's funding and borrowing capacity.

6.3.9 The final consideration in assessing viability is considering whether identified non-financial and indirect benefit to the community, through activating the Woolworths Site and providing for the opportunity to develop a Town Square could be used to justify the anticipated financial cost.

6.3.10 The other potentially valuable benefit of undertaking the Project is the opportunity to maintain an element of control over the form of the development through the proposed Master Planning process.

6.3.11 Based on the current Policy settings and the financial modelling undertaken, there is a risk that progressing with the Project will reduce Council's capacity to undertake other capital intensive projects and/or pursue other strategic priorities.

6.3.12 If the Project is to proceed, Council could consider undertaking a review of the Treasury Management Policy in relation to the Operating Surplus and Net Financial Liabilities Ratios. A Policy change in relation to these Ratios could reduce the impact that undertaking this Project may have on other competing capital intensive Projects such as the Regional Sports Hub.

6.4 Sale or disposition of land

6.4.1 Consistent with Section 48 (2)(j) of the Act Council has obtained an up to date valuation for Lots 476 and 479 from Jones Lang Lasalle, a qualified valuer under the Land Valuers Act 1994.

6.4.2 Council endorsed the 'Disposal of Council Land and other Assets Policy' on 5 September 2016 (Reference Number DOC/16/80873).

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6.4.2.1 The Policy sets out the following principles that Council must have regard to in its disposal of land and assets:

- (a) *Encouragement of open and effective competition.*
- (b) *Obtaining Value for Money.*
- (c) *Ethical Behaviour and Fair Dealing.*
- (d) *Probity, Accountability, Transparency and Reporting.*
- (e) *Ensuring compliance with all relevant legislation.*

6.4.3 Given the Contractual Agreement with Burke Urban involves the conditional sale of Lot 476, Council is required to:

- 6.4.3.1 comply with the provisions of its Disposal of Council Land and other Assets Policy; and
- 6.4.3.2 prior to contract execution obtain an up to date valuation by a qualified valuer under the Land Valuers Act 1994, in order to comply with Section 48 of the Local Government Act.

6.4.4 Table Seven shows the valuation of the two Lots compared to the agreed purchase price.

Table Seven: Valuation compared to Agreed Purchase Price

	Valuation (\$ million)	Agreed Purchase Price (\$ million)	Difference	
			\$ million	%
Lot 476	2.040	2.210	0.170	7.70
Lot 479	2.215	2.540	0.325	12.80
Total	4.255	4.750	0.495	10.42

6.4.5 We note that the valuation for Lot 479 is 12.80% below the agreed purchase price which is considered to be a not unreasonable premium to provide Council with the opportunity to facilitate the staged development of the Site and secure a parcel of land for a Town Square.

6.5 Prudential Management Policy

6.5.1 Consistent with the Prudential Management Policy, we consider that Council has applied 'due diligence' to the Project by:

- 6.5.1.1 Stating and documenting the benefits.
- 6.5.1.2 Making appropriate arrangements to manage the Project.



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- 6.5.1.3 Identifying the whole of life costs for the Project.
- 6.5.1.4 Identifying the financial and other risks.
- 6.5.2 The Project is aligned with the Mount Barker 2035 - District Strategic Plan.
- 6.5.3 Council will need to ensure that it continues to apply an appropriate level of due diligence during and after the Project commences as outlined in its Prudential Management Policy.

RELEASED

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7. PROJECT RISK AND MITIGATION STRATEGIES

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (h) *any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);*

7.1 Risk Management

- 7.1.1 This report assesses the risk management actions taken or being considered by Mount Barker for the Project. It is not the purpose of the report to prepare a comprehensive risk management plan, however a level of assessment has been undertaken on the identified risks and the mitigations that have been developed by Mount Barker.
- 7.1.2 Mount Barker adopts an integrated and proactive approach to Risk Management, based on current Australian Standards and industry best practice. This approach integrates the management of risk and opportunity into the organisation's governance, strategic planning, reporting and policy development functions as well as its values and culture. This is outlined in the Risk Management Policy adopted on 6 November 2017 (Reference Number DOC/17/91260).
- 7.1.3 To support the Risk Management Policy, Mount Barker has developed a Risk Management Framework (Reference Number DOC/17/95416) and Risk Management Tools (DOC/17/98391) to assist with the identification, assessment, treatment and monitoring of risks.
- 7.1.4 Consistent with the Risk Management Framework, a Project Risk Register for the Project has been prepared (dated 7 December 2017). Table Eight shows the number of identified risks per risk category and their current risk rating (based on existing risk controls)

Table Eight: Current Risk Assessment Category Summary

Inherent Risk Level	Very High	High	Medium	Low	Total
Project - Quality	0	1	6	1	8
Project - Time	0	0	0	1	1
Financial - Cost	0	1	3	3	7
Reputation/Media/Political	0	0	1	0	1
Total	0	2	10	5	17

- 7.1.5 Of the 17 risks identified, no risks which had a current risk rating of 'Very High' and two had a current risk rating of 'High'.



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- 7.1.6 Additional risk mitigations strategies have been identified for the two risks that were rated as 'High' being the risk that Burke Urban seeks to dispose of land prior to development and the risk that Council determines that all Council land is to be retained and developed as open space.
- 7.1.7 Following the applications of additional risk controls for these 'High' risks, the residual risk ratings have been re-rated as 'Medium'.
- 7.1.8 The risk assessment with the revised residual risk ratings concluded that there are no 'Very High' or 'High' risks relating to undertaking the Project.

7.2 Risk Mitigation

- 7.2.1 The critical risk mitigation strategies relate to contract execution, maximising and achieving the potential for the prime site within the Town Centre, contamination and financials.
- 7.2.2 The proposed procurement strategy will assist to mitigate the risks to Council by partnering with Burke Urban and engaging with suitably qualified and experienced contractors to implement the Project.
- 7.2.3 Council should ensure that all the mitigation strategies identified in the Project Risk Register for the risks associated with the Project are implemented and that these are progressively updated as the Project is implemented.
- 7.2.4 We acknowledge that quality risk assessment and mitigation is an iterative process. The Risk Register should be regularly monitored, reviewed and reported in accordance with the provisions of the Risk Management Framework. The Project Manager is responsible for ensuring this occurs.
- 7.2.5 As the Project is undertaken, the Mount Barker Corporate Governance Group should be kept apprised of progression and any areas of risks through monthly meetings with the Project Manager.
- 7.2.6 The Chief Executive Officer should be responsible for updating Council on Project progression and risk as required.

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8. PROJECT DELIVERY

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (i) *the most appropriate mechanisms or arrangements for carrying out the project.*

8.1 Delivery Mechanism

- 8.1.1 Given the confidential nature of the negotiations and dealings with the Property owner and Burke Urban, a relatively small internal Project team has been assembled to undertake due diligence and negotiate on behalf of Council.
- 8.1.2 Council has also engaged suitably qualified and experienced expert advisors (Lawyer, Conveyancer, Site Environmental Assessment and Valuer) to provide advice in relation to the Project.
- 8.1.3 The Chief Executive Officer has been authorised by resolution of Council to conduct negotiations on behalf of Council (OM20171106.29).
- 8.1.4 The Mount Barker Strategic Partnerships Policy endorsed by Council on 4 October 2016 (DOC16/82186) has, as its purpose, to capture the proactive Council strategy of pursuing strategic partnerships with external parties in order to deliver community benefits.
- 8.1.5 The objectives of the Strategic Partnerships Policy are to:
- 8.1.5.1 *demonstrate to stakeholders that Council is seeking to enter into Strategic Partnering arrangements with private, public and not for profit entities;*
 - 8.1.5.2 *enable Council to pursue Strategic partnering opportunities in a consistent and pro-active manner;*
 - 8.1.5.3 *illustrate the types of circumstances in which Council would seek to pursue Strategic Partnering opportunities;*
 - 8.1.5.4 *Provide a basis for Council to consider, and if appropriate, enter into Strategic Partnering arrangements for community benefit.*
- 8.1.6 Decision making by Council on Strategic partnering opportunities is to occur with the benefit of the *Decision Making Checklist for Strategic Partnering Opportunities*. Council should give consideration to this before formally entering the Strategic Partnering Agreement with Burke Urban.

