Date Release d	6 Sept 10
Next Review Date	
Last Review Date	7 Sept 2009
Resolution Regarding Action	Release and make public
Reason regarding retention or recommend-action to release	Release
Item being kept confidential - Agenda/ Attachment/ Minutes	Discussion, Agenda, Attachment & Minutes
Confidential Order Details	S 90(3)(d) Commercial information of a confidential nature (not being a trade secret) the disclosure of which:  (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and would on balance be contrary to public interest
Item Title	Car Parking within the Township
Date	17 May 05
#	

# QUESTIONS ARISING FROM COUNCIL MEETING (10 MINUTES)

96 CONFIDENTIAL REPORTS

96.10 REPORT TITLE: CONFIDENTIAL REPORT - CARPARKING

WITHIN THE MOUNT BARKER TOWNSHIP

AUTHOR: HENRY INAT

**AUTHOR'S TITLE: GENERAL MANAGER STRATEGY** 

REPRESENTORS: GEOFF HAYTER

**COLLIERS INTERNATIONAL CONSULTING** 

SERVICES (SA)

**HENRY INAT** 

FILE NUMBER: 64/070/002

DEPARTMENT: STRATEGY DEPARTMENT

DEPARTMENT

DINAILOI DEI ARTIME

MANAGER:
Moved Cr Tsigros:

1. That pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 the District Council of Mount Barker orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting, or proposing to conduct, business or to prejudice the commercial position of the Council.

2. That the Chief Executive Officer, Acting General Manager Technical Services, General Manager Strategy, General Manager Corporate and Community Services, and the Minute Secretary be permitted to remain in the room.

Seconded Cr Allen and CARRIED.

7.55-8.50pm Geoff Hayter Colliers International Consulting addressed Council.

#### Moved Cr Gamble:

- 3. That Council notes the report.
- 4. That Council authorises to the Chief Executive Officer to proceed with discussions with the ANZ Bank and Mr Barbieri, being the two owners of the subject strategic parcels of land contained within certificate of title Volume 5750 Folio 945 & Volume 5230 Folio72 respectively relating to a future option to construct a multi deck carpark, to the stage of having final documentation agreed to by relevant parties.
- 5. That any funding implications be referred to Council's current budget deliberations.

- 6. That final execution of the agreements shall be the subject to Council resolution.
- That Council inform the owners of the Mount Barker Hotel that it appreciates its participation in negotiations to date. However, Council is not in a position to pursue further discussions given the unacceptable five year restricted time frame presented for the construction of the multi deck carpark on their site.
- 8. That the Council orders pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that the discussion, reports, attachments and minutes relating to this item be kept confidential until 11 May 2006. (Council Meeting 13 September 2006 extended confidentiality until 5 September 2006). 6 Sept 2007 altered at Council Mtg 4 Sept 2006 extended until 6 Sept 2008 at 3 Sept 07 mtg. extended to 9 September 2009, 10 September 2010
- 9. That subject to Section 90 of the Local Government Act 1999 as amended, the public be readmitted to the meeting at the conclusion of the item.

Seconded Cr Wright and CARRIED.

MEETING DECLARED CLOSED AT 9 PM

MAYOR	DATE

12.10

REPORT TITLE:

CONFIDENTIAL REPORT - CARPARKING

WITHIN THE MOUNT BARKER TOWNSHIP

**AUTHOR:** 

**HENRY INAT** 

**AUTHOR'S TITLE: GENERAL MANAGER STRATEGY** 

REPRESENTORS: GEOFF HAYTER

COLLIERS INTERNATIONAL CONSULTING

SERVICES (SA)

FILE NUMBER:

64/070/002

ATTACHMENTS:

1 UPDATE ON NEGOTIATIONS REGARDING PROPOSAL TO FACILITATE A MULTI DECK

CARPARK WITHIN THE MOUNT BARKER

**TOWNSHIP - CONFIDENTIAL** 

2 LOCALITY PLAN - CONFIDENTIAL

3 LATEST DRAFT PLANS OF A POSSIBLE

MULTI DECK CAR PARKING

CONFIDENTIAL

DEPARTMENT:

STRATEGY DEPARTMENT

DEPARTMENT

MANAGER:

**HENRY INAT** 

# **PURPOSE**

To advise and update Council on discussions held with the owners of the Mount Barker Hotel and the ANZ Bank regarding the possibility of negotiating access to land for the purposes of allowing Council to decide in the future, should it be warranted, to construct a multi deck car park on the Mount Barker Hotel car park site.

