

CONFIDENTIAL ITEMS 2003 – SEPTEMBER 2011

#	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
58	6 June 2011	Offer of Property for Purchase	Reason: 90(2) (3)(b) 91(7) Prejudice the commercial position of the Council and/or the potential vendor	Report Minutes	Settlement occurred 13/12/11 – report to Council 19/12/11.	6 June 2012 Orders that the council report and all minutes remain confidential until 6 June 2012.	5 Sept 11	4 Sept 12	On web 28/8/12

RECOMMENDATIONS FROM ADVISORY COMMITTEES

Community Grants Committee Meeting 25 May 2011

The recommendation relating to the Allocation of Community Grants is dealt with in minute number 99.5

QUESTIONS ARISING FROM COUNCIL MEETING

Ms Diane van Eck regarding Item 12.5 – Community Grants – Community Gardens submission, and public notification of the meeting. Mr Greg Parker, General Manager Council Services took the question on notice.

Mr Simon Martin, Acting President Nairne and Districts Residents' Association regarding Bald Hills Road and Princes Highway intersection. Mr Brian Clancey, General Manager Infrastructure and Projects provided a response at the meeting.

101 CONFIDENTIAL REPORTS

101.1 **REPORT TITLE: OFFER OF PROPERTY FOR PURCHASE**
DATE OF MEETING: 6 JUNE 2011
FILE NUMBER: 36/010/005

Moved Councillor Irvine that

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 CEO, General Manager Infrastructure and Projects, General Manager Council Services, General Manager, Corporate Services and the Minute Secretary be excluded from attendance at the meeting for Agenda Item Offer of Property for Purchase.

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 prejudice the commercial position of the Council and/or the potential vendor in that the information to be considered includes commercial costings and other 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 potential contract negotiations.

Seconded Councillor Westwood and CARRIED

- 9.05pm Moved Councillor Gamble that pursuant to regulation 21 of the Local Government Procedures at Meetings Regulations, that Council has a short term suspension of normal meeting proceedings to enable a period of informal discussion of this agenda item.

Seconded Councillor Corbell and CARRIED

- 9.20pm Moved Councillor Gamble that Council now end the short term suspension of normal meeting procedures.

Seconded Councillor Grosser and CARRIED

Moved Councillor Gamble that the item be deferred until such time as Council officers have undertaken further discussions with St Michael's representatives and sought a price to be set by St Michael's in order for Council to consider its position in relation to other Council priorities for infrastructure and community facilities, including needs emanating from the Ministerial DPA.

Seconded Councillor Bailey and CARRIED

Moved Councillor Campbell

3. Section 91(7) Order

That having considered Agenda Item Offer of Property for Purchase 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 and all minutes remain confidential until 6 June 2012.

Seconded Councillor Grosser and CARRIED

MEETING DECLARED CLOSED AT 9.30PM

MAYOR

DATE

16. CONFIDENTIAL REPORTS**16.1 REPORT TITLE: OFFER OF PROPERTY FOR PURCHASE****DATE OF MEETING: 6 JUNE 2011****FILE NUMBER: 36/010/005****Strategic Plan Ref:**

Goal One People, Communities and Culture

1.1, 1.2 1.5 1.7. – Strengthen identity and culture through celebrations, festivals, events, support arts and culture

Goal Area 4 Infrastructure and Human Settlements

Purpose:

To consider the St Michael's Board's offer to Council of first option to purchase the Old Lutheran School building adjacent to the Hahndorf Academy in the main street of Hahndorf.

Summary – Key Issues:

1. The Old Lutheran school building, adjacent to the Hahndorf Academy is owned by St Michael's Church.
2. The building is located within a cultural and heritage precinct and potentially could enhance Council's ability to develop the tourism economy of Hahndorf.
3. St Michael's Board approached Council informally in 2010, offering first option to Council to purchase the property. At the time, the Hahndorf Academy upgrade project, Visitor Information Centre (VIC) relocation and Ministerial DPA were priorities for staff involved in potentially contributing to a response.
4. St Michael's again made contact with the CEO in April 2011 and reiterated its position and offer to Council.
5. The building, which had a tenant, is now vacant.
6. St Michael's have now asked for Council to state its intention by Friday 27 May so they can move to a sale on the open market. (The General Manager, Council Services has informed St Michael's Church Chairman, Wayne Altmann, that the offer will be considered by Council at 6 June meeting and he indicated that he is comfortable with this timeframe.)
7. Council staff have assessed the opportunities that such a purchase may present in the context of overall Council priorities.

Recommendation:**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 Acting CEO, General Manager Council Services, General Manager, Corporate Services and the Minute Secretary be excluded from attendance at the meeting for Agenda Item Offer of Property for Purchase.