8.2 Procurement Implications

- 8.2.1 The Mount Barker Procurement Policy endorsed by Council on 1 August 2016 (DOC/16/048288) applies to all Council staff and personnel engaged by Council to undertake procurement activities on its behalf, and it relates to all procurement activities associated with the acquisition of Goods, Works or Services of any value by Mount Barker.



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- 8.2.2 The Policy prescribes that the procurement method for obtaining goods, works and services will be determined according to the estimated cost across the total life of the project; the nature of the procurement and the risk profile of the project. Subject to the estimate of total costs, the procurement method may be by direct purchase, written quotes or by a range of tender process options aligning to the formal procurement thresholds.
- 8.2.3 The Project involves the purchase of land with a Strategic Partner which was the subject of an open market Expression of Interest process conducted by CBRE on behalf of Woolworths.
- 8.2.4 Secondary procurements relating to the Project have been undertaken in accordance with the information in Table Nine

Table Nine: Secondary procurement activities

Supplier	Activity	Procurement approach
Minter Ellison	Provision of legal advice in relation to the commercial negotiations, process, probity and other legal requirements including preparing documentation for the settlement of the land	Direct purchase with written quote
Alexander Symonds	To undertake survey of land and prepared plan of division	Direct purchase with written quote
BRM Holdich	Preparing a Section 48 Report in relation to the Project	Direct purchase with written quote
Jones Lang LaSalle	To provide market assessment of the value of the land	Direct purchase with written quote
Toby Carter Consulting	To provide Site Environmental Assessment	Direct purchase with written quote

- 8.2.5 Where there are future contracts relating to the Project, Council should ensure that procurement is undertaken consistent with the provisions of the Procurement Policy applicable at the time.
- 8.2.6 Procurement to date has been consistent with Council's Procurement Policy.

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9. CONCLUSION

- 9.1 This report has been prepared to meet the requirements of Section 48 of the Local Government Act and the Mount Barker Prudential Management Policy in order to provide Council with a comprehensive understanding of the prudential issues relating to the Project.
- 9.2 The City Centre Strategic Partnering Opportunity Project is the proposal for the Mount Barker District Council to enter into a Contractual Agreement with Burke Urban to purchase 6,306m² of the land known as the Woolworths Site shown as Lot 476 marked in red and Lot 479 marked in blue in Attachment Two and the subsequent sale of Lot 476 to Burke Urban within five years of the purchase date.
- 9.3 The Project is considered to be aligned to the goals and objectives in the *Mount Barker 2035 – District Strategic Plan*. The Project would also assist to progress a number of State government priorities and targets.
- 9.4 Funding to undertake the Project is not included in the 2017/18 Annual Business Plan and Budget or Long Term Financial Plan. Based on the Expression of Interest outcomes for the Woolworths Site the cost of acquiring the subject land is expected to be \$5.055 million.
- 9.5 The Project site is located within the “Regional Town Centre Zone” as identified in Council’s Development Plan (Mount Barker District Council Development Plan Consolidated 8 August 2017).
- 9.6 Land Divisions will be required to create the parcels of land and therefore the Project involves works which are defined as “development” under the Development Act 1993. Council is the applicant for the Land Divisions and is also the relevant authority to determine the application. Development Approval has been received for the Land Divisions under delegated authority.
- 9.7 The purchase of the land by Council as part of this Project will not produce any direct economic benefits. The economic development will only be realised once the Site is developed and activated. The Project is unlikely to negatively impact on businesses in the area nor will it hinder competition.
- 9.8 Given the commercial in confidence nature of the Project, the community has (properly) not been afforded the means to influence and contribute to the specific outcomes of the Project. However, the community was afforded the opportunity to influence and contribute to the Town Centre Strategy and the Mount Barker Regional Town Centre Development Plan Amendment which informed the decision to purchase this land. Council has also made public statements advising of the negotiations with Woolworths and the continuing discussions regarding the future of the site.
- 9.9 Acquiring portion of the Woolworths Site will not immediately generate revenue. Once the site is developed, it is expected that additional Council rates revenue will flow to Mount Barker, however, as the form and timing of development is unknown, the quantum of the uplift in rates revenue has not yet been modelled.
- 9.10 The major financial risks of the Project relate to the execution of the contract, default by Burke Urban to purchase the land (Lot 476) as per the Agreement and contamination of the purchased land. Mount Barker can mitigate these risks through the implementation of appropriate Project Management in accordance with its Guidelines.



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- 9.11 The Whole of Life Costs based on the estimated capital costs of \$5.055 million are estimated to be \$3.242 million, after accounting for future land sales.
- 9.12 We note that based on the assumptions used in the financial modelling, the recovery of \$2.951 million from Burke Urban for the sale of Lot 476 in FY2023 is \$0.166 million less than the purchase price of \$2.337 million plus the assumed Whole of Life Costs for Lot 476 of \$0.780 million. However, we are advised that negotiations with Burke Urban are on-going with a view to reaching an agreement that all outgoings including finance costs, maintenance and rate revenue forgone are fully recovered and paid annually rather than as a lump sum when the land is sold to Burke Urban. We note that if these negotiations are successful it will result in the Whole of Life Costs for Lot 476 being reduced by \$0.166 million to zero.
- 9.13 The Project as modelled will result in Council exceeding its current Key Financial Indicators which may have an impact on Council's ability to fund other capital intensive Projects. If the Project is to proceed, Council could consider undertaking a review of the borrowing policy in relation to the Operating Surplus and Net Financial Liabilities Ratios.
- 9.14 Council has obtained an up to date and independent valuation for Lots 476 and 479 therefore satisfying the provisions of Section 48 (2)(j) of the Local Government Act and Council's Disposal of Council Land and other Assets Policy. We note that the valuation of the Council portion of the land is 12.80% below the agreed purchase price which is considered to be a not unreasonable premium for Council to have the opportunity to facilitate the staged development of the Site and secure a parcel of land for a Town Square.
- 9.15 A risk assessment was prepared for the Project which identified a total of 17 Project risks, two of which had a current risk rating of 'High'. Post recommended risk mitigation strategies, the number of risks with a 'High' risk rating is zero. There were no risks which were rated as 'Very High'.
- 9.16 The Risk Register should be regularly monitored, reviewed and reported in accordance with the provisions of the Risk Management Framework. The Project Manager is responsible for ensuring this occurs and ensuring that the Mount Barker Corporate Governance Group is kept apprised of progression and any areas of risks through monthly meetings with the Project Manager.
- 9.17 The Chief Executive Officer has been authorised by resolution of Council to conduct negotiations on behalf of Council. Mount Barker has also engaged suitably qualified and experienced expert advisors to ensure the success of the Project.
- 9.18 Procurement arrangements consistent with the Procurement Policy have been identified and implemented for the delivery of the Project to date.
- 9.19 In accordance with the Prudential Management Policy an appropriate level of 'due diligence' is considered to have been applied to the Project.

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ATTACHMENT ONE: SUMMARY OF COUNCIL CONSIDERATIONS - ACQUISITION OF THE WOOLWORTHS SITE

1. 7 September 2015 – Council considered a report seeking confirmation of the Council's strategic objective to secure land within the Mount Barker Town Centre for the purposes of a Town Square and authorising the Chief Executive Officer (CEO) to undertake commercial negotiations with Woolworths for the acquisition of a portion of the Woolworths Site.

Council resolved to endorse the CEO submitting a formal offer to Woolworths for the purchase of a portion of the land (approximately 1,000m²) fronting Morphett Street and noting that the funding for the land purchase, inclusive of associated costs, would require a loan from the Local Government Finance Authority (OM20150907.15/16/17).