#### BACKGROUND

This matter was last presented to Council at its meeting on 20 October 2003 at which time it resolved (in part) as follows;

- That Council agree in-principle and without prejudice to establish a Council sponsored carpark, to be located in close proximity to Gawler Street.
- That such a carpark be predominantly a short term carpark. where parking is provided free of charge.

- That the financing of a carpark, should it be found to be financially viable, is to be considered in the context of Council's 10 Year financial year and that where possible sources of financing the carpark are to be from other than general Council revenue and include, but not limited to, the possible introduction of a special rate on the whole of the Regional Town Centre zone (eg an extension of the existing special rate introduced in 2003/04).
- 4 That Council commence to prepare a Plan Amendment Report to establish a Carpark Fund in accordance with the provisions of the Development Act, with the initial rate for contributions to the fund from developers not providing their own carparks being in the order of \$10,000 per space (depending on the selected site).
- That Council resolve that it's longer term strategic planning is to include an ongoing carparking and access strategy to form part of the above Plan Amendment Report Preparations. This will involve ongoing monitoring of carparking within the Regional Town Centre zone, with a view to proactively promoting adequate parking in order to meet the ongoing needs of the Town Centre as a whole.
- 6 Council resolve that its preferred site for a deck carpark is either:-
- (a) the land to the east of the Coles Centre (corner Stephens Street and Bonnar Lane the recommended site); or alternatively.
- (b) the land to the rear of Mount Barker Hotel.

(It is noted that both owners have indicated an initial interest in Council developing a deck carpark as part of redevelopments that are currently being contemplated on both sites.

Although some time has passed since these matters were formally presented to Council, discussions and updates have been provided in various forums, including budget meetings and particularly in November 04 at the Elected Members Residential Seminar held at Victor Harbor. Over this period discussions have proceeded with the owners of the Mount Barker Hotel as the preferred site for a future possible Council owned multi deck carpark.

Mr Geoff Hayter of Colliers International Consulting Services (SA) who has assisted Council in this matter will be present at the meeting. A summary report has been prepared by Mr Hayter and is provided at attachment 1. He will give a presentation at the meeting and will be available to answer questions.

Attachment 2 provides a locality plan.

Attachment 3 provides draft plans of what could be a future multideck car park.

## RECOMMENDATION

- 1. That pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 the District Council of Mount Barker orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting, or proposing to conduct, business or to prejudice the commercial position of the Council.
- 2. That the Chief Executive Officer, Acting General Manager Technical Services, General Manager Strategy, General Manager Corporate and Community Services, and the Minute Secretary be permitted to remain in the room.
- That Council notes the report.
- 4. That Council authorises to the Chief Executive Officer to proceed with discussions with the ANZ Bank and Mr Barbieri, being the two owners of the subject strategic parcels of land contained within certificate of title Volume 5750 Folio 945 & Volume 5230 Folio72 respectively relating to a future option to construct a multi deck carpark, to the stage of having final documentation agreed to by relevant parties.
- 5. That any funding implications be referred to Council's current budget deliberations.
- 6. That final execution of the agreements shall be the subject to Council resolution.
- 7. That Council inform the owners of the Mount Barker Hotel that it appreciates its participation in negotiations to date. However, Council is not in a position to pursue further discussions given the unacceptable five year restricted time frame presented for the construction of the multi deck carpark on their site.
- 8. That the Council orders pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that the discussion, reports, attachments and minutes relating to this item be kept confidential until 11 May 2006.
- 9. Extended until 3 Sept 2008 at 3 Sept 07 meeting.
  9. That subject to Section 90 of the Local Government Act 1999 as amended, the public be readmitted to the meeting at the conclusion of the item.

#### DISCUSSION

Council has over the past two financial years allocated resources to investigate carparking issues facing the Mount Barker Regional Town Centre. These investigations included undertaking an initial study into the availability of carparking throughout the Town Centre and a financial feasibility study into the possible construction of a multi deck carpark.

The need for such investigations followed the completion of the Mount Barker Regional Town Centre Action Plan, which amongst many key findings identified the lack of carparking, particularly in the Gawler Street locality and immediate environs.

