

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
96	7 Sept 2015	Mount Barker Town Centre Commercial Strategies Update	<p>Section 90 (3) (b) Order</p> <p>1.Pursuant to Section 90(3)(b)</p> <p>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, four General Managers and the Executive Assistant to the Mayor and Chief Executive Officer be excluded from attendance at the meeting for the Agenda Item Mount Barker Town Centre Commercial Strategies Update.</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 with whom the Council is conducting business and would prejudice the commercial position of the Council in that the information to be considered includes financial information, the disclosure of which could prejudice the Council's commercial position during negotiations.</p> <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 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</p>	council report, related documents and all minutes	<p>information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting business and would prejudice the commercial position of the Council in that the information to be considered includes financial information, the disclosure of which could prejudice the Council's commercial position during negotiations.</p> <p>In addition the disclosure of this information would, on balance, be contrary to the public interest.</p>	<p>until a contract for the sale and purchase of land has been executed and all of the pre conditions to settlement have been satisfied or in 12 months' time, whichever is the sooner.</p> <p>Extended Refer #116</p>	4 Sep 17	3 Sep 18	<i>Report, attachments and Minutes released on website 9 May 2018</i>

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			<p>Council and the community in this matter and in relation to other contract negotiations.</p> <p>Section 91(7) Order</p> <p>Pursuant to Section 90 (3) (b) & (d)</p> <p>12.That having considered the Agenda Item Mount Barker Town Centre Commercial Strategies Update in confidence under section 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 a contract for the sale and purchase of land has been executed and all of the pre conditions to settlement have been satisfied or in 12 months' time, whichever is the sooner.</p>						
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17. CONFIDENTIAL REPORTS

**17.1. REPORT TITLE: CONFIDENTIAL ITEM – MOUNT BARKER
TOWN CENTRE COMMERCIAL
STRATEGIES UPDATE**

DATE OF MEETING: 7 SEPTEMBER 2015

FILE NUMBER: DOC/15/89804

Strategic Plan 2012-2017 Ref:

Commence the implementation of the Mount Barker Town Centre Strategy.

Purpose:

To seek:

- confirmation of the Council's strategic objective to secure land within the Mount Barker Town Centre for the purposes of a Town Square; and
- authority for the Chief Executive Officer to pursue the acquisition of portion of the land known as the Woolworths site within the Mount Barker Town Centre as a strategic land purchase to ultimately achieve a Mount Barker Town Square either on this land or an alternative parcel of land.

Summary – Key Issues:

- Confirm that the Council's strategic objective is to secure a public space (i.e. a Town Square) within the Mount Barker CBD; and
- Pursue acquisition of portion of the Woolworths Limited land for strategic purposes.

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, four General Managers and the Executive Assistant to the Mayor and Chief Executive Officer be excluded from attendance at the meeting for the Agenda Item Mount Barker Town Centre Commercial Strategies Update.

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 with whom the Council is conducting business and would prejudice the commercial position of the Council in that the information to be considered includes financial information, the disclosure of which could prejudice the Council's commercial position during negotiations.

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 and in relation to other contract negotiations.

2. Have a short term suspension of normal meeting proceedings pursuant to regulation 20 of the Local Government (Proceedings at Meetings) regulations to enable free flowing initial discussion of the matter by Council Members during which time no motion may be moved other than to conclude this period.
3. Admit representatives from Woolworths Limited to the meeting to enable them to present information and respond to questions and then leave the meeting.

{Please note: After the Woolworths Limited representatives have left the meeting it is intended that there will be a short (5 minutes) visual presentation by Council officers.}

4. Conclude the period of the short term suspension of normal meeting procedures.
5. Note the report and all of the attachments, being:
 - a. Attachment 1: Location Plan Woolworths Land and Preferred Area;
 - b. Attachment 2: Commercial Negotiations Framework with Woolworths Limited;
 - c. Attachment 3: Risk Matrix;
 - d. Attachment 4: Extract from the Valuation Report;
 - e. Attachment 5: Area of land subject to valuation advice;
 - f. Attachment 6: Council letter to Woolworths Limited;
 - g. Attachment 7: Email response from Woolworths Limited;

- h. Attachment 8: Summary report on contamination of the part of the site formally occupied by a Dry Cleaning business.
- 6. Confirms that:
 - a. Council's strategic objective is to secure a suitable sized parcel of land (in the order of 600 – 1,000m²) in the Mount Barker CBD subsequently being developed as community space, e.g. a Mount Barker Town Square;
 - b. That in the event it is necessary to formulate an offer on a parcel that is significantly larger than Council's objective of securing 1000m² (that is a 20 percent or greater variation) then post acquisition Council will prioritise the sale of the surplus land to reduce any indebtedness attributable to the purchase process;
 - c. That any land acquired by Council that meets the objective of securing a suitable public space within the Mount Barker CBD of between 600-1000m² would be kept in a tidy state until such time as Council is in a position to proceed with the development of the community open space or swap/dispose of the land to achieve a Mount Barker Town Square at an alternative location
- 7. Note the Chief Executive Officer will undertake commercial negotiations with Woolworths Limited to purchase portion (approximately as shown in green outline in attachment 1) of the total Woolworths land holding (preferably in the order of 600 – 1,000m² subject to cost) and within the framework set out in attachment 2;
- 8. Supports/endorse the Chief Executive Officer to submit a formal offer to Woolworths Limited for the purchase of portion of the land on Morphett Street, Mount Barker as shown approximately in green outline in attachment 1;
- 9. In the event that following negotiation Woolworths Limited accepts an offer (within the framework set out in attachment 2), the Chief Executive Officer and Mayor will attend to the preparation of a conditional contract for the sale and purchase of the land and all of the required documentation associated with the land purchase which will require a separate Council meeting decision by way of a future report to delegate authority to the Chief Executive Officer and Mayor to execute the contract;
- 10. Note that the funding for the land purchase inclusive of associated costs would require a loan from the Local Government Finance Authority;

11. Determine that all of the land to be purchased by Council be excluded from classification of community land pursuant to the Local Government Act;

Section 91(7) Order

Pursuant to Section 90 (3) (b) & (d)

12. That having considered the Agenda Item Mount Barker Town Centre Commercial Strategies Update in confidence under section 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 a contract for the sale and purchase of land has been executed and all of the pre conditions to settlement have been satisfied or in 12 months time, whichever is the sooner.

Background:

1. In 2012 Council prepared the Mount Barker Town Centre Strategy. During the development of the strategy Council received considerable community feedback expressing the desire to see the development of a focal point/Town Square in the Centre.
2. The Town Centre Strategy identified that there is an opportunity to develop a vibrant public space where people can gather and meet. The strategy also highlights the potential for creating quality public spaces that contribute to the vibrancy of the Town and support pedestrian movement throughout the Town.
3. There are different possible locations that could accommodate a Town Square, one of these being portion of the Woolworths Limited land on Morphett Street (see attachment 1).
4. Woolworths Limited has recently indicated that it is no longer proposing to develop a Masters Store on this site but is still seeking a suitable site for such a store in Mount Barker. A possibility is the notion of a Council land swap with Woolworths Limited if Council was able to provide what Woolworths considers to be a suitable site for a Masters Store.
5. Portion of the Woolworths Limited owned Morphett Street site could be a possible location for a Town Square or alternatively if acquired by Council, could be a strategic land parcel that is used to achieve a Town Square at another location (not currently owned by Council).