2. 6 October 2015 - Council received a deputation from the Mount Barker and Districts Residents Association requesting Council establish a Town Square within the Town Centre.
3. 19 October 2015 – Council considered a report advising that Council's offer to purchase the portion of the Woolworths Site (approximately 1,000m²) fronting Morphett Street from Woolworths (as per the resolution on 7 September 2015) had not been accepted and recommending that Council pursue the acquisition of approximately 3,000m² of the Woolworths Site for strategic purposes.

Council noted the response from Woolworths; confirmed its strategic objective to secure a parcel of land between 600-1,000m² in the Mount Barker Town Centre to be developed as community space; authorised the CEO to make an offer not exceeding \$2.4 million (excluding GST) to Woolworths Limited for the purchase of approximately 3,000m² of land being portion of the Woolworths Site fronting Morphett Street and bounded by Hutchinson and Stephen Streets; and confirmed that post land acquisition a priority action for Council is to seek to finalise a site for the Town Square and progress the sale of land purchased from Woolworths that is surplus to reduce the level of debt resulting from the land purchase (OM20151019.15).

4. 21 December 2015 - Council received a report advising that Council's offer to purchase approximately 3,000m² of the Woolworths Site from Woolworths (as per the resolution on 19 October 2015) had not been accepted and that Woolworths intended to undertake an Expression of Interest (EOI) process in 2016 (OM20151221.14).

Given the high level of community interest in the matter and notwithstanding the commercial confidentiality of negotiations, Woolworths agreed that Council could make a public statement advising that Council had made offers to Woolworths that had not been accepted and that Council is continuing discussions with Woolworths regarding the future of the site (OM20151221.14).

5. 17 October 2016 – Council considered a report providing an update on the status of some strategic land parcels located within the Mount Barker Town Centre and seeking authority for the CEO to lodge an EOI with Woolworths selling agents, CBRE, by the closing date of 27 October 2017.

Council resolved that the CEO be authorised to lodge an EOI to purchase a portion of the Woolworths Site on Hutchinson Street up to 3,000m², including the area known to have contamination; and/or partnering with other entities with an interest in purchasing a portion or all of the site. Council also resolved to communicate with the Mount Barker Districts Residents'



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Association to advise them that Council is continuing to pursue an interest in the Woolworths Site (OM20161017.12).

7. 5 June 2017 – Council considered a report advising that it had not been successful with its EOI for the Woolworths Site (as per the resolution on 17 October 2016) and that the successful tenderer's option to purchase the Woolworths Site via the CBRE EOI had lapsed.

Council resolved to reaffirm its strategic objective is to secure a parcel of land between 600-1,000m² in the Mount Barker Town Centre for the purposes of achieving community open space in the form of a Town square, at an actual location that is yet to be determined; and authorise the CEO to undertake commercial negotiations with Woolworths Limited for the purchase of up to 3,000m² of the Woolworths Site at a purchase price that would not exceed \$800m² (excluding GST) (OM20170605.19).

8. 7 August 2017 – Council considered a report confirming the Woolworths Site was back on the open market and listed for sale "as a whole or piecemeal basis"; and advising that it had received a commercial in confidence proposal from Burke Urban to purchase the Woolworths Site with Council involvement.

Council resolved to authorise the CEO to negotiate a conditional contract to purchase up to 5,650m² (i.e. 50%) of the Woolworths Site at a purchase price that would not exceed \$800m² or a total price of \$4.250 million (excluding GST) subject to:

- "Council formally securing a developer to whom Council would assign not less than 2,650m² of the Council contract to purchase 5,650m² at the same or similar rate per m² as contracted by Council, with settlement to occur by the developer at the same time as Council's settlement;
- A satisfactory outcome of the due diligence process of Council in particular, the site contamination implications; and
- Settlement occurring no later than 6 months from execution by Council of the conditional contract to purchase." (OM20170807.18)

9. 3 October 2017 - Council considered a report advising that Burke Urban had entered into a Heads of Agreement to purchase approximately half of the Woolworths Site jointly with Council and clarifying the amount of land to be purchased by Council and the mechanism to be used.

Council resolved to authorise the CEO to negotiate a contract to purchase up to 3,200m² of the Woolworths Site at up to \$800m² or a total price of \$2.560 million (excluding GST) subject to completion of due diligence by Council; noted that if a subdivision application has not been approved within the settlement time then 800m² of the total 3,200m² would be purchased from Burke Urban; and exclude the entire 3,200m² area of the Woolworths Site proposed to be purchased by Council from Community Land classification (OM20171003.11).

10. 6 November 2017 – Council considered a report detailing the proposal from Burke Urban for the strategic partnering opportunity for the purchase of the Woolworths Site. Council resolved inter alia:

- "2. Pursuant to Regulation 21 of the Local Government (Procedures at Meetings) Regulations, the Chief Executive Officer recommends that Council:*

*Mount Barker District Council
The City Centre Strategic Partnering Opportunity – Section 48 Prudential Report*



Amend by exception (i.e. unless amended by the recommendations below the previous resolutions relating to this matter of 7 September 2015, 19 October 2015, 21 December 2015, 17 October 2016, 5 June 2017, 7 August 2017 and 3 October 2017 remain) with resolution number 6 from the Council meeting on 19 October 2015 proposed to be amended as shown immediately below:

- 6. confirm that post land acquisition a priority action for Council is to seek to progress the finalisation of the site for a Mount Barker Town Square and to progress the sale of land purchased from Woolworths that is surplus to meeting the objectives of securing a Town Square in the Mount Barker CBD and achieving an integrated approach to the development of the entire Woolworths land through the strategic partnering opportunity with Burke Urban to reduce the indebtedness attributable to this land purchase but excluding all of the land shown in red in attachment 2 which is to be purchased by Council and sold by Council to Burke Urban within no longer than 5 years.*
- 3. Authorise the Chief Executive Officer to accept the attached proposal from Mr Kym Burke of Burke Urban (attachment 1) subject to the consideration of a prudential report at a future Council meeting.*
- 4. Note that Council will procure a Prudential audit report in accordance with the requirements of the Local Government Act and that this report will be presented for consideration at a Council meeting at which time the Council will need to assess if there is any matter impacting on and requiring action prior to proceeding with the proposed land purchase.*
- 5. Authorise the Chief Executive Officer or nominee in the interim to negotiate and progress the preparation of all of the required documentation to be consistent with the attached proposal from Burke Urban including a Deed and Memorandum of Understanding or similar with Burke Urban or nominee to progress the preparation of a Master Plan for the entire parcel of land shown in yellow on attachment 2 which is all of the Woolworths land plus the land on the corner of Morphett and Hutchinson Streets.*
- 6. Note that proposed Master Plan (referenced in the above recommendation) will be presented to a future Council meeting in draft form consideration.*
- 7. Exclude from community land classification all of the land proposed to be purchased by Council as shown in red and blue in attachment 2." (OM20171106.29).*

Mount Barker District Council
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ATTACHMENT TWO: STRATEGIC PARTNERING PROPOSAL FOR THE WOOLWORTHS SITE



Mount Barker District Council
The City Centre Strategic Partnering Opportunity – Section 48 Prudential Report



ATTACHMENT THREE: LOCAL GOVERNMENT ACT, 1999 – SECTION 48

Section 48 – Prudential requirements for certain activities

- (aa1) A council must develop and maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the council—
 - (a) acts with due care, diligence and foresight; and
 - (b) identifies and manages risks associated with a project; and
 - (c) makes informed decisions; and
 - (d) is accountable for the use of council and other public resources.
- (a1) The prudential management policies, practices and procedures developed by the council for the purposes of subsection (aa1) must be consistent with any regulations made for the purposes of this section.
- (1) Without limiting subsection (aa1), a council must obtain and consider a report that addresses the prudential issues set out in subsection (2) before the council—
 - (b) engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)—
 - (i) where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or
 - (ii) where the expected capital cost of the project over the ensuing five years is likely to exceed \$4 000 000 (indexed); or
 - (iii) where the council considers that it is necessary or appropriate.
- (2) The following are prudential issues for the purposes of subsection (1):
 - (a) the relationship between the project and relevant strategic management plans;
 - (b) the objectives of the Development Plan in the area where the project is to occur;
 - (c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;
 - (d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;
 - (e) if the project is intended to produce revenue, revenue projections and potential financial risks;