The need for potential additional carparking in and around Gawler Street is as a direct consequence of the historic nature of the built form and the relative lack of ready accessible carparking located on individual sites.

Colliers International were commissioned to assist Council to undertake the initial car park supply study, which had culminated in a final report submitted to Council in August 2003.

Staff, with the assistance of Colliers International, have over the past 12 months proceeded with discussions, initially with the owners of the Mount Barker Hotel and more recently with the ANZ Bank, to consolidate access to strategic land parcels seen as the best possible site for a future multi deck carpark. The focus of these discussions were directed at making land available should it be decided in the future to build a multi deck carpark.

The nature of these initial discussions and subsequent negotiations has been consistent with the directions established by Council. The negotiating guidelines comprised:

- At no time shall any commitment be made by staff (and or their agents) through the negotiation process that could be deemed to be binding upon Council without the prior endorsement of such by Council.
- Only formal resolutions of Council regarding commitment or otherwise of resources to the development of a multi deck carpark will be deemed to be binding.
- All discussions conducted by staff (and or their agents) with the respective parties are to be held without prejudice and at all time be confidential.

- All negotiations shall be held to achieve maximum benefit for the community with Council's exposure in both financial and non financial terms limited as and where possible.
- The principle of achieving maximum benefit for the District's community at minimal exposure and or cost shall form the basis of the negotiations to be held.
- Negotiations are to be cognisant that the possible development of a multi deck carpark within the Regional Centre of Mount Barker, on either of the preferred two possible sites, forms part of an overall carparking strategy that will evolve as the function and fabric of the Centre changes over time.

The above guidelines have been adhered to.

Attachment 1 to this report provides a detailed review and update by Mr Geoff Hayter as to where discussions and negotiations with the respective interested parties have reached.

As demonstrated by Mr Hayter's report, it has always been the intention of the discussions to secure access by Council to strategic land parcels, should Council decide and if found warranted, to proceed and build a multi deck car park in the Town Centre. The carpark will serve the long term car parking needs of businesses along Gawler Street and other parts of the Regional Town Centre.

Discussions initially concentrated on the Mt Barker Hotel car park site. Although proceeding positively it became readily apparent that given the possible size and nature of a future multi deck car park that frontage and access was necessary to Walker Street. Stephen Street being suitable to provide a secondary access.

With the agreement of the Hotel owners, discussions then proceeded with the ANZ as the owners of the adjoining parcel of land to the Hotel site that had frontage to Walker Street.

Following several meetings with the ANZ bank it became apparent that they were happy to work with Council to find a satisfactory solution to what they also appreciated as being critical to the long term viability of Gawler Street and the Town Centre as a whole. However, their involvement and possible discharge of portions of land, could not undermine the viability and functionality of their business. To this end they needed an alternate to the existing carpark located along Walker Street.

The rear portion of the eastern adjoining land was seen as a solution to providing carparking directly adjacent to the bank. This land is owned by Mr Barbieri.

Mr Barbieri has not been approached at this time.

Discussions have proceeded with the ANZ Bank such that negotiations can be finalised to secure Council's access to that portion of land fronting Walker Street. A new smaller carpark will need to be provided for the bank on the Barbieri land with frontage to Walker Street at Councils cost.

The approach to be made to Mr Barbieri, subject to Councils approval, now holds the key to the successful consolidation of the various land parcels.

The owners of the Mount Barker Hotel have recently clarified their requirements to make available the land to Council for the purpose of having a carpark constructed on it. Essentially the Hotel has limited Council to a time period of five years to construct a car park.

Reference should be made to Mr Hayters report for further details including costings.

## **POLICY IMPLICATIONS**

# 1. Financial/budget

Council has spent \$16,000 this financial year pursuing negotiations and preparing information relating to this matter.

As recently as February 04 the Mount Barker Regional Town Centre Development Association provided \$10,000 to assist Council with these investigations.

The allocation of \$500,000 will be considered by Council in its current budget deliberations and 10 Year Financial Plan.

# 2. Legal

Legal representation and advice has been sought at various stages throughout the negotiation process.

# 3. Staffing/Work Plans

Staff to participate in the negotiations is to comprise the CEO and all three General Managers as required.

#### 4. Environmental & Social

Discussions to be held and outcomes sought to be achieved will have as a clear focus on achieving sound Environmental and Social outcomes.