6. Woolworths Limited has verbally indicated to the Chief Executive Officer an intention to proceed to develop portion of the current site understood to be up to 50% of the total land area being the Northern portion which fronts Druids Avenue, Hutchinson Street and Stephen Street.
7. It is understood that the intended land use is retail, including a café and fresh produce sale outlet.
8. Following initial verbal communications the Chief Executive Officer wrote a letter to Woolworths Limited dated 26 June 2015 (attachment 6).
9. An email response was received from Woolworths Limited on 2 July 2015 which included: "We are prepared to offer Council an 'Exclusive Due Diligence Period' until 3:00PM Wednesday 7 October 2015 to conclude your investigations of the land to an offer." (attachment 7).
10. In summary the current Development Plan provisions see the Woolworths land zoned Regional Town Centre Zone, Core Policy Area 7 which provides for continued development of this area as the focus for retail and business activities. The site along its northern boundary (fronting Druids Ave) is located in the Residential Interface Policy Area 12 which limits the development potential of the core policy area transitioning to the residential zone.
11. The Mount Barker Town Centre DPA proposes that the entire site would be located in the Business and Retail Core Policy Area 5. This policy area seeks for the area to be the focus for Business and Retail development within the Mount Barker Town Centre. The current status of the DPA is that the consultation period has been completed (10 August 2015) on the draft DPA. The next stage of the DPA process involves the preparation of a report which provides a summary of the feedback and proposed amendments to the policy. This will be provided to Council before approving the DPA to be forwarded to the Minister for Planning for approval.

12. A valuation of the Morphett Street site has been prepared for Council by Knight Frank dated 30 July 2015. An extract is included as Attachment 4. The valuation provided three separate figures:

Land Area	Valuation (ex GST)	Per m2
Whole of site (approx. 11,337m2)	\$3,850,000	\$340m2
Southern half of the site (approx. 5,500m2)	\$2,000,000	\$364m2
L shape portion on the south east corner of site (approx. 876m2) see plan in Attachment 5 showing each of the above	\$700,000	\$800m2

13. Council has been advised that Woolworths Limited purchased the Morphett Street site for approximately \$6,100,000 excluding GST in total which equates to \$538m2. Most of the site was purchased in December 2010 (from the Herriot Family) the balance being the existing car park was purchased at a later date.
14. Woolworths Limited has verbally indicated to the Chief Executive Officer that it is seeking around \$1,000 m2 which is a considerable way above the Knight Frank valuation.

Discussion:

15. Pursuant to the Local Government Act a Prudential Report will be required if the project exceeds \$4Million to be prepared and considered at a Council meeting before a Council meeting resolution to proceed to settlement of the land can occur.
16. It is important that the development of public spaces in the Town Centre further support activity on Gawler Street as the "Main Street" and focal point for the Town. This should form a key criteria in assessing the suitability of the development of a Town Square in any particular location.
17. The required area for a Town Square is considered to be in the range of 600 – 1,000m2 based on examples elsewhere of both successful and unsuccessful.
18. If Council was able to acquire portion of the Woolworths Limited land it provides for a few scenarios being (in no particular order):

- Possibility of a Town Square being developed on this site if that was deemed to be the location of the best available land that Council can secure.
- The land being swapped in exchange for land that is considered to be a superior site for a Town Square.
- The land being sold by Council and the net proceeds being used to achieve a Town Square at an alternative location.
- The land being used for a strategic purpose that is complementary to a Town Square.

19. If the purchase is not pursued by Council, portion of the Woolworths Limited land is expected to be disposed of and hence a possible opportunity to meet a community need (at this or an alternative location) will have been missed.

Community Engagement:

Informing only	The community has clearly demonstrated a desire for a Town Square through previous consultation processes.
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Policy:

Not applicable.

Budget:

1. There is no provision in the 2015/16 budget for such a land purchase. An adjustment would need to be made when the first review of the 2015/16 budget is considered at a Council meeting.
2. A land purchase would need to be loan funded. The interest rate via the Local Government Finance Authority is expected to be approximately 4.75%. The total cost of finance will be subject to the purchase price and associated costs, how long Council holds this site for and the repayments made.
3. This strategy will be updated in the revised Long Term Financial Plan which will be updated shortly.
4. For the development (not purchase) of a Town Square once a site is selected and obtained by Council, an option would be to seek a commitment from Business Mount Barker to contribute i.e. \$x over y years.

Statutory/Legal:

A conditional contract for sale and purchase would need to be prepared with external expertise.

Staff Resource Requirements:

A land purchase can be managed within existing staff resources but will require some specialist external input such as legal and conveyancing.

Environmental:

1. Council has previously received a summary report on contamination of the part of the site formally occupied by a Dry Cleaning business. The report (Attachment 8) advises that the “bulk of the source (impacted soils) has been removed.” However two groundwater plumes still exist as shown in Figure 1 in the report.
2. A vapour barrier would be needed above the groundwater plumes to protect users of the land in that part of the site. Council has requested further due diligence information from Woolworths but has not yet received that information.

Social:

The community desire is to see a Town Square established.

Risk Assessment:

A risk matrix has been prepared and is included as attachment 3.

Asset Management:

If Council was successful and purchased portion of the Woolworths Limited land, the resources to manage the site and keep it in a tidy state until decision making occurred would not be substantial.

Conclusion:

To pursue the strategic objective of a Mount Barker Town Square at a location still to be determined, the acquisition of portion of the Woolworths Limited land on Morphett Street should be pursued given the owner has indicated that it is for sale and if acquired, it would provide Council with a possible site and a ‘bargaining chip’ in relation to other possible Town Square sites.

Key Contacts

Andrew Stuart, Chief Executive Officer
Brian Clancey, General Manager Infrastructure and Projects

Sponsor of Project

Andrew Stuart, Chief Executive Officer

Attachments

1. Location Plan: Woolworths Land and Preferred Area DOC/15/89564
2. Commercial Negotiations Framework
3. Risk Matrix DOC/15/88256
4. Extract from the Valuation Report DOC/15/89293
5. Area of land subject to valuation advice DOC/15/89292
6. Council letter to Woolworths Limited DOC/15/89319
7. Email response from Woolworths Limited DOC/15/68132
8. Summary report on contamination of the part of the site formally occupied by a Dry Cleaning business DOC/15/89291

Location Plan : Woolworths Land and Preferred Area



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Map Zoom: 0.2627 km

Map Scale: 1:1,330

Created on: Tuesday, 1 September 2015 By: advanced

Attachment 2 to Item 17.1

Confidential: Commercial Negotiations Framework with Woolworths LimitedPreferred Outcome

For Council to purchase portion of the Woolworths Limited land that could be subsequently developed as a Town Square or swapped for an alternative parcel for this purpose.