Mount Barker District Council
The City Centre Strategic Partnering Opportunity – Section 48 Prudential Report

- (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;
 - (g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;
 - (h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);
 - (i) the most appropriate mechanisms or arrangements for carrying out the project;
 - (j) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.
- (3) A report is not required under subsection (1) in relation to—
 - (a) road construction or maintenance; or
 - (b) drainage works.
- (4) A report under subsection (1) must be prepared by a person whom the council reasonably believes to be qualified to address the prudential issues set out in subsection (2).
- (4a) A report under subsection (1) must not be prepared by a person who has an interest in the relevant project (but may be prepared by a person who is an employee of the council).
- (4b) A council must give reasonable consideration to a report under subsection (1) (and must not delegate the requirement to do so under this subsection).
- (5) A report under subsection (1) must be available for public inspection at the principal office of the council once the council has made a decision on the relevant project (and may be available at an earlier time unless the council orders that the report be kept confidential until that time).
- (6) However, a council may take steps to prevent the disclosure of specific information in order to protect its commercial value or to avoid disclosing the financial affairs of a person (other than the council).
- (6a) For the purposes of subsection (4a), a person has an interest in a project if the person, or a person with whom the person is closely associated, would receive or have a reasonable expectation of receiving a direct or indirect pecuniary benefit or a non-pecuniary benefit or suffer or have a reasonable expectation of suffering a direct or indirect detriment or a non-pecuniary detriment if the project were to proceed.
- (6b) A person is closely associated with another person (the relevant person)—
 - (a) if that person is a body corporate of which the relevant person is a director or a member of the governing body; or
 - (b) if that person is a proprietary company in which the relevant person is a shareholder; or

Mount Barker District Council
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- (c) if that person is a beneficiary under a trust or an object of a discretionary trust of which the relevant person is a trustee; or
 - (d) if that person is a partner of the relevant person; or
 - (e) if that person is the employer or an employee of the relevant person; or
 - (f) if that person is a person from whom the relevant person has received or might reasonably be expected to receive a fee, commission or other reward for providing professional or other services; or
 - (g) if that person is a relative of the relevant person.
- (6c) However, a person, or a person closely associated with another person, will not be regarded as having an interest in a matter—
- (a) by virtue only of the fact that the person—
 - (i) is a ratepayer, elector or resident in the area of the council; or
 - (ii) is a member of a non-profit association, other than where the person is a member of the governing body of the association or organisation; or
 - (b) in a prescribed circumstance.
- (6d) In this section, \$4 000 000 (indexed) means that that amount is to be adjusted for the purposes of this section on 1 January of each year, starting on 1 January 2011, by multiplying the amount by a proportion obtained by dividing the CPI for the September quarter of the immediately preceding year by the CPI for the September quarter, 2009.
- (6e) In this section—
- employee** of a council includes a person working for the council on a temporary basis;
- non-profit association** means a body (whether corporate or unincorporate)—
- (a) that does not have as its principal object or 1 of its principal objects the carrying on of a trade or the making of a profit; and
 - (b) that is so constituted that its profits (if any) must be applied towards the purposes for which it is established and may not be distributed to its members.
- (7) The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.

9 January 2018

Mr Brian Clancey
Deputy Chief Executive Officer
Mount Barker District Council
6 Dutton Road
MOUNT BARKER SA 5251

Dear Brian,

Section 48 Prudential Report – Mount Barker City Centre Strategic Partnering Opportunity

We have prepared the accompanying Section 48 Prudential Report for Mount Barker District Council (Mount Barker) in accordance with the provisions of Section 48 of the Local Government Act 1999 (Act) and Mount Barker's Prudential Management Policy.

The Prudential Report has been prepared as the Project meets certain specified criteria in the Act including where the expected capital cost of the Project over the ensuing five years is likely to exceed \$4.628 million.

We have reviewed key planning documents and materials prepared by Mount Barker in order to inform the preparation of our Prudential Report. In our opinion the level of Project due diligence undertaken by Mount Barker satisfies Mount Barker's obligations under its Prudential Management Policy and the relevant sections of the Local Government Act.

Enclosed to this letter is a copy of the Prudential Report and a summary table of items for further management consideration and attention.

If you have any further questions regarding this summary letter or the Prudential Report please do not hesitate to contact the writer.

Yours faithfully
BRM HOLDICH

MARK BOOTH
Director
Email: mbooth@brmholdich.com.au
Direct line: 08 8168 8402 or 0414 804 949

Enclosures:

Attachment One: Prudential Report - Mount Barker City Centre Strategic Partnering Opportunity
Attachment Two: Items for Management's Consideration and Attention

Liability limited by a scheme approved under Professional Standards Legislation



**BRM
Holdich**
Chartered
Accountants

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ABN 79 392 957 230

9 January 2018

Mount Barker District Council

Section 48 Prudential Report – Mount Barker City Centre Strategic Partnering Opportunity



Attachment One: Prudential Report

RELEASED

9 January 2018

Mount Barker District Council

Section 48 Prudential Report – Mount Barker City Centre Strategic Partnering Opportunity

**Attachment Two: Items for Management's Consideration and Attention**

Section	Area	Our report reference
Section 48 (2) (b): Relationship with Strategic Management Plans		
Annual Business Plan and Budget	Allocate funding to the Project in the next Budget review process	2.2.2.4
Long Term Financial Plan	Update the Long Term Financial Plan to include financial provisions and whole of life costs associated with the Project.	2.2.3.5
Asset Management Plan	Update relevant Asset Management Plan and Assets Register for land acquisitions and disposals	2.2.4.3
Section 48 (2) (e): Revenue projections and potential financial risks		
Financial Risks	Include the two additional identified financial risks in the Project Risk Register	6.1.2.2
Section 48 (2) (g): Financial viability		
Treasury Management Policy	Consider revisiting the current key financial indicators in light of the financial impact of the Project.	6.3.12
Section 48 (2) (h): Project risks		
Maintenance of risk register	Regularly review and update Project Risk Register as the Project moves through the project life cycle	7.2.4
Corporate Governance Group	Implement mechanisms to ensure that the Mount Barker Corporate Governance Group is informed of progress and areas of risk as the Project progresses.	7.2.5
Risk reporting	Implement mechanisms to ensure that the Chief Executive Officer is kept informed of material areas of risk and is responsible for updating Council as required.	7.2.6
Section 48 (2) (i): Project delivery		
Strategic Partnering opportunities checklist	Consider Council's Decision Making Checklist for Strategic Partnering Opportunities prior to formally entering the Strategic Partnering Agreement with Burke Urban.	8.1.6
Compliance with Procurement Policy	Ensure future procurements relating to the Project are undertaken consistent with the provisions of the Procurement Policy	8.2.5
Prudential Management Policy		
Compliance with Prudential Management Policy	Continue to apply appropriate level of due diligence as outlined in the Prudential Management Policy	6.5.3

Attachment 2 to Item 18.2



Valuation Report

Cnr Stephen, Morphett & Hutchinson Streets,
Mount Barker SA
1 December 2017
Mount Barker District Council

This valuation has been prepared for Mount Barker District Council for Pre-purchase Advice purposes only.



Executive Summary

Cnr Stephen, Morphett & Hutchinson Streets, Mount Barker SA



The Subject holding comprises nine contiguous Certificates of Title, albeit with four Titles being held within one Strata holding. Overall, forming a slightly irregular shaped holding which features frontages to Stephen Street, Morphett Street and Hutchinson Street, having a total site area of 6,305 square metres (rounded). Zoned 'Regional Town Centre' within the 'Business and Retail Core' Policy Area.

The Property is proposed to be divided into two separate land holdings, with a boundary realignment required to facility the subdivision, as more particularly described herein.

The Subject Property is located within the main retail precinct within the Adelaide Hills Township of Mount Barker approximately 33 kilometres south of the Adelaide CBD.