## 6. Strategic Plans

Council's recent deliberations in formulating the updated Community Strategic Plan makes specific mention of the need to investigate the need to address carparking availability in the Mount Barker Town Centre.

# **COMMUNITY CONSULTATION**

## 1. Customer Needs Analysis

Extensive community and stakeholder consultation was undertaken when the Mount Barker Regional Town Centre Action Plan was prepared. The need to address the shortfall of carparking along Gawler Street and environs was highlighted as part of this study.

#### 2. Promotion/Communications

The need to undertake either general or targeted consultation regarding this matter will be considered as and when decisions are made to progress Council's possible participation in the development of a multi deck carpark.

# Mt Barker Council Town Centre Carpark Project Status Report April 2005

As requested, we provide a brief report on the status of the carpark negotiations.

#### The Proposal

The **proposed carpark** is a \$5mill, 326 space multi-deck facility on the land at the rear of, and owned by, the Mt Barker Hotel, with frontage to both Walker and Stephen Streets<sup>1</sup>. Achieving the requisite frontage to Walker Street requires the use of land currently owned by the ANZ Bank.

Achieving frontage of the carpark site to Walker Street is considered desirable because Walker Street has greater and more efficient capacity to accommodate the traffic volume that would be generated by the carpark. It will also provide the Hotel with an opportunity to build a new bottle shop on Walker St, thereby overcoming a severe design constraint imposed on the carpark by its presence on Stephen St.

The **primary task** from Council's viewpoint therefore remains to secure an agreement which will give Council the right to build the carpark when it is ready, but doing so requires the co-operation of several parties.

#### **Current Status**

As to the **current status** of the project, we are poised to initiate negotiations for a small site consolidation as a precursor to reconfiguring the Walker St frontage of the project site. This in turn is a precursor to the finalization of an agreement for the development of a carpark – which, as noted, remains the primary objective. Negotiations will not proceed however until there has been an exchange of correspondence between the stakeholders setting out the objectives and principles of the exercise. This exchange is pending.

As an aside, it is noted that Council should ensure that its current Town Centre Car Parking and Urban Design PAR properly recognizes this proposal.

<sup>&</sup>lt;sup>1</sup> The construction cost estimate per carpark is some \$15,300.

The stakeholders are the ANZ Bank (the Bank), the adjoining owner, the Barbieri's and the Mt Barker Hotel (the Hotel).

As to the Bank, it is proposed that Council purchase its existing car park site fronting Walker Street and, eventually, relocate the Bank's carparks to the adjoining Barbieri land – the land to be acquired – at Council's cost, including the cost of minor civil works, in exchange for the existing bank carpark. The construction of the carpark on the Barbieri land for the Bank will be delayed until necessary. Until then, the existing Bank land will be retained in its current form and leased back to the bank. This land acquisition effectively forms part of a strategic 'land reserve'. A proposal for such an exchange is with the Bank for consideration at present and a response is expected shortly. To date, discussions with the Bank have been very positive.

As to **the Barbieri's**, they own the "House Block" which would, when necessary, become the ANZ carpark. The Barbieri's have not yet been approached and remain an unknown quantity. It is proposed to purchase only the cream brick house at the rear of their Gawler Street premises.

As to **the Hotel**, it is proposed that in the long term the former Bank land fronting Walker Street be transferred to it to allow, firstly, access to the future carpark land from Walker St and, secondly, the development of a bottleshop. In exchange for the Walker St land, the Council will then be granted development rights over the existing Hotel carpark land. Such a proposal has been presented to the Hotel and, following discussions, is being refined.

Whilst the conversations with the Hotel has been very positive and whilst the basic shape of an agreement is reasonably settled, the one sticking point has been the term for which the carpark development rights are to stand. The Hotel has been reluctant to agree a period of more than **five years** because of the potential impact on the value of the hotel such that it continues to face the prospect of a period of seven to eight months without any parking while the carpark is built.

Beyond this time, the Hotel wants to be free to deal with the business and the property as it sees fit and without the potential disruption still hanging over it – noting that Council will hold a caveat or similar interest over the property to protect its rights.

If an agreement proceeds on this basis, then Council will only have that period to commence construction of the carpark.