The area required for the Town Square in isolation is in the order of 600 – 1,000m².

Ideally this would be located close to and have some direct frontage to Morphett Street. Refer attachment 1.

For the Preferred Outcome the amount that Council would be prepared to pay per m² is up to \$1,000 for land that is exclusive of the remaining contamination. E.g. if the area was say 1,000m² at \$1,000 per m² the maximum purchase price payable by Council would be \$1 million.

This would reflect a premium of approximately 20% over and above the Knight Frank valuation for a parcel around this area in size.

The Preferred Outcome may not be achievable. For example if the land owner indicates that they are not prepared to sell off such a small portion at all or they are, but only for an extremely high premium amount.

Next Best Outcome

If the Preferred Outcome is not achievable, the Next Best Outcome would be to secure portion of the Woolworths Limited site but keeping both the area and purchase price as minimal as possible and in any event not greater than slightly less than 50% of the total land parcel which equates to 5,500m² and not more than \$4 million.

As above, ideally this would be located close to and have some direct frontage to Morphett Street

For the Next Best Outcome the amount that Council would be prepared to pay per m² is reduced to a maximum of \$727 one of the considerations being that the Southern portion would include the remaining contamination. E.g. if the area was say 5,000m² at the maximum rate of \$727 per m² the maximum purchase price payable by Council would be \$3,635,000.

This would reflect 100% above the Knight Frank valuation if the maximum rate applied. For the maximum rate to apply it would be necessary for Woolworths Limited to demonstrate to Council that commercially this was warranted in the Mount Barker market today and/or a commitment to what would provide some value add to a Council land purchase such as for example some shared car parking.

The Next Best Outcome may also not be achievable.

There are numerous possible scenarios including an area somewhere in between 1,000m² and 5,500m².

The intent is to demonstrate to Woolworths Limited that Council's interest is genuine and to have a basis (being an amount per m²) on which to negotiate.

Note:

The above amounts are exclusive of associated further costs that Council would incur in undertaking a purchase e.g. cost of finance, stamp duty, registration fees, conveyancing and legal.

Attachment 3 to Item 17.1

ATTACHMENT 3 – RISK ASSESSMENT

Important Note: The risk assessment has been prepared at a point in time. It needs to be recognised that circumstances impacting on the risk assessment are expected to change and that further analysis of risk related matters is likely to see the Risk Assessment revised and updated over time.

Risk ID	The Risk		Consequence		Risk without Controls		Existing Controls	Person Responsible	Effectiveness of Controls	Residual Risk Rating		
					Likelihood Rating	Risk Rating				Consequence	Likelihood	Risk Rating
	What could happen	How could it happen	Description (from table)	Rating	Rating							
1	Land purchased by Council is found to be contaminated beyond what was understood to be the case	Only becomes evident with further testing or physical works on site	Isolate instances of environmental damage requiring effort to fix in the short term and reversible.	Minor (2)	Possible (C)	Low	Ensure all available information has been received and analysed. If possible avoid purchasing the part which has known contamination.	David Morton	Good	Minor (2) Still possible that actual situation may be present some issues when the physical ground is disturbed	Unlikely (B)	Low
2	Land purchased by Council is subsequently difficult to sell and the sale price is well below the purchase price paid by Council	Purchase price paid by Council is a premium and the property market softens	Financial impact (expenditure or revenue) between \$200,000 – \$1,000,000.	Major (4)	Possible (c)	High	Relate purchase price to the expected sale price. Allow conservative values and timeframes for disposal.	Andrew Stuart	Satisfactory	Major (4) Expected purchase amount and subsequent sale price are difficult to forecast	Possible (c)	High

3	Land is purchased by Council and is not developed as a Town Square but is not sold as a result of community demand to have it retained by Council	Community becomes accustomed to the site being vacant and accessible and demands that it remain that way and have improvements undertaken to it	Financial impact (expenditure or revenue) between \$200,000 – \$1,000,000.	Major (4)	Possible (C)	High	A community communication strategy will be required.	Andrew Stuart	Satisfactory	Major (4) Still possible.	Possible (c)	High
4	Woolworths Limited is not prepared to entertain any offer from Council within the commercial negotiation framework in attachment 2	Woolworths Limited takes the view that it can do better elsewhere	Minor adverse affect on public image and established community relationships & links.	Minor (2)	Possible (c)	Low	Communication to date between Woolworths Ltd and Council CEO. Renew efforts to purchase if public sale occurs.	Andrew Stuart	Satisfactory	Minor (2) Still possible	Possible (c)	Low
5	Woolworths Limited information on the property when supplied to Council reveals something of relevance that is not yet known to Council	Council simply doesn't know what that information contains	Minor adverse event that can be remedied immediately.	Insignificant (1)	Possible (c)	Low	Ensure full due diligence information has been provided by Woolworths before exchange of contracts. Assess all information and determine if there is a material impact.	David Morton	Good	Insignificant (1)	Rare (a)	Low

6	Development of the land purchased as a Town Square (if it becomes the preferred location) becomes somewhat difficult due to the nature of the development of the balance of the site	Position and scale of development of the balance of the site creates shadowing and other issues that are somewhat incompatible with a Town Square	Moderate adverse affect on public image.	Moderate (3)	Possible (c)	Medium	Negotiation with Woolworths Limited and Development Plan provisions	Andrew Stuart	Satisfactory	Moderate (3) Still possible	Possible (c)	Medium
7	The amount of the loan required by Council for the land purchase and the associated servicing of the loan via repayments continues for an extended period of time until a sale of the land by council occurs	Council is pursuing other locations for a Town Square but is delayed in securing same and until that occurs is reluctant or not willing to sell the land purchased from Woolworths.	Financial impact (expenditure or revenue) between \$200,000 – \$1,000,000.	Major (4)	Possible (c)	High	Pursue possible Town Square location options as a high priority for the organisation	Andrew Stuart	Satisfactory	Major (4) Still possible	Possible (c)	High
8	The portion of the land retained by Woolworths Limited remains undeveloped and unsightly for an	Woolworths Limited determines not to proceed to develop the portion of the site retained in its ownership for commercial or	Financial impact (expenditure or revenue) between \$50,000-\$200,000.	Moderate (3)	Possible (c)	Medium	Negotiate and seek to secure a legally binding obligation on Woolworths Limited as to when development of	Andrew Stuart	Satisfactory	Moderate (3)	Possible (c)	Medium

	extended period of time with a negative impact on the amenity and the land purchased by Council	other reasons					the land retained is developed					
9	Impact on rates increases	Additional borrowing costs to be partly funded by increase in rates	Rate pressure to allow for a new service level standard	Minor (2)	Likely	Medium	Treasury policies & applications.	Council	Good	Minor	Likely	Medium
10	Holding costs from delays in utilising the asset	Council has inadequate resources to progress civil works on the site from other competing demands	Additional finance costs incurred from additional borrowings.	Major (4)	Possible (c)	High	Provide better links with council future planning to the Long Term Financial plan.	Corporate	Satisfactory	Major (4)	Possible (c)	High
11	Council pays too much for the land	Council is prepared to pay a premium over and above independent market value	Financial impact Asset Fair value to be written down between \$200,000 – \$1,000,000.	Major (4)	Possible (C)	High	A community communication strategy will be required.	Andrew Stuart	Satisfactory	Major (4) Still possible.	Possible (c)	High
12	Alternative site becomes available that is more appropriate for Council needs	Planning has alternative views in relation to appropriate sites	Holding and transfer costs from moving to another site	Major	Possible (c)	High	A community communication strategy will be required .	Andrew Stuart	Good	Minor (2) Still possible	Possible (c)	Low

Attachment 4 to Item 17.1

District Council of Mount Barker

**Valuation Certification**

Acting under instructions from Mr David Morton, Manager Projects, District Council of Mount Barker, we have undertaken a valuation of a consolidated development site bounded by Hutchinson Street, Morphett Street, Stephen Street and Druids Avenue, Mount Barker SA. We confirm that we have inspected the property as described herein and have prepared this report.