Valuation

Prepared For	Mount Barker District Council
Valuation Purpose	Market Valuation for Pre-purchase Advice purposes
Date of Valuation	1 December 2017
Interest Valued	100% Freehold Interest
Valuation Approach	Direct Comparison Approach
Adopted Value – Proposed Parcel 1 'As If Complete'	\$2,040,000 (Two Million, Forty Thousand Dollars) Plus GST (if any)
Adopted Value – Proposed Parcel 2 'As If Complete'	\$2,215,000 (Two Million, Two Hundred and Fifteen Thousand Dollars) Plus GST (if any)

Valuers

Jones Lang LaSalle Advisory Services Pty Ltd

Rebecca E McCrear AAPI
Certified Practising Valuer
B Bus Prop
Manager, Valuations & Advisory

Date of Signing Report: 22 December 2017

Paul McKay
Director, Valuations & Advisory

Date of Signing Report: 22 December 2017

This is a summary only. It must not be relied on for any purpose. JLL's valuation of this asset is subject to assumptions, conditions and limitations. Those are set out in the full valuation report prepared in relation to the asset.

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This executive summary is an abstract of the contents of the following valuation report. The valuation assessment and report is contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of the report.

It is essential that before the addressee relies on this valuation, they read the report in its entirety, including any Annexures. Should the addressee be or become aware of any issue or issues that cast doubt on or are in conflict with the conditions, qualifications or assumptions contained within this report, they must notify JLL in writing so that any conflicts may be considered and if appropriate, an amended report issued.

The opinion of value expressed in this report is that of the valuer who undertook the valuation and who is the primary signatory on the report. That Valuer is Rebecca McCrea. The Director who is countersigning the report, Paul McKay, verifies that the report is genuine and endorsed by JLL. However, Paul McKay may not have inspected the Property nor undertaken any role in the preparation of the valuation, and in that case is not providing any professional opinion in relation to the valuation.

RELEASED

This is a summary only. It must not be relied on for any purpose. JLL's valuation of this asset is subject to assumptions, conditions and limitations. Those are set out in the full valuation report prepared in relation to the asset.

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Attachment 3 to Item 18.2

MOUNT BARKER DISTRICT COUNCIL

CONFIDENTIAL MINUTES OF THE COUNCIL MEETING HELD ON MONDAY 6 NOVEMBER 2017.

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18.2	REPORT TITLE:	CONFIDENTIAL ITEM: CITY CENTRE STRATEGIC PARTNERING OPPORTUNITY
	DATE OF MEETING:	6 NOVEMBER 2017
	FILE NUMBER:	DOC/17/109171
	ATTACHMENTS:	1. LETTER FROM MR KYM BURKE DOC/17/110227
		2. SITE PLAN DOC/17/109696
		3. SITE CONTAMINATION AREA DOC/17/109906

Moved Councillor Irvine that Council:

Section 90 (3) (b) Order

1. Pursuant to Section 90(3)(b)

Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer, Deputy Chief Executive Officer / General Manager Infrastructure and Projects, General Manager Planning and Development, General Manager Corporate Services, General Manager Council Services and Minute Secretary, be excluded from attendance at the meeting for Agenda Item 18.2 City Centre Strategic Partnering Opportunity.

The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person/entity with whom the Council is:

- Conducting business or proposing to conduct business; and
- Would prejudice the commercial position of the Council.

In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter.

Seconded Councillor Seager

CARRIED
OM20171106.28

9.37pm Councillor Buchmann left the chamber
9.39pm Councillor Buchmann entered the chamber and took her chair
9.48pm Councillor Buchmann left the chamber
9.50pm Councillor Buchmann entered the chamber and took her chair

Moved Councillor Seager that:

2. Pursuant to Regulation 21 of the Local Government (Procedures at Meetings) Regulations, the Chief Executive Officer recommends that Council:

Amend by exception (i.e. unless amended by the recommendations below the previous resolutions relating to this matter of 7 September 2015, 19 October 2015, 21 December 2015, 17 October 2016, 5 June 2017, 7 August 2017 and 3 October 2017 remain) with resolution number 6 from the Council meeting on 19 October 2015 proposed to be amended as shown immediately below:

6. confirm that post land acquisition a priority action for Council is to seek to progress the finalisation of the site for a Mount Barker Town Square and to progress the sale of land purchased from Woolworths that is surplus to meeting the objectives of securing a Town Square in the Mount Barker CBD and achieving an integrated approach to the development of the entire Woolworths land through the strategic partnering opportunity with Burke Urban to reduce the indebtedness attributable to this land purchase but excluding all of the land shown in red in attachment 2 which is to be purchased by Council and sold by Council to Burke Urban within no longer than 5 years.
3. Authorise the Chief Executive Officer to accept the attached proposal from Mr Kym Burke of Burke Urban (attachment 1) subject to the consideration of a prudential report at a future Council meeting.
4. Note that Council will procure a Prudential audit report in accordance with the requirements of the Local Government Act and that this report will be presented for consideration at a Council meeting at which time the Council will need to assess if there is any matter impacting on and requiring action prior to proceeding with the proposed land purchase.
5. Authorise the Chief Executive Officer or nominee in the interim to negotiate and progress the preparation of all of the required documentation to be consistent with the attached proposal from Burke Urban including a Deed and a Memorandum of Understanding or similar with Burke Urban or nominee to progress the preparation of a Master Plan for the entire parcel of land shown in yellow on attachment 2 which is all of the Woolworths land plus the land on the corner of Morphet and Hutchinson Streets.

MOUNT BARKER DISTRICT COUNCIL
CONFIDENTIAL MINUTES OF THE COUNCIL MEETING HELD ON MONDAY 6 NOVEMBER 2017.

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6. Note that the proposed Master Plan (referenced in the above recommendation) will be presented to a future Council meeting in draft form for consideration.
7. Exclude from community land classification all of the land proposed to be purchased by Council as shown in red and blue in attachment 2.

Seconded Councillor Bailey

CARRIED
OM20171106.29

RELEASED

Moved Councillor Keen that:

Section 91(7) Order

8. Pursuant to Section 90 (3) (b)

That having considered Agenda Item 18.2 City Centre Strategic Partnering Opportunity in confidence under 90(2) and (3)(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the council report, related documents and all minutes be retained in confidence until the Council and Burke Urban have concluded all commercial negotiations and either settled the purchase of the subject land or Council has resolved and Burke Urban has advised Council of no longer having a direct interest in the subject land or such lesser period as may be determined by the Chief Executive Officer, and that this order be reviewed every 12 months.

Seconded Councillor Buchmann

CARRIED
OM20171106.30

MEETING DECLARED CLOSED AT 10.28PM

MAYOR

DATE

Attachment 4 to Item 18.2

8 January 2018

Reference No: 17012J-002A

David Morton
Mount Barker District Council
Local Government Centre, Mount Barker Homemaker Centre
6 Dutton Road,
Mount Barker SA 5251

PRE-PURCHASE CONTAMINATION ADVICE – 7 STEPHEN STREET, MOUNT BARKER

Dear David

KEY CONCLUSIONS AND RECOMMENDATIONS

Many thanks for the opportunity to provide Council with advice regarding its potential purchase of land at 7 Stephen Street, Mount Barker. Advice most critical for Council is summarised below. The background, context, site definition and more detailed discussion of contamination is presented in the remainder of this letter.