One solution to the Hotel's continuing reluctance on this point did appear to be to undertake preliminary carpark works now – ie build the bottom two levels – while the Mt Barker Hotel itself is undergoing redevelopment, so as to reduce the construction impacts later on. This is work which the Hotel had indicated it was prepared to undertake, on a commercial basis, funded by a lease to Council. This lease would then fold when the balance of the carpark was built and Council took ownership of the whole structure (other than for the levels to be retained by the Hotel).

If the project were to proceed on this basis, then it had been suggested that the carpark development rights could be extended for 15 years or more if that's what Council wanted.

More recently, however, the Hotel has indicated that it is not prepared to agree to a term of greater than five years under any circumstances. It has also indicated that it is prepared to fund and build the entire carpark now.

This leaves Council with the choice of agreeing with the Hotel's position and proceeding regardless, or of pulling back and simply acquiring the Bank Land (and therefore the Barbieri land to facilitate the swap) and then waiting until it is ready to re-engage with the Hotel. **Direction is required from Council on this point**.

Given that direction, it is anticipated that it may take a month or so to settle matters with the Hotel and the Bank. At this point, negotiations with the Barbieri's will be able to commence.

#### Commercial Matters

As to commercial matters, the cost of the proposal to Council will be twofold

Firstly, it will have to fund the land exchange required to gain control of the Walker St land from the ANZ Bank, the preliminary cost estimate for which is not more than \$500,000.

Secondly, it will incur either:-

- a capital liability when it builds, which will have to be within five years if it wants a
  development agreement with the Hotel now; or
- a recurrent liability in the way of carpark rent and, in due course, the cost of acquiring the non-Hotel portion of the carpark, if construction were to proceed now.

If it were to proceed on the latter basis, then indicatively and assuming a cost of \$2 million<sup>2</sup> for Stage 1 carpark works and a return of 9% to 10%, the annual rental would be \$180,000 to \$200,000. As against the cost of the whole carpark, the annual rental would be more to the order of \$500,000.

Independent valuations have been obtained of all of the land parcels involved so as to provide Council with a clear starting point in its negotiations.

The valuations are3:-

- the House Block, which is what Council would have to buy from the Barbieri's –
   450sqm @ \$425psm, or \$190,000;
- the Walker St land, which is what Council would have to buy from the Bank –
   440sqm @ \$575psm, or \$255,000;
- the Bottleshop Land, if subsequently facilitated and having frontage to Walker Street, which would be owned by the Hotel – 960sqm @ \$475psm, or \$460,000;
- the Hotel Carpark Land, which is what the Hotel is left with 2,280sqm @ \$400psm, or \$910,000.

<sup>&</sup>lt;sup>2</sup> Costs are as per Wallbridge & Gilbert estimates and are exclusive of GST

<sup>&</sup>lt;sup>3</sup> All areas are subject to survey

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For purposes of developing a carpark, Council needs to secure an interest in both the Hotel Land and the possible future Bottleshop Land.

So, the first step in the process is for Council to buy the House Block for say \$300,000 and spend say \$50,000 on creating the new Bank carpark, giving an all up cost of say \$350,000 to \$400,000. On the basis of these numbers, the Bank would also be entitled to a further payment of, say, \$70,000 to offset its loss in land value. The total cost of this part of the exercise may therefore be, say, \$400,000 to \$500,000.

The Hotel on the other hand currently has say 2,800sqm of carpark land worth say \$1.05mill (@ \$375psm). After the reconfiguration, it will have the Bottleshop Land and the Hotel Land worth, in aggregate, say \$1.37mill. In other words, it will be a little over \$300,000 ahead. This is effectively the price Council is paying the Hotel for granting the carpark development rights.

This enhancement of value is what Council has to capture in any agreement with the Hotel. It equates to about 35% of the value of the hotel land (after allowing separately for the bottleshop). This suggests that Council should be taking not less than a 35% to 40% stake in the Hotel Land if it were to protect its interest in this way.

Whatever stake it takes, the question which follows is how Council should best secure its interest in the Carpark Land. The last thing it would want would be for the Hotel to sell the bottleshop without Council's position being protected. There will therefore need to be an encumbrance recorded on both titles to favour of Council, which may take the form of partial ownership, a comprehensive right of way, a caveat or other appropriate instrument.

This will be addressed in a Deed between Council and the Hotel which will provide for:-

- firstly, the land transfers and associated documentation including registration of Council's interest; and
- secondly, the development rights being secured by Council.