Subject to the overriding stipulations contained within the body of this report we are of the opinion that the market value of the subject property, assuming a sale of the freehold interest, relevant to prevailing levels of value as at 3rd July 2015 on a vacant possession basis for strategic planning purposes to be as follows:

- The site as a whole (approximately 11,337m² in area)
\$3,850,000 (Three Million Eight Hundred and Fifty Thousand Dollars) excluding GST
- An "L" shaped portion with primary frontage to Morphett Street (approximately 876m² in area)
\$700,000 (Seven Hundred Thousand Dollars) excluding GST
- The balance of the site as a whole after excision of the above (approximately 10,461m² in area)
\$3,250,000 (Three Million Two Hundred and Fifty Thousand Dollars) excluding GST
- The southern portion of the site as a stand alone holding (approximately 5,500m² in area)
\$2,000,000 (Two Million Dollars) excluding GST

Yours sincerely

ALEX SMITHSON
B. App. Sc. (Val).
Fellow Australian Property Institute (FAPI)
Certified Practising Valuer

ZAC VARTULI
Associate Director

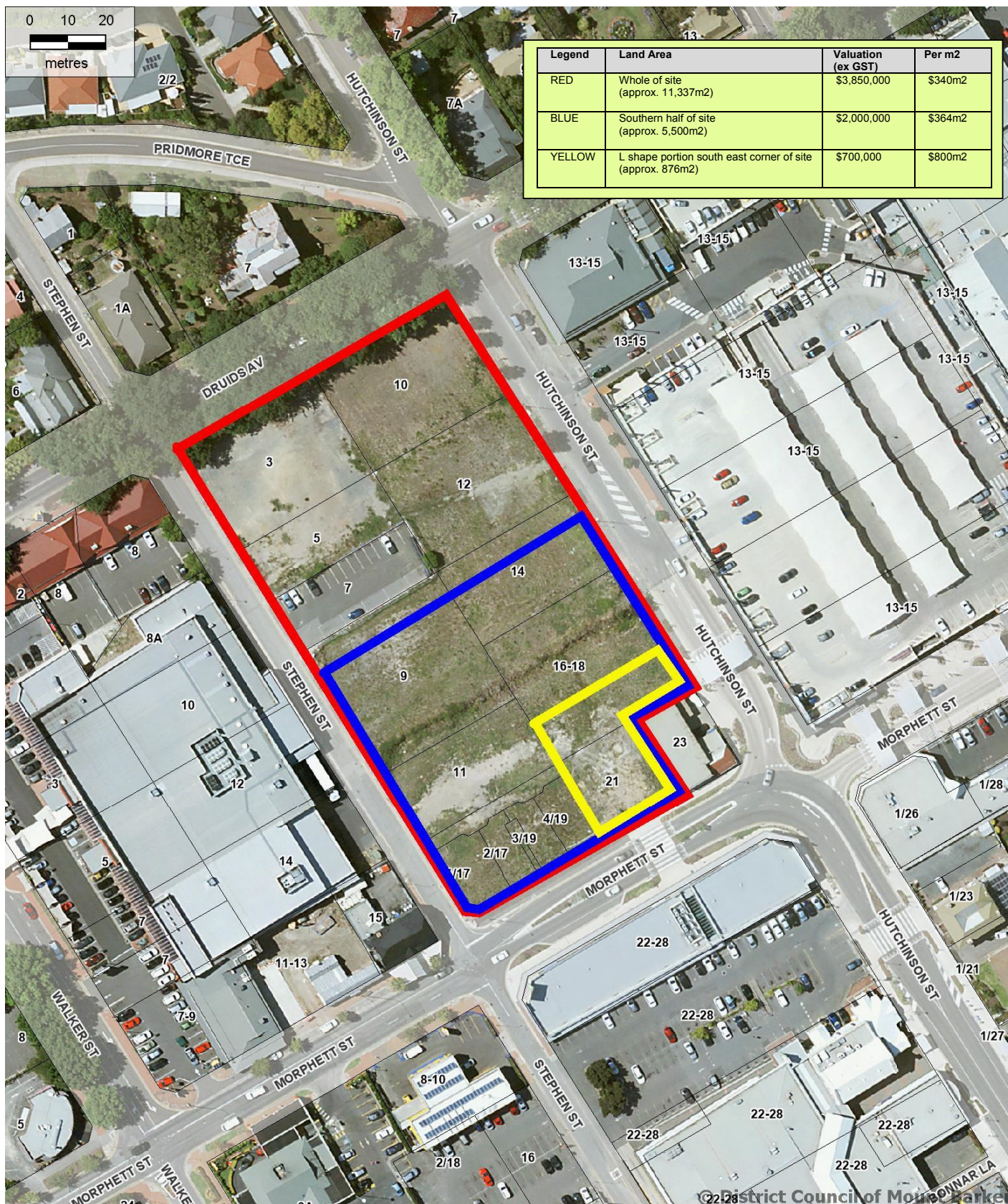
Knight Frank Valuations (SA)

The counter-signatory verifies that this report is genuine, and issued and endorsed by Valuations Services (SA) Pty Ltd trading as Knight Frank Valuations (SA). The opinion of the value expressed in this report, however, has been arrived at by the prime signatory acting as the valuer in accordance with instructions given.

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Map Scale: 1:1,330

Created on: Tuesday, 1 September 2015 By: advanced



THE DISTRICT COUNCIL OF MOUNT BARKER

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ABN: 54 250 395 713

Reference:

26 June 2015

Mr Matt Holland
Senior Regional Property Manager
South Australian/Northern Territory Regional Office
PO Box 2339
REGENCY PARK SA 5942

Dear Matt

Re: Woolworths Site, Mount Barker

I refer to the long term community and Council interest in the Morphett Street site owned by Woolworths Limited. More particularly I refer again to interest I have expressed on behalf of Council in securing part or whole of the site for a public purpose, for example, a small park.

I appreciate the site to date has been held by Woolworths for the purpose of development.

Council's interest (described above) remains. To that end, I instructed staff to initiate a valuation of the site, in part and in whole, with a view to lodging an offer to Woolworths; Alex Smithson from Knight Frank has been engaged to provide valuation advice.