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 prejudice the commercial position of the Council and/or the potential vendor in that the information to be considered includes commercial costings and other 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 potential contract negotiations.

2 That Council decline the offer from St Michael's of first option to purchase the subject property due to higher council priorities for infrastructure and community facilities including needs emanating from the Ministerial DPA.**3 Section 91(7) Order**

That having considered Agenda Item Offer of Property for Purchase 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 and all minutes remain confidential until 6 June 2012..

Background:

1. The Community Land Management plan for the Hahndorf Academy precinct encourages the use and promotion of this area as a cultural, art and community space.
2. The Old Lutheran school building has historical value as the first Lutheran school in the area, is adjacent to the Hahndorf Academy, and is owned by St Michael's Church.

3. The building is located within a cultural and heritage precinct and potentially could enhance Council's ability to develop the tourism economy of Hahndorf.
4. St Michael's Board approached Council informally in 2010, offering first option to Council to purchase the property. At the time, the Hahndorf Academy upgrade project, Visitor Information Centre relocation and Ministerial DPA were priorities for staff involved in potentially contributing to a response.
5. The Valuer General's valuation of \$270,010 gives an indicative measure of the property's value given it may sell for more than this price on the open market. St Michael's has not provided any indication to council of what price they are seeking.
6. St Michael's are prepared to subdivide the allotment, with the building only as an option. This is not viewed as a preferred option, due to further work and possible extensions required to the building and the attraction of car parking space from a commercial perspective.
7. The property has been assessed by Council Services staff and the following observations made:
 - the location adjacent to the Hahndorf Academy is potentially attractive in terms of possible expansion of the functions of the Academy or the VIC.
 - the current available floor space is approximately 60 sq m.
 - the building could be leased as is but longer term would require a kitchenette, toilets, storage space, air conditioning and possibly an office and car parking with a very preliminary estimated cost to be in the order of \$150,000 to \$240,000 of improvements.
 - the area at the rear of the building could be used for additional car parking and linked to the rear of the Academy.
 - the building is considered to be limited in its potential for a relocation and expansion of the VIC due to required additional capital expenditure and only minimal additional floor space gained.
 - Rental income for a retail space of this size on the main street of Hahndorf is currently around \$30,000 (indicative) per year.

Discussion:

8. There have been considerable internal discussion regarding the use of the building and space principally between Council Services and Asset Management staff.
9. It is considered that costs for refurbishment and upgrade of the whole site would outweigh income potential over a 5-year business case.

10. It is important to consider Council's significant current investment in this precinct and its current commitment to the Hahndorf Academy and the Visitor Information Centre.
11. Council is entering a period where the funding of infrastructure including social and community facilities, particularly those needs associated with the Ministerial DPA is imperative. For example, Council may be interested in considering the purchase of several other land parcels including:
- Land on the corner of Bald Hills Road and Springs Road for the purposes of a roundabout construction – this will be the subject of a further item to a council meeting in the near future with an option being to purchase all not portion of the land holding due to the circumstances;
 - Additional open space land such as some or all of the current Adelaide Polo Club site which it is understood may soon be on the market;
 - Additional land within the Mount Barker Town Centre at different locations that may be required to achieve desired outcomes like a new Civic Centre et al and provision of some green space;
 - Land in Nairne to facilitate desired transport infrastructure outcomes.

In addition there is also the development costs of the former Stephenson land on Bald Hills Road and how this can be funded – a consultant report in 2010 indicated that a very preliminary development cost estimate was in the range of \$40 to \$75 million subject to the final design.

12. There are many needs already and the capacity of council to fund these is obviously limited as reflected in Council's Long Term Financial Plan. As has been the case recently council will also need to consider possible land sales to help fund various initiatives. Recent sales have included:

- Haines Road Reserve;
- Former Callington CFS site; and
- Land adjacent to St Francis de Sales College.

13. The above are examples of needs and opportunities expected to require consideration in the near future with investment that is likely to be of a more urgent and pressing need than the St Michael's property.

Community Engagement:

Informing only	Confidential report
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Policy:

NA

Budget:

NA

Statutory/Legal:

NA

Staff Resource Requirements:

NA

Environmental:

NA

Social:

NA

Risk Assessment:

17. If purchased there is a risk council would not be in a position to purchase other land/property to meet community needs relevant to the MDPA rezoned land.
18. No site history, easements, or identification of constraints or building assessment has been undertaken.

Asset Management:

NA

Conclusion

Whilst the option to purchase the St Michael's building may offer the further development of this cultural hub, there are more pressing investment needs and priorities in other areas of Community and Infrastructure projects at this time and with limited capacity, council needs to prioritise.

Key Contact

Natalie Rowland, Manager, Customer Services

Manager or Sponsor of Project

Greg Parker, General Manager, Council Services

Attachments

Nil