In the final wash-up, the Hotel will take ownership of approx 65 spaces in a new carpark to replace its existing carpark – which it will already have rebuilt at-grade as part of its current capital works. On a pro-rata basis, the cost of these 65 spaces will be approximately \$1mill. Council will have to give these spaces to the Hotel, because the Hotel will not pay for an asset which simply replaces something it already has. In this context, the real issue is the cost of the carparks, rather than their value.

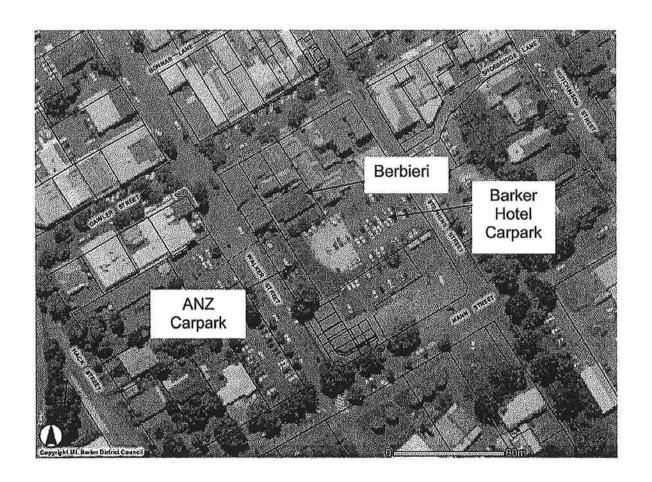
The final outcome for Council is that it secures rights over a block of land on which to build a carpark in the first place. The cost of this land – being the Hotel Land plus the air space over the Bottleshop Land, or some 3,250sqm in total – will be the \$400,000 to \$500,000 that it costs to relocate the Bank carpark, plus the \$1mill required to build the Hotel's levels in the new carpark, or say \$1.4mill to \$1.5mill in total. This equates to \$430psm to \$460psm, which is in line with the levels of value ascribed by Southwick Goodyear in its valuations.

#### Conclusion

What is now required is for Council to provide, firstly, its endorsement of the proposed land swap with the Bank, and, secondly, direction as to its preferred approach to negotiations with the Hotel.

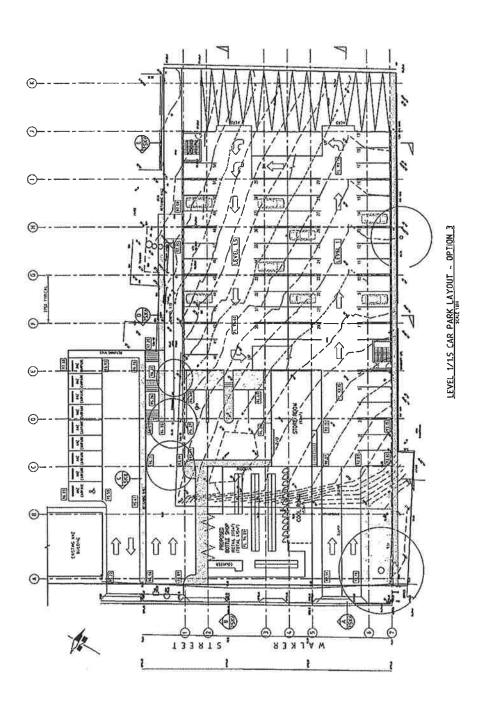
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# STRATEGIC LAND CONSOLIDATION - Multi Deck Carpark