We would appreciate entering into some formal understanding with Woolworths to prepare and conclude the offer process, say 3 months. We would appreciate your assistance (on behalf of Woolworths) to advise on Woolworths' process requirements, and its preparedness to entertain Council's objective.

Please contact me at your earliest convenience in relation to this matter.

Yours sincerely

Andrew Stuart
CHIEF EXECUTIVE OFFICER

Paula Overy

From: Thomas Stock <tstock@woolworths.com.au>
Sent: Thursday, 2 July 2015 10:43 AM
To: Sue Miller
Cc: Matt Holland
Subject: SA Mount Barker - Morphet Street Land Holding - DCMB Exclusive DD Period

Mr Andrew Stuart
The District Council of Mount Barker
PO Box 54
Mount Barker SA 5251

Dear Andrew,

We refer to your letter dated 26 June 2015 in relation to the Woolworths Limited (& Fabcot Pty Limited) held asset in Morphet Street, Mt Barker.

We acknowledge Councils interest in the land and the time-frames associated with resolving internal funding arrangements, your own planning and environmental due diligence and subsequent approvals for offer preparation.

Whilst Woolworths is considering its options to either retain the asset for the previously developed Masters Hardware scheme or the development of a large retail sub-division of the allotment along the lines of the existing boundaries, we can assure Council that a submission for the purchase of these lands will be given all due consideration.

We are prepared to offer Council an 'Exclusive Due Diligence Period' until 3:00PM Wednesday 7 October 2015 to conclude your investigations of the land to an offer.

During the 'Exclusive Due Diligence' period, Woolworths Limited will make an undertaking not to transact (sell), nor enter into a public advertising campaign for the leasehold or sale of these lands.

We trust the above is satisfactory and please do not hesitate to contact myself for any information or particulars of the lands on 0404 077 930.

Regards

Thomas Stock
Senior Project Manager - Woolworths Limited
Mobile: 0404 077 930 email: tstock@woolworths.com.au
www.woolworthsshoppingcentres.com.au

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DA 580/915/11
+ DA 580/470/11

Attachment 8 to Item 17.1

APPENDIX D

Synopsis Environmental Approach Soil and Groundwater Consulting



SG101829



28 March 2012

Fabcot
PO Box 8000
Baulkham Hills NSW 2153

Attention: Mr Adrian Kilburn

**SYNOPSIS OF KNOWN CONTAMINATION ISSUES & DEVELOPMENT STRATEGY FOR
RETAIL DEVELOPMENT
MORPHETT STREET, MT BARKER**

Dear Adrian,

1. INTRODUCTION

This letter provides a synopsis of the known contamination issues and outlines a management strategy for the environmental works required to progress the retail development of the Morphett Street, Mt Barker site.

The previous environmental assessments are well documented and we have not replicated this data, but provide an overview of our investigations and recommended management strategy to assist Fabcot's feasibility studies, decision making and to inform Council of the ability to properly manage the site.

2. ENVIRONMENTAL INVESTIGATION OVERVIEW

Our recent investigations were used to supplement the extensive existing data that exists in the southern portion of the site as an extension to the Geo_logix summary paper. Groundwater and soil vapour were assessed, and the current understanding of these aspects are presented in Figure 1. Additional soil and groundwater investigations have also been completed in the northern portion of the site in accordance with Schedules A and B of the National Environment Protection (Assessment of Site Contamination) Measure, 1999.

Based on S&G's recent investigations, and historical data the following contamination is known:

- Most of the impacted soils appear to have been excavated, however some residual impacted soils are expected to be present near the water table.
- Two groundwater plumes exist at the site, being:
 - A dissolved petrol plume (predominantly TPH and BTEX) and associated soil vapours associated with the former fuel USTs located in the southern portion of the site; and

**Soil & Groundwater
Consulting**

33 Dequetteville Tce
Kent Town SA 5067

P 03 8471 7113
F 03 8431 7115

43 Stubbs Street
Kensington Vic 3031

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F 03 9372 6890



- A dissolved dry cleaning solvent plume (predominantly chlorinated hydrocarbons – PCE, TCE and VC) and associated soil vapours.

Whilst present at concentrations above relevant groundwater criteria, it is noted that both the fuel and solvent impacted groundwater are not significantly elevated above the criteria, and support the contention that the bulk of the source (impacted soils) has been removed.

The groundwater plumes have moved in the direction of groundwater flow (to the south) and extend beyond the site boundary. As the liability for Fabcot stops at the boundary, we have not considered this further.

Soil vapour concentrations (both benzene from the fuel plume and vinyl chloride from the solvent plume) have been measured at concentrations above conservative screening levels. Therefore, additional soil vapour investigations / risk assessment works will be required to determine whether further remediation is required due to vapour issues.

Additional soil and groundwater investigations have been completed in the northern portion of the site in accordance with Schedules A and B of the National Environment Protection (Assessment of Site Contamination) Measure, 1999 which have not identified any other site contamination issues.

Therefore, based on the assessment works to date, the known contamination issues can be managed effectively through targeted remediation works and/or risk assessment and topside treatments (e.g. installation of vapour barriers and sealed surfaces in designated areas).

3. RECOMMENDED APPROACH

As previously noted, Fabcot has confirmed the liabilities associated with off-site groundwater issues remains with the previous owners. We propose a mechanism be implemented to provide clear delineation of groundwater risks and liabilities. This will allow future works to focus on management of on-site issues only.

The EPA has confirmed that a Site Contamination Auditor is not required for this site, due to the non-sensitive nature of the proposed development.

Based on this approach the works required to render the site suitable for a retail development, to the satisfaction of the Planning Authority and a suitably qualified environmental consultant, includes the following:

1. For the known residual soil and groundwater contamination in the southern portion of the site, a process of risk assessment and remediation planning documentation to meet current EPA guidelines – including a Detailed Risk Assessment and Groundwater and Vapour Modelling, and subsequently Remedial Options Assessment and Plans.



2. Remediation of the site to mitigate the potential risks to human health which may include a combination of:

- A groundwater segregation barrier is installed along the down hydraulic gradient boundary. This is shown diagrammatically in Figure 2, which is a typical cross-section of a Permeable Reactive Barrier (to remediate groundwater contamination moving across the site boundary).
- Installation of a vapour barrier beneath buildings established at the site (if required), as **part of the topside development to manage any future vapour risks**. This is shown in Figure 3, which is a typical cross section of a Soil Vapour Barrier (to prevent soil vapour migration inside buildings).
- Targeted soil excavation and treatments, if necessary – to manage ongoing vapour risks. Given that the development does not require excavation of soils from this area, this would only be required if modeling shows that the vapour barrier did not mitigate the risks associated with vapours sufficiently; and
- Targeted groundwater hotspot remediation (only if required to manage vapour risks). Groundwater migration issues could be managed through the placement of a treatment media within the segregation barrier.

3. Remediation reporting / documentation and sign-off by a suitably qualified environmental consultant.

Please note that the preferred approach outlined above will be refined based on the outcomes of the risk assessment process which will drive the extent of works required. The risk assessment outcomes will form the basis for discussions (and cost benefit analysis) of soil, vapour and groundwater remediation works, with consideration to required site redevelopment activities such as excavations, footings, site surface treatments etc.