- Key contamination risks relate to former use of the southeast corner as a vehicle workshop and dry cleaner. Groundwater is contaminated with solvents and petroleum hydrocarbons which could represent a vapour risk.
- Vapour risks eventuate when volatile chemicals (such as those in petrol or solvents) move through the ground, through building slabs and collect in indoor air where users of the building inhale it. While the risk of this is likely to be acceptable, it is marginal enough that a quantitative risk assessment is warranted to demonstrate it.
- Remediation has removed primary sources and worst soil impacts in the southeast corner. Some residual soil contamination will likely remain including tanks, pipes and waste. Further, a filled former creek line ran east to west across the site likely resulting in deeper fill. This should be assessed as a geotechnical risk.
- Notwithstanding the above, soil, vapour and groundwater contamination issues are manageable in the context of redevelopment for commercial and open space use. In particular, vapour will not represent a risk where outdoor space is proposed and would therefore ideally be located in the southeast corner. Soil contamination can be managed beneath separation layers such as paving. This paving may, for example, be inherent in the design of a piazza style open space.
- Groundwater contamination in the southeast corner appears relatively unchanged. Contaminated groundwater continues to migrate south off site. There would appear to be a reduction in solvent and lighter fraction hydrocarbons. Risks associated with this offsite groundwater are low given the contamination is below screening levels and the land use to the south is commercial and therefore of low sensitivity.
- Knowledge of contamination at the site by the Assessment Authority and EPA has the potential to result in more onerous Approval conditions relating to contamination. Planned and appropriately worded disclosure of information with the Development Application should assist in reducing the chance of this.
- Contamination at the site will result in an increased cost of redevelopment relative to a 'clean site'. While soil is unlikely an issue for site suitability, disposal of surplus soil from foundations or for cut to design level could result in significant cost. A civil and structural solution that limits offsite disposal should be sought.
- There is inherent liability associated with acquiring, owning and managing a 'contaminated site', particularly where groundwater contamination exists. Council should consider this in purchase and on-sale of the site.
- No further assessment is recommended pre-purchase unless there are issues that Council is particularly concerned about. Post-acquisition activities are highly dependent on Council's plans for the site and should be agreed once plans are known.

CONTAMINATION ADVICE – STEPHEN ST, MT BARKER**PART A: INTRODUCTION****Background and objective**

Mount Barker District Council (Council) is considering purchasing the property located at 7 Stephen Street, Mount Barker (the site). The site has been subject to historical uses that have resulted in contamination following which numerous phases of investigation and remediation work have been undertaken. Council wishes to better understand the implications of the contamination to assist with its pre-purchase due diligence and decision making.

The site and potential use

Attachment 1 comprises a plan of the site provided by Council.

- The land shown hatched in red (Lot 476) is likely to be purchased by Council and may subsequently be sold to a developer for redevelopment as a commercial use.
- The land shown hatched in blue (lot 479) is likely to be purchased by Council and redeveloped for commercial or open space use or a combination of both.
- Only the areas listed above are discussed herein.

Reviewed documents

A list of documents relating to the site is presented in Attachment 2. The list includes a number that were not available for review in preparation of this advice. The three key documents considered in preparation of this advice are listed below. The documents describe the two most recent rounds of investigation work at the site undertaken by Soil and Groundwater Consulting Pty Ltd (now JBS&G) and Golder Associates Pty Ltd (Golder). The documents also summarise previous assessment and remediation activities and outcomes included in the unavailable reports.

- Soil and Groundwater report on 'Groundwater & Soil Vapour Assessment, Proposed Woolworths Site, Morphett St, Mount Barker', dated 20 December 2010 (reference SG101829 RP01 Revision1).
- Golder Associates report on 'Contamination Advice to support Due Diligence for 1 Hutchinson Street, Mount Barker', dated 1 March 2017 (reference 1670019-001-L-Rev0).
- Golder Associates report on 'Further Contamination Advice to support Due Diligence for 1 Hutchinson Street, Mount Barker', dated 1 March 2017 (reference 1670019-003-L-Rev0).

CONTAMINATION ADVICE – STEPHEN ST, MT BARKER**PART B: SUMMARY OF CONTAMINATION****Historical activities resulting in contamination**

None of the previous reports document a detailed site history - limited and general references are made to former site use with some more detailed reference to infrastructure located in the southeast of the site. This focus is in light of contamination issues in the southeast corner. The area was previously used as a dry cleaner and motor vehicle workshop and is the subject of most of the assessment and remediation work undertaken at the site including the removal of four underground storage tanks (USTs) and soil remediation in 2007.

A former creek line ran across the site from east to west at the northern edge of the area Council is interested in. While fill appears to be shallow at the site (0.5 m or less), deeper fill is likely present adjacent and within the footprint of the former creek.

Potential for general soil contamination

Some contamination of soil (both fill and natural) can be expected at the site.

- Fill at older urban sites (such as this site) is commonly contaminated with metals and polycyclic aromatic hydrocarbons (PAHs – usually resulting from ash and furnace waste). This contamination generally relates to fill imported to the site in the past rather than onsite activities. While there has been relatively limited assessment of the fill, it does not appear to be significantly contaminated in this manner.
- Fill and natural soil is likely locally impacted in the southeast corner due to the dry cleaning and vehicle workshop use.
- There is the potential for below ground infrastructure and waste to remain at the site. For example, during remediation validation activities in 2007 it was stated that “...a series of buried refuse was located in four locations...” in the southwest corner of the site. The refuse consisted of hard rubbish, glass, metal and soil and was stained with hydrocarbon odour and sheen. It is not clear if this waste was removed.

Contamination specific to the southeast corner

Assessment has demonstrated that dry cleaning and workshop activities have resulted in contamination in the southeast corner, this representing the key area of risk at the site. Given previous remediation work including the removal of USTs and contaminated soil, the risks now primarily relate to groundwater and vapour.

Contaminants of concern fall broadly in to two categories:

- Chlorinated solvents including PCE, TCE and associated breakdown products formed by natural attenuation (i.e., natural breakdown). Chlorinated solvents were typically used in dry cleaning activities (the solvent is used as the cleaning agent) or from the motor vehicle use where solvents were used as degreasers.
- Petroleum hydrocarbons likely associated with petrol, diesel and waste oil. These are most likely as a result of the former motor vehicle workshop use.

Groundwater and vapour conditions can be explained as follows:

- Groundwater is relatively shallow at the site (<3 m below ground level).
- Groundwater continues to be impacted with both solvents and petroleum hydrocarbons in the southeast corner. This represents a potential vapour risk. Vapour risks eventuate when volatile chemicals (such as those that make up petrol or solvents) move through the ground, through building slabs and collect in indoor air at which point users of the building inhale it.
- Given remediation and removal of the primary sources (the USTs) and some soil, the vapour risks now primarily relate to residual contamination in the groundwater and some potential un-remediated soil.

CONTAMINATION ADVICE – STEPHEN ST, MT BARKER**Off-site contamination**

Groundwater is understood to be flowing to the south. Concentrations of contaminants in groundwater at the southern edge of the site are therefore indicative of the quality of groundwater moving offsite.

- There were measurable concentrations of petroleum hydrocarbons in two samples collected at the southern site boundary in 2017 by Golder. This indicates the likely off-site presence of these hydrocarbon impacts to the south of the site although the extent is not known. The concentrations were not, however, in exceedance of relevant screening guidelines which suggests there is not an unacceptable risk to offsite users, particularly given downgradient uses are of low sensitivity.
- There is no evidence that the chlorinated solvent plume extends off-site to the south.

Changes in contamination

Golder documented a comparison of groundwater and soil vapour data collected by it in 2017 with that historically collected by S&G (2009). The comparison is summarised below:

- The source area of the groundwater contamination is located in the vicinity of groundwater monitoring well MW20 in the southeast corner of the site. Golder stated that *"...concentrations of contaminants in the source area (around well MW20) are relatively unchanged with marginal increases in some solvents and benzene and marginal decreases in other solvents and petroleum hydrocarbons. The relative changes in concentrations of the various solvents may generally be as a result of natural attenuation processes..."*.
- In 2017, concentrations of contaminants east and west of the source area were generally consistent with historical results. This suggests the area of groundwater contamination (referred to as the plume) is not increasing in those directions.
- As stated previously, groundwater quality on the southern boundary of the site is indicative of contamination migrating offsite. Concentrations of contaminants have generally decreased along the southern boundary, although not in all cases. Specifically:
 - Solvents and 'lighter' petroleum hydrocarbons (indicative of petrol) were not reported in 2017 whereas they were in 2009, suggesting a potential reduction of the southern extent of the plume.
 - Concentrations of mid to heavy weighted petroleum hydrocarbons (indicative of diesel and waste oil) have both increased and decreased on the southern boundary.