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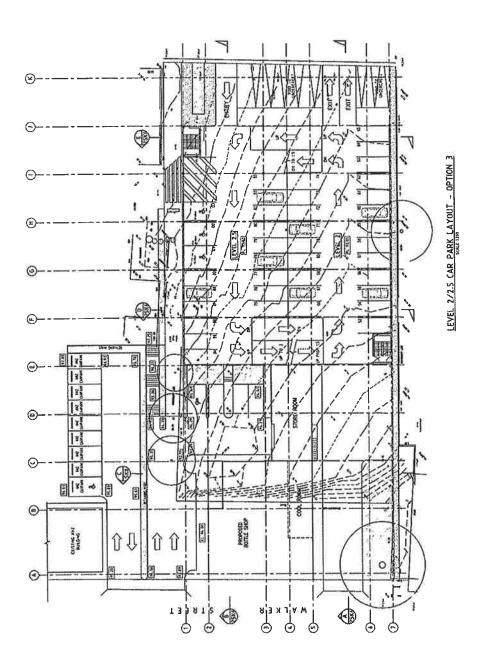
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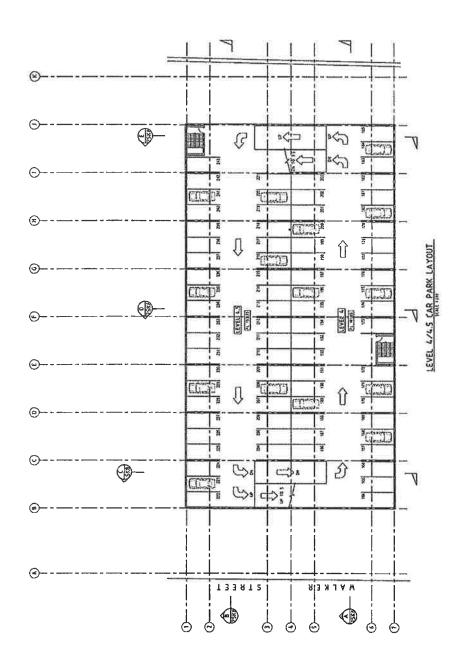


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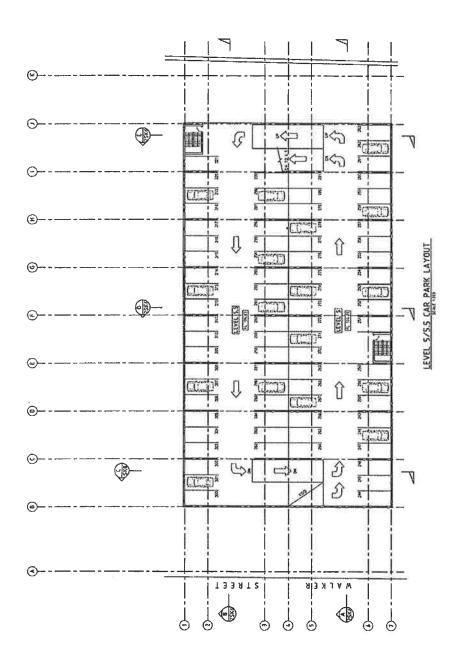
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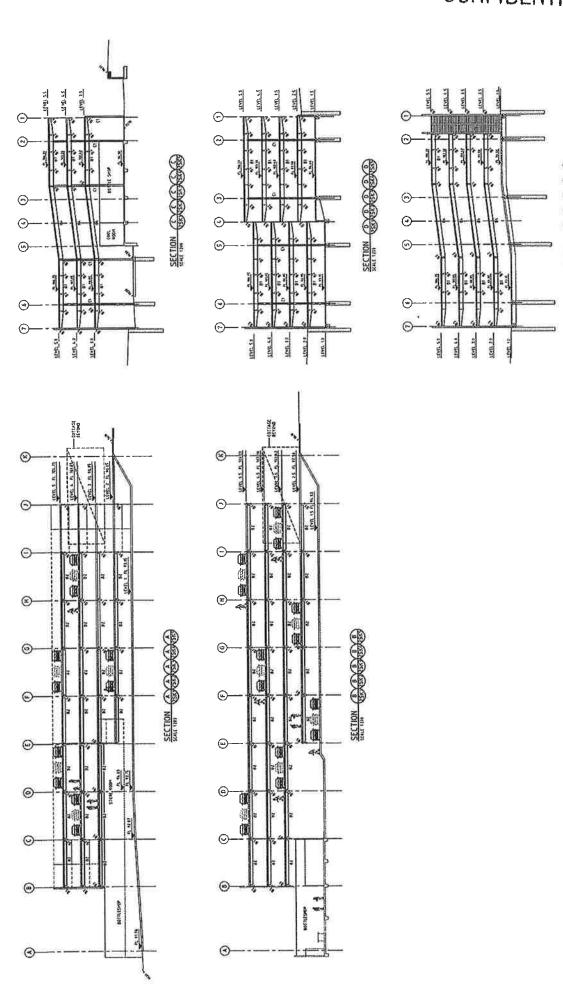




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