4. CLOSURE

I trust our document provides sufficient information for your purposes. Please do not hesitate to contact me on 8431 7113 or email awebber@soilandgroundwater.com.au if you have any queries or require further information.

Kind Regards,



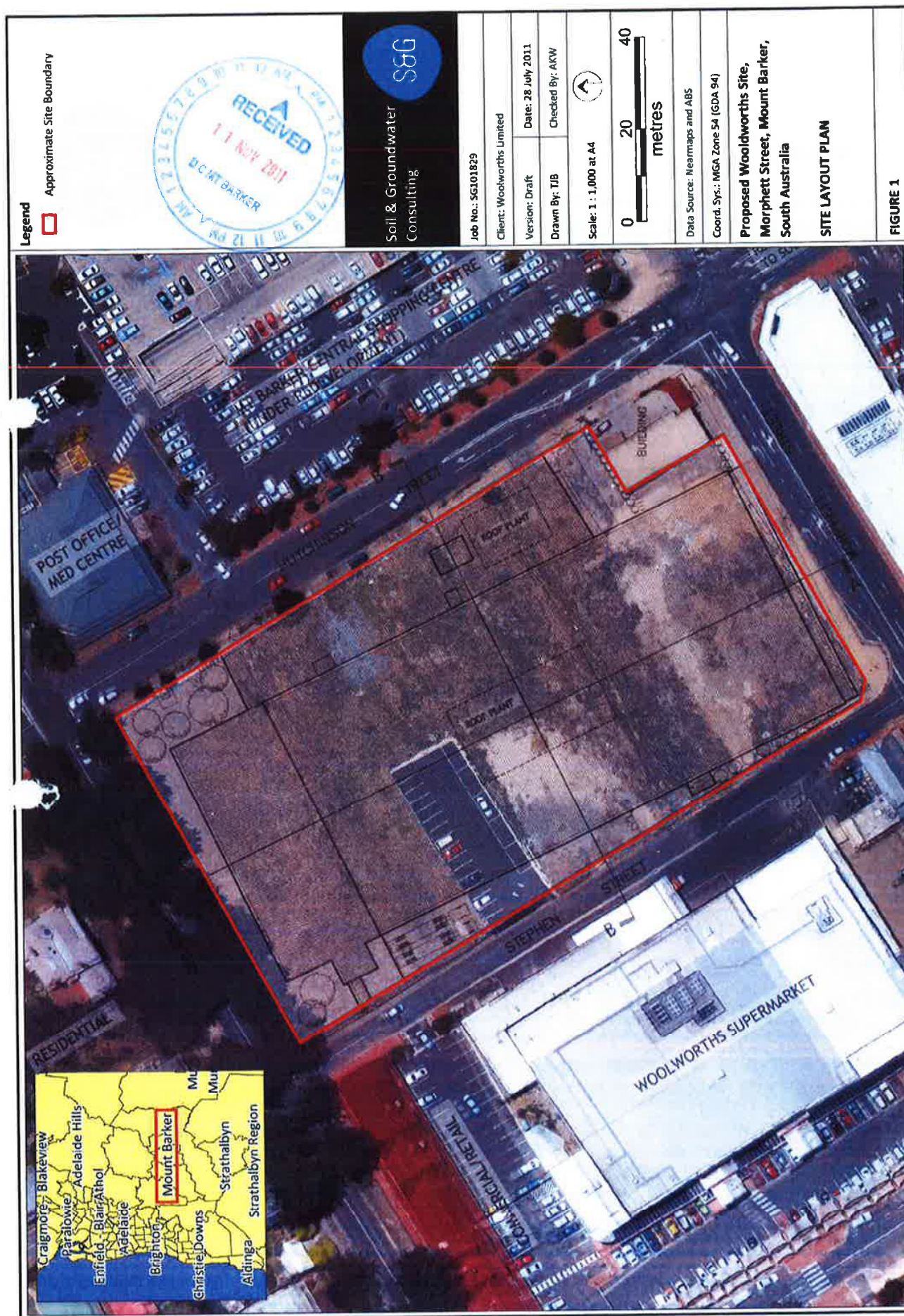
Adrian Webber
Principal Environmental Engineer