CONTAMINATION ADVICE – STEPHEN ST, MT BARKER**PARK C: IMPLICATIONS FOR COUNCIL****Development approval and associated conditions**

It is understood that a sensitive use (i.e. residential or childcare) is not proposed for any part of the site. In this instance an Assessment Authority will not typically include conditions relating to contamination in its Approval. Given Council (as the Assessment Authority) is presumably aware of the historical land use and nature and extent of contamination at the site, it may opt to include a more onerous condition or defer to EPA for advice. In turn, the EPA is also aware of the site due to the Section 83A Notification. The referral may therefore result in a more onerous condition.

Examples of more onerous conditions include preparation and implementation of a Remediation Management Plan (RMP) and (although unlikely) to obtain a Site Contamination Audit Report (SCAR). Obtaining a SCAR can be a lengthy and onerous process generally reserved for sensitive land use; however, a conservative assessment by the Assessment Authority or concern from EPA regarding offsite groundwater contamination could ultimately result in the need to obtain a SCAR. This should be avoided.

Planned and appropriately worded disclosure of information with the Development Application will assist with this. This may include a simple summary of conditions and strategy to mitigate the risks. The intention is not to misrepresent the site but to ensure there is a realistic understanding of the risks and to guide the Assessment Authority to a practical decision and outcome.

Suitability for use – risk from vapour

In the southeast corner of the site, vapour risk has the greatest potential to impact on suitability. As described already, vapour risks eventuate when volatile chemicals move through the ground, through building slabs and collect in indoor air. On this risk, Golder (2017) stated the following:

"... the contaminants in both soil vapour and groundwater were not reported at concentrations which would likely preclude the use of the south portion of the site for commercial purposes. A quantitative human health risk assessment would, however, be necessary to demonstrate this; specifically, this assessment would focus on soil vapour..."

In summary, the vapour risk is likely acceptable but quantitative risk assessment may be required to demonstrate it.

Under a worst-case scenario, the risk assessment could demonstrate an unacceptable risk. Design and integration of a vapour barrier in to the development to prevent vapour moving through the building slab and collecting in indoor air would likely be the most cost-effective solution in this instance.

Critically the vapour risk is only applicable where a habitable and enclosed space exists; there would not be a vapour risk associated with open space use. On that basis it would be preferable to locate proposed public open space in the southeast corner.

Suitability for use – risk from soil

There is limited evidence of contaminated soil that would impact suitability, although soil contamination is likely in the southeast corner. Risks associated with contaminated soil relate to exposure through contact with the skin and ingestion (swallowing) or inhalation. This requires the soil to be exposed, something which is uncommon for a typical urban commercial development. In this instance, therefore, soil contamination is unlikely to be an issue.

Exposure to soil is more likely in the case of an open space, particularly if 'soft' finishes such as turf or garden beds are proposed. Removal of the contaminated soil eliminates the risk but the cost of disposal may be prohibitive. Opportunities to retain the soil beneath separation layers is therefore preferable. These separation layers may include soil, hardstand or other layers that will 'cap' the soil. If a 'piazza' style open space is proposed, this capping strategy will be inherent in the design.

In addition to the above, contaminated soil may not be favourable to plant growth and may not be aesthetically acceptable to have exposed, irrespective of whether there are potential health risks. On this basis alone, it may be necessary to use clean imported topsoil for top dressing or for use in garden beds.

CONTAMINATION ADVICE – STEPHEN ST, MT BARKER**Construction activities and costs**

Ultimately the contamination at the site will result in an increased time or cost of redevelopment relative to a 'clean site'. Drivers for this are as follows:

- While soil contamination does not appear to be a driver from a suitability perspective, fill may still likely classify as Intermediate Waste Soil (IWS) or worse for disposal purposes. There will be excavation works associated with construction of foundations and services, irrespective of whether commercial or open space use is proposed. This has the potential to result in additional costs to the project. The best approach would therefore be to design a civil and structural solution that limits the need for excavation, enables retention and reuse of soil and achieves a cut to fill balance.
- Irrespective of soil contamination, there may be a reasonable volume of fill requiring management, particularly adjacent the creek. This should be considered for geotechnical risk.
- If there are specific remediation management measures to be implemented, such as construction of a vapour barrier or separation layers for soil, there will be an increase in cost to the project. This increase in cost will relate not only to the construction but also design and tendering.

Ongoing liability

While it is unlikely to preclude use or redevelopment, there is inherent liability associated with acquiring and owning a 'contaminated site' as follows:

- As is the case here, liability is particularly relevant if there is groundwater contamination. The Section 83A Notification that exists for the site may result in increased interest in its redevelopment from EPA, particularly given offsite groundwater contamination. It has already resulted in the site being listed on the EPA's public register which has the potential to 'blight' the property.
- Maintaining management measures such as vapour barriers or separation layers is relatively common practice but relies on preparation and on-going implementation of a Site Contamination Management Plan (SCMP).

Given Council's intention to potentially on-sell land, it should consider the following in relation to the liability:

- Does Council wish to divest all its contamination liability to the purchaser? For example, offsite groundwater contamination, albeit low risk, represents a liability. With an appropriate contract of sale, this liability can be contractually transferred but will the purchaser accept the potential liability?
- What (if any) ongoing contribution or interest will Council have in the sold portion of the site with respect to contamination? Sale contracts often include mechanisms for ongoing contribution by the vendor. Given the inherent uncertainty associated with contamination, this is generally intended in the spirit of risk sharing and can make the site more saleable.

Council should consider seeking specialist environmental legal advice in this respect.

Future activities

The reviewed reports and associated background information referenced within them is adequate to form a preliminary opinion of the site for decision making on acquisition – at this stage no further assessment is recommended pre-purchase unless there are specific risks or issues that Council is particularly concerned about.

Post-acquisition activities are highly dependent on Council's plans for the site, particularly for the southeast corner of the site and with respect to sale.

CONTAMINATION ADVICE – STEPHEN ST, MT BARKER



CLOSING

I trust this is satisfactory. If you have any queries please let me know.

Toby Carter

Principal Consultant, Site Contamination

Attachment 1: Site plan

Attachment 2: Reviewed and available documents

RELEASED

CONTAMINATION ADVICE – STEPHEN ST, MT BARKER**LIMITATIONS**

- This report is provided for use solely by Toby Carter Consulting's Client and persons acting on their behalf. Toby Carter Consulting has no responsibility and offers no reliance to any other person who relies or makes decisions based upon this report or who makes any other use of this report.
- This report has been prepared in the context of meeting the objectives described in it. Toby Carter Consulting accepts no responsibility for use of the report to meet any other objectives.
- The passage of time may affect the accuracy and applicability of the assessment and advice documented in this report. The report is based upon the information and other circumstances that existed and were known when the assessment was undertaken and this report was prepared.

RELEASED

CONTAMINATION ADVICE – STEPHEN ST, MT BARKER**ATTACHMENT 2 – REVIEWED AND AVAILABLE DOCUMENTS****Documents provided by Council**

- Geo-Logix letter on 'Environmental Report Review, My Barker Retail Development Site 1.2 Ha', dated 11 October 2010 (reference 1001072Ltr).
- Soil and Groundwater letter on 'Synopsis of known contamination issues & development strategy for retail development, Morphet Street, Mt Barker', dated 10 December 2010 (reference SG101829).
- Soil and Groundwater report on 'Groundwater & Soil Vapour Assessment, Proposed Woolworths Site, Morphet St, Mount Barker', dated 20 December 2010 (reference SG101829 RP01 Revision1).
- Soil and Groundwater email titled 'Summary of Assessment / Remediation Options - Mt Barker', dated 30 March 2011.
- Soil and Groundwater letter on 'Environmental suitability: Proposed Woolworths development - Morphet Street, Mt Barker', dated 23 February 2012 (reference SG101829 L04).
- Golder Associates letter on 'Section 83A Notification of Site Contamination of Underground Water for 1 Hutchinson Street, Mount Barker', dated 8 May 2017 (reference 1670019-005-L-Rev0).