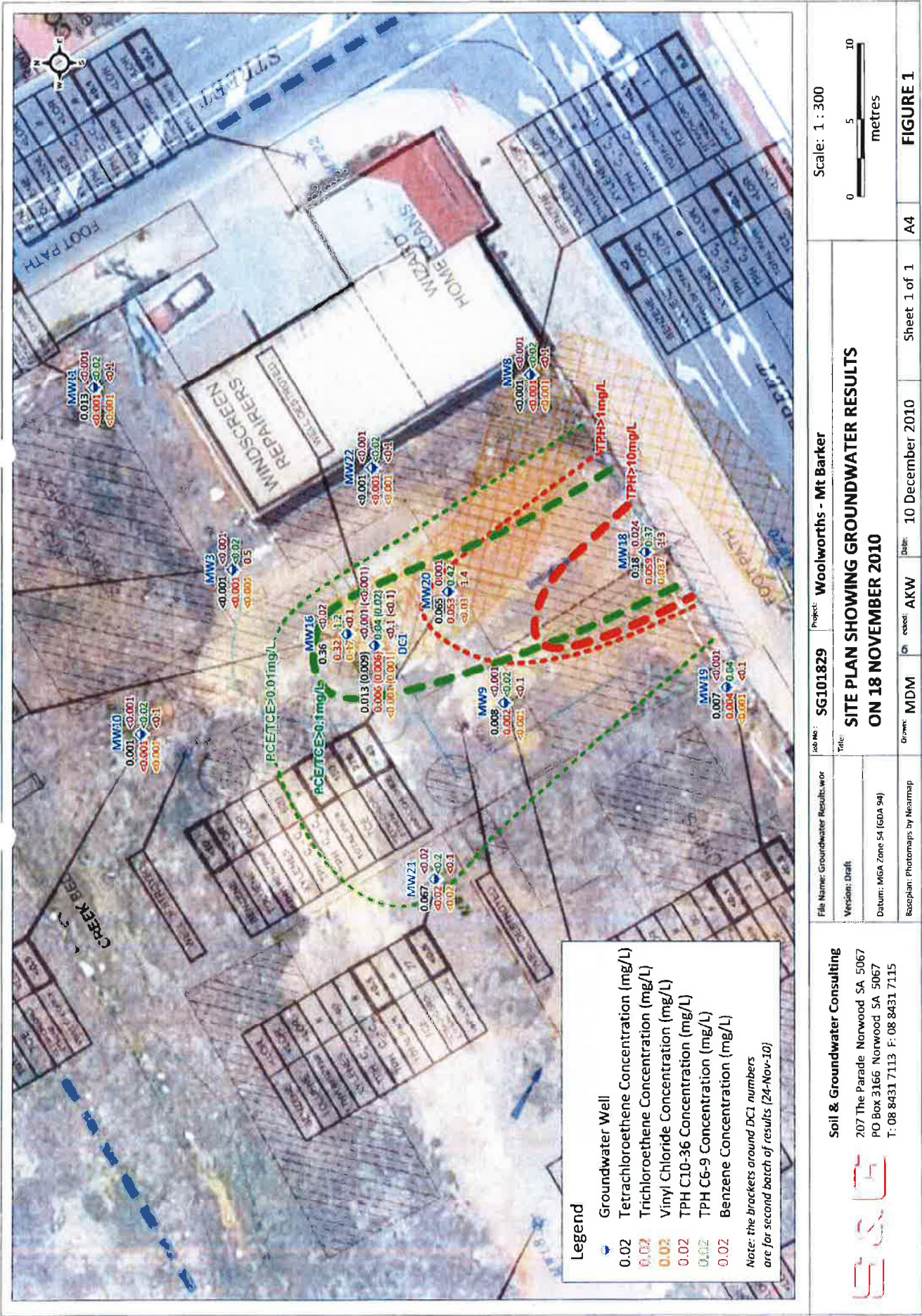
**Attachments:**

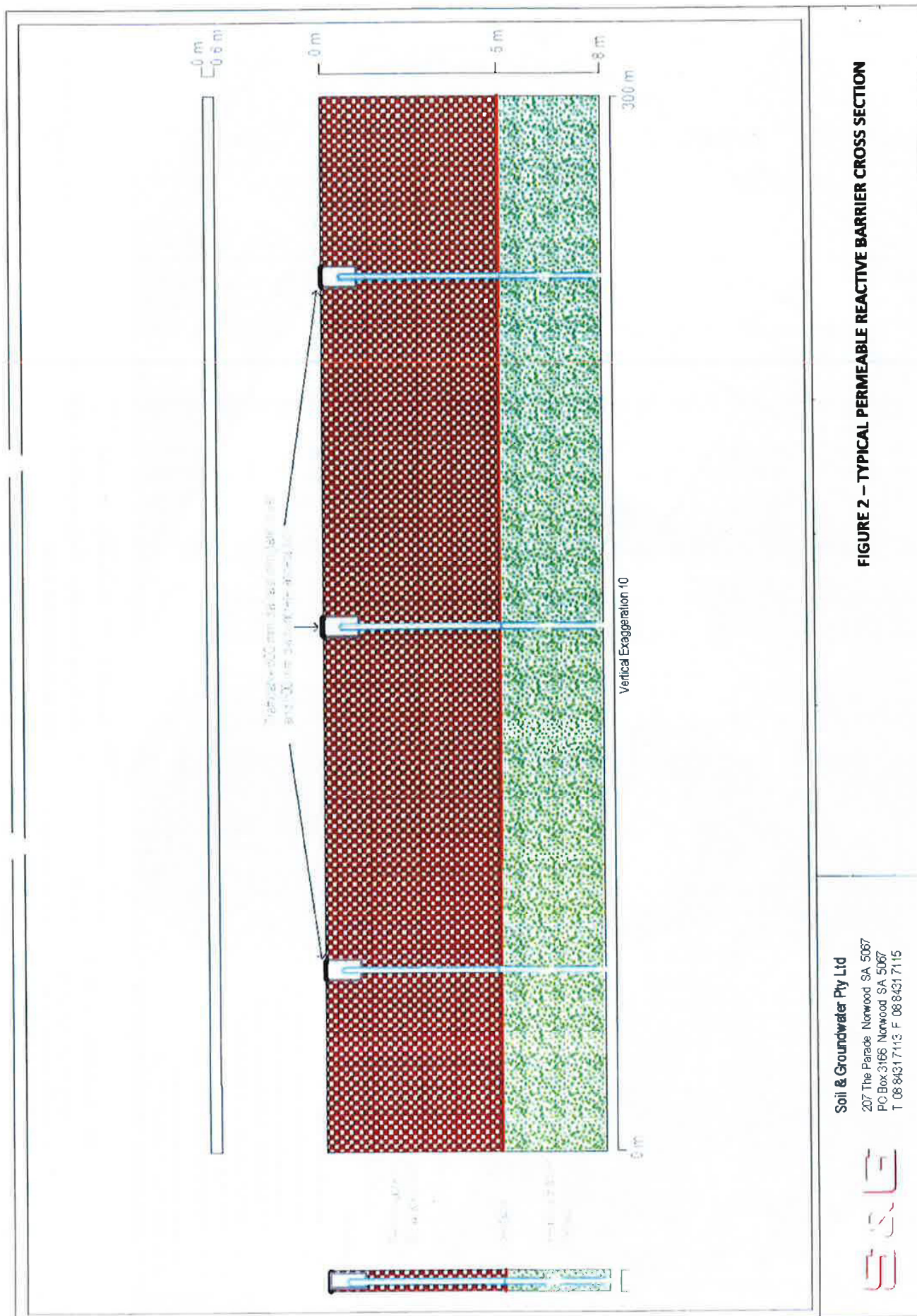
Figure 1 – Site Plan showing Known Contamination Issues

Figure 2 – Typical cross-section of a Permeable Reactive Barrier (to remediate groundwater contamination moving across the site boundary)

Figure 3 – Typical cross-section of a Soil Vapour Barrier (to prevent soil vapour migration inside buildings)







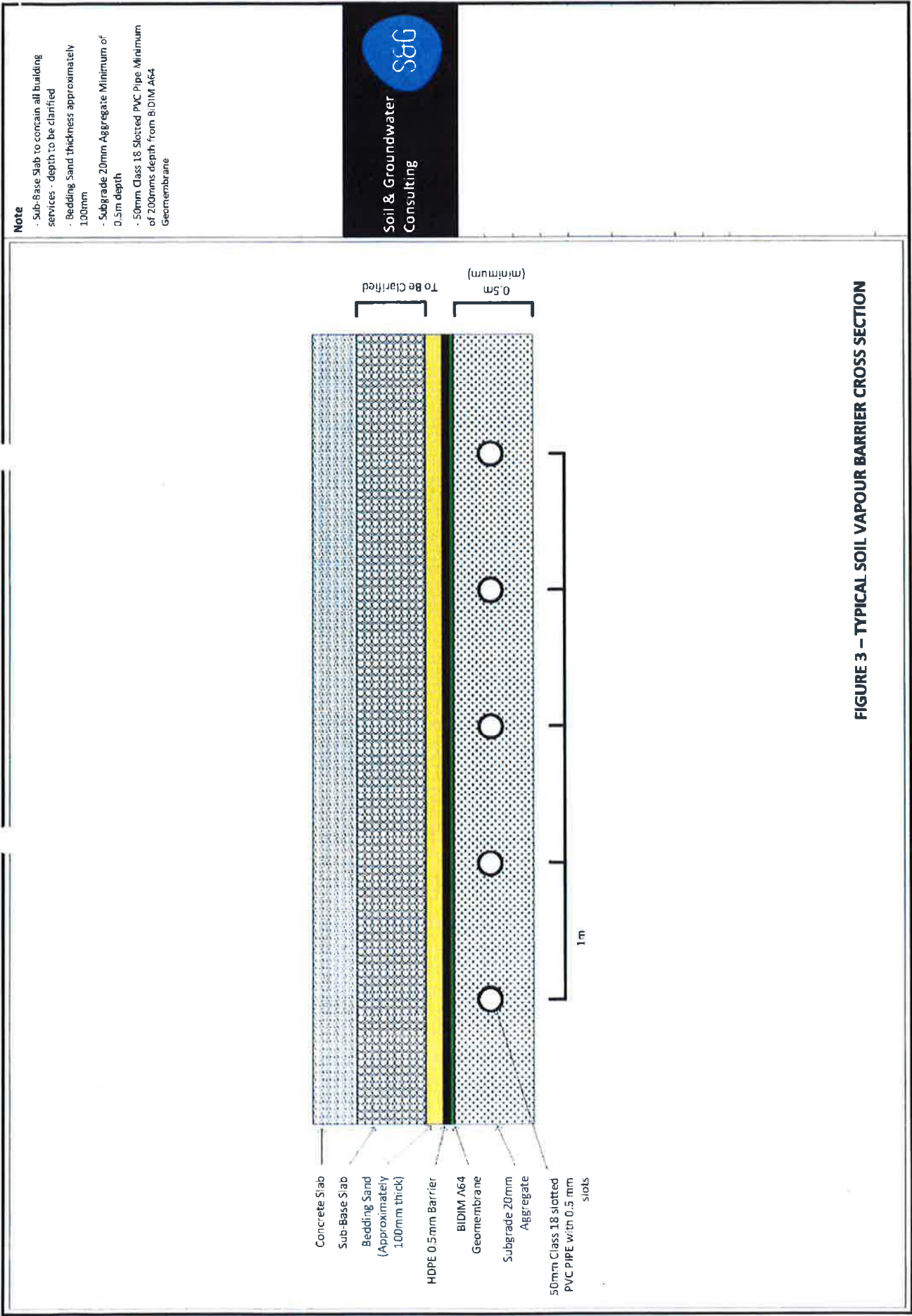


FIGURE 3 – TYPICAL SOIL VAPOUR BARRIER CROSS SECTION

17. CONFIDENTIAL REPORTS

**17.1. REPORT TITLE: CONFIDENTIAL ITEM – MOUNT BARKER
TOWN CENTRE COMMERCIAL
STRATEGIES UPDATE
DATE OF MEETING: 7 SEPTEMBER 2015
FILE NUMBER: DOC/15/89804**

Moved Councillor Keen that Council:

Section 90 (3) (b) Order

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, four General Managers and the Executive Assistant to the Mayor and Chief Executive Officer be excluded from attendance at the meeting for the Agenda Item Mount Barker Town Centre Commercial Strategies Update.

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 with whom the Council is conducting business and would prejudice the commercial position of the Council in that the information to be considered includes financial information, the disclosure of which could prejudice the Council's commercial position during negotiations.

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 and in relation to other contract negotiations.

Seconded Councillor Bailey

CARRIED
OM20150907.10

7.49pm Councillor Campbell declared a conflict of interest as he owns commercial property in the town centre rose and left the Chamber.

- 7.49pm Moved Councillor Keen that Council have a short term suspension of normal meeting proceedings pursuant to regulation 20 of the Local Government (Proceedings at Meetings) regulations to enable free flowing initial discussion of the matter by Council Members during which time no motion may be moved other than to conclude this period.

Seconded Councillor Morrison

CARRIED
OM20150907.11

- 8.44pm Moved Keen Councillor conclude the period of the short term suspension of normal meeting procedures.

Seconded Councillor Bailey

CARRIED
OM20150907.12

Moved Councillor Keen that Council note the report and all of the attachments, being:

- a. Attachment 1: Location Plan Woolworths Land and Preferred Area;
- b. Attachment 2: Commercial Negotiations Framework with Woolworths Limited;
- c. Attachment 3: Risk Matrix;
- d. Attachment 4: Extract from the Valuation Report;
- e. Attachment 5: Area of land subject to valuation advice;
- f. Attachment 6: Council letter to Woolworths Limited;
- g. Attachment 7: Email response from Woolworths Limited;
- h. Attachment 8: Summary report on contamination of the part of the site formally occupied by a Dry Cleaning business.

Seconded Councillor Bettcher

CARRIED
OM20150907.13

Moved Councillor Morrison that Council confirms that:

- a. Council's strategic objective is to secure a suitable sized parcel of land (in the order of 600 – 1,000m²) in the Mount Barker CBD subsequently being developed as community space, e.g. a Mount Barker Town Square;
- b. That in the event it is necessary to formulate an offer on a parcel that is significantly larger than Council's objective of securing 1000m² (that is a 20 percent or greater variation) then post acquisition Council will prioritise the sale of the surplus land purchased to reduce any indebtedness attributable to the purchase process; and

- c. That any land acquired by Council that meets the objective of securing a suitable public space within the Mount Barker CBD of between 600-1000m² would be kept in a tidy state until such time as Council is in a position to proceed with the development of the community open space or swap/dispose of the land to achieve a Mount Barker Town Square at an alternative location.

Seconded Councillor Bailey

LOST
OM20150907.14

Moved Councillor Bailey that Council supports/endorsees the Chief Executive Officer to submit a formal offer to Woolworths Limited for the purchase of portion of the land on Morphett Street, Mount Barker as shown approximately in green outline in attachment 1;

Seconded Councillor Seager

CARRIED
OM20150907.15

Councillor Hamilton called for a DIVISION

The Mayor declared vote set aside.

Councillors voting in the affirmative: Councillors Morrison, Keen, Seager and Bailey.

Councillors voting in the negative: Councillors Hamilton, Bettcher and Irvine.

The Mayor declared Motion OM20150907.15 CARRIED

Moved Councillor Keen that Council, in the event that following negotiation Woolworths Limited accepts an offer (within the framework set out in attachment 2), the Chief Executive Officer and Mayor will attend to the preparation of a conditional contract for the sale and purchase of the land and all of the required documentation associated with the land purchase which will require a separate Council meeting decision by way of a future report to delegate authority to the Chief Executive Officer and Mayor to execute the contract;

Seconded Councillor Bailey

CARRIED
OM20150907.16

Moved Councillor Morrison that Council note that the funding for the land purchase inclusive of associated costs would require a loan from the Local Government Finance Authority;

Seconded Councillor Keen

CARRIED
OM20150907.17

Moved Councillor Seager that Council determine that all of the land to be purchased by Council be excluded from classification of community land pursuant to the Local Government Act;

Seconded Councillor Morrison

CARRIED
OM20150907.18

Moved Councillor Bailey that Council:

Section 91(7) Order

Pursuant to Section 90 (3) (b) & (d)

That having considered the Agenda Item Mount Barker Town Centre Commercial Strategies Update in confidence under section 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 a contract for the sale and purchase of land has been executed and all of the preconditions to settlement have been satisfied or in 12 months' time, whichever is the sooner.

Seconded Councillor Keen

CARRIED
OM20150907.19

MEETING DECLARED CLOSED AT 9.39PM

MAYOR

DATE