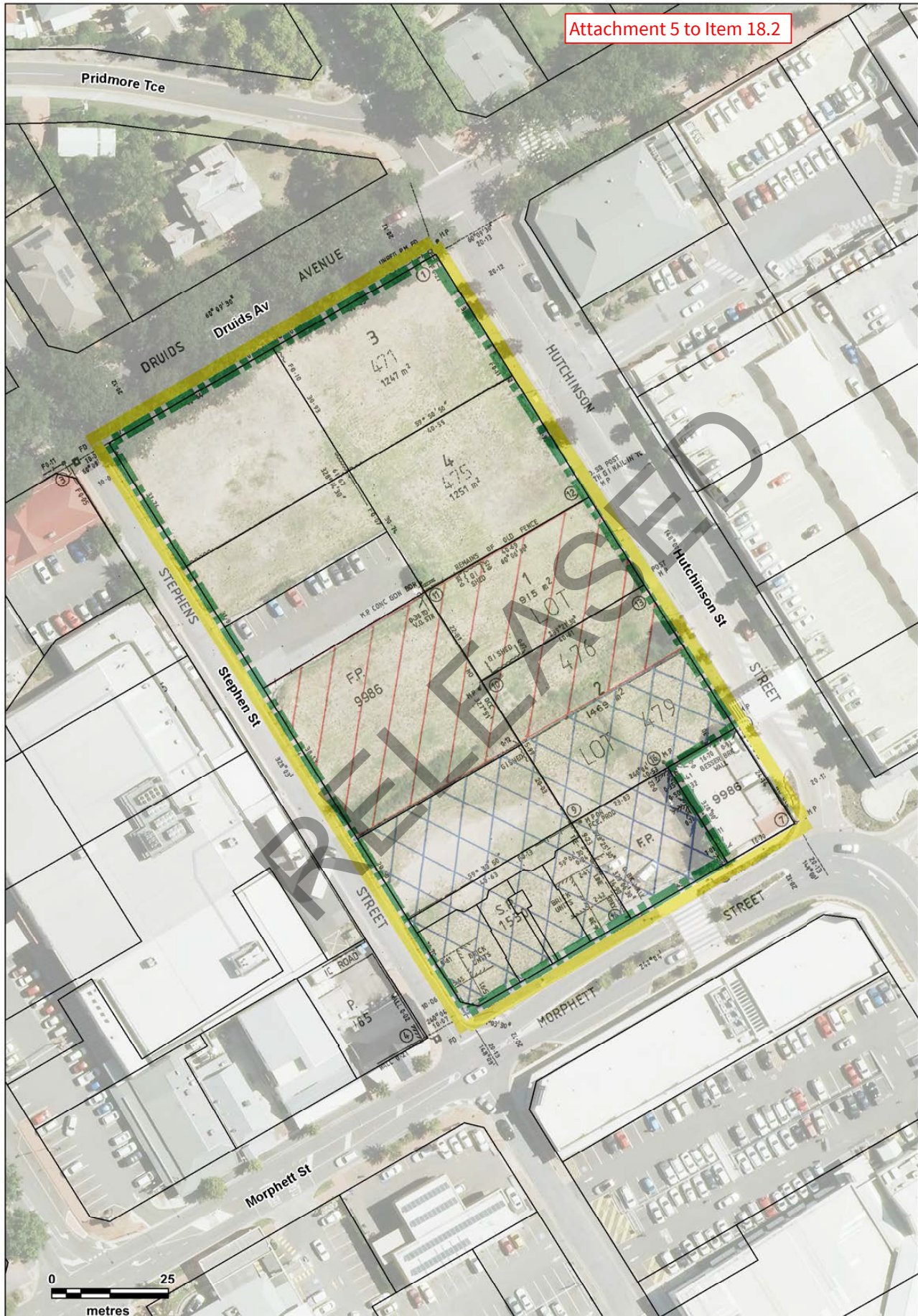
Documents obtained by Toby Carter Consulting

- Golder Associates report on 'Contamination Advice to support Due Diligence for 1 Hutchinson Street, Mount Barker', dated 1 March 2016 (reference 1670019-001-L-Rev0).
- Golder Associates report on 'Further Contamination Advice to support Due Diligence for 1 Hutchinson Street, Mount Barker', dated 1 March 2016 (reference 1670019-003-L-Rev0).

Additional documents in existence but not available for review

- Coffey Environments report on 'Environmental Site Assessment, Minuzzo Mount Barker Retail Centre Development' dated 24 January 2007 (reference ENVITHEB04839BA).
- Coffey Environments report on 'Soil Validation Assessment Report, Minuzzo Mount Barker Retail Centre Development' dated 10 October 2007 (reference ENVIWAYV00019AA).
- Coffey Environments report on 'Environmental Site Assessment, Minuzzo Mount Barker Retail Centre Development' dated 30 November 2007 (reference ENVIWAYV00019BA).
- Coffey Environments report on 'Phase 2 Environmental Site Assessment, Minuzzo Mount Barker Retail Centre Development' dated 27 June 2008 (reference ENVIWAYV00019CA).
- Coffey Environments report on 'Site Environmental Management Plan, Minuzzo Mount Barker Retail Centre Development' dated 9 September 2008 (reference ENVIWAYV00019DA).
- Coffey Environments report on 'Integrated Health Risk Assessment Letter Report, Minuzzo Mount Barker Retail Centre Development' dated 9 September 2008 (reference ENVIWAYV00019DA L06(IRA)).

Attachment 5 to Item 18.2



18.2	REPORT TITLE:	CONFIDENTIAL REPORT: PRUDENTIAL AND OTHER REPORTS – LAND ACQUISITION
	DATE OF MEETING:	15 JANUARY 2018
	FILE NUMBER:	FOL/18/1011
	ATTACHMENTS:	ATTACHMENT 1. DOC/18/2728 & DOC/18/2824 Prudential Report prepared by BRM Holdich – ATTACHMENT 2. DOC/18/1571 Executive Summary of the JLL Valuation Report – ATTACHMENT 3. DOC/18/1581 Confidential resolutions from the Council meeting held on 6 November 2017 ATTACHMENT 4. DOC/18/2827 Site Environmental Assessment Update ATTACHMENT 5. DOC/18/2896 Plan showing aerial photo with new allotment boundaries

Moved Councillor Keen that Council:

Section 90 (3) (b) Order

1. Pursuant to Section 90(3)(b)
Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer, Deputy Chief Executive Officer / General Manager Infrastructure and Projects, General Manager Planning and Development, General Manager Corporate Services, A/g General Manager Council Services and Minute Secretary, be excluded from attendance at the meeting for Agenda Item 18.2 Prudential Report Land Acquisition.

The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person/entity with whom the Council is:

- Conducting business or proposing to conduct business; and
- Would prejudice the commercial position of the Council.

In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter.

Seconded Councillor Morrison

CARRIED
OM20180115.24

Moved Councillor Morrison that Council:

2. note the Prudential Report prepared by BRM Holdich on the purchase of portion of the Woolworths site by Council (attachment 1).
3. note that the purchase of this land by Council will require amendment to the 2017/18 Council budget at the next budget review.

Seconded Councillor Seager

CARRIED
OM20180115.25

Moved Councillor Keen that Council:

Section 91(7) Order

4. Pursuant to Section 90 (3) (b)

That having considered Agenda Item 18.2 Prudential Report Land Acquisition in confidence under 90(2) and (3)(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the council agenda item, related documents with the exception of the attached Prudential Report with any commercial in confidence information to first be redacted, and all minutes be retained in confidence until the Council and Burke Urban have concluded all commercial negotiations and either settled the purchase of the subject land or Council has resolved and Burke Urban has advised Council of no longer having a direct interest in the subject land or such lesser period as may be determined by the Chief Executive Officer, and that this order be reviewed every 12 months.

Seconded Councillor Seager

CARRIED
OM20180115.26

MEETING DECLARED CLOSED AT 9.51PM

MAYOR

DATE