

CONFIDENTIAL ITEMS 2003 – OCTOBER 2020

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommendation to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
137	1 April 2019	Confidential Item: Proposed Disposal of 64 Alexandrina Road Mount Barker	<p><b>Section 90 (3) (b) Order</b></p> <p>1. Pursuant to Section 90(3)(b) Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer; Deputy Chief Executive Officer/General Manager, Governance, Strategic Projects and Wastewater/Recycled Water; General Manager, Community Services; General Manager Planning and Development; General Manager, Infrastructure; Chief Financial Officer; :Strategic Property and Projects Manager and the Minute Secretary be excluded from attendance at the meeting for the Agenda 18.1 Item Proposed Disposal of 64 Alexandrina Road Mt Barker.</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:</p> <ul style="list-style-type: none"> <li>-is proposing to conduct business; and</li> <li>-would prejudice the commercial position of the Council.</li> </ul> <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</p>	That the council report and related documents be retained in confidence until the settlement of the subject land or such lesser period as may be determined by the Chief Executive Officer.	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.	Retained in confidence until the settlement of the subject land or such lesser period as may be determined by the Chief Executive Officer.	7 Sep 20	Within 12 months	<i>Report, attachments and Minutes released on website 25 November 2020</i>

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			<p>place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter.</p> <p><b><u>Section 91(7) Order</u></b></p> <p>4. Pursuant to Section 90 (3) (b) &amp; (d) That having considered the Agenda Item 18.1 Proposed Disposal of 64 Alexandrina Road Mt Barker 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 related documents be retained in confidence until the settlement of the subject land or such lesser period as may be determined by the Chief Executive Officer.</p> <p><b><u>Order History</u></b></p> <p>8 Oct 19</p>						
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**18. CONFIDENTIAL REPORTS**

**18.1 REPORT TITLE: CONFIDENTIAL ITEM: PROPOSED DISPOSAL OF 64 ALEXANDRINA ROAD MT BARKER**

**DATE OF MEETING: 1 APRIL 2019**

**FILE NUMBER: DOC/19/030391**

**ATTACHMENTS:**

- 1. Location Plan DOC/19/030402**
- 2. Letter Summarising Environmental Considerations DOC/19/030400**
- 3. Valuation Report DOC/18/93164**

**Key Contact** David Morton, Strategic Property and Projects Manager, Corporate Services

**Manager/Sponsor** Alex Oulianoff, Chief Financial Officer, Corporate Services

**Mount Barker 2035 – District Strategic Plan:**

GL 4.1 Manage assets and liabilities through a planned, long term approach.

**Annual Business Plan:**

The sale of the property is part of the funding package for the Environmental Services Centre which is due to be completed in the 19/20 financial year.

**Purpose:**

To seek Council approval to proceed with the sale of 64 Alexandrina Road subject to vacant possession.

**Summary – Key Issues:**

1. Council is building a new facility at the Environmental Services Centre
2. The current depot will be vacated on completion of the new facility in spring 2019.
3. It is proposed that marketing of the current depot be commenced subject to vacant possession.

**Recommendation:**

That Council:

**Section 90 (3) (b) Order**

1. Pursuant to Section 90(3)(b)  
Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer; Deputy Chief Executive Officer/General Manager, Governance, Strategic Projects and Wastewater/Recycled Water; General Manager, Community Services; General

Manager Planning and Development; General Manager, Infrastructure; Chief Financial Officer; Strategic Property and Projects Manager and the Minute Secretary be excluded from attendance at the meeting for the Agenda 18.1 Item Proposed Disposal of 64 Alexandrina Road Mt Barker.

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:

- is proposing to conduct business; and
- would prejudice the commercial position of the Council.

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

2. Approves the commencement of an Expressions of Interest (EOI) for the sale of the property, 64 Alexandrina Rd, Mt Barker.
3. Notes that following completion of the EOI a further report will be provided on the results and the recommended strategy to finalise a sale with any acceptable offers.

#### **Section 91(7) Order**

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

That having considered the Agenda Item 18.1 Proposed Disposal of 64 Alexandrina Road Mt Barker 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 related documents be retained in confidence until the settlement of the subject land or such lesser period as may be determined by the Chief Executive Officer.

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#### **Background:**

1. With the anticipated completion of Council's new facility at the Environmental Services Centre in spring 2019 the current Field Services Centre will be surplus to Council's requirements. It is proposed to offer the property for sale with settlement subject to vacant possession. The business case for the Environmental Services Centre included the sale of 64 Alexandrina Road as part of the funding strategy.

2. The land is a single allotment of 6,388m<sup>2</sup> with a narrow access way to Alexandrina Road and a second road access via the residential development to the east, see location plan Attachment 1.
3. Improvements include an office area, sheds of various sizes and an amenities block comprising a total of approximately 1,460m<sup>2</sup>.
4. The northern part land has been in Council's ownership since 1958 and the southern part since 1970 and has been used as a depot/field services centre since that time.
5. The land is zoned Residential with a minimum allotment size of 600m<sup>2</sup> and also has existing use rights as a Public Service Depot. Surrounding land uses are largely residential although land adjoining to the south is owned by the Mt Barker Baptist Church which has advised that it intends to sell much of that holding in the near future.
6. Two underground fuel storage tanks were removed in 2005 and the affected adjoining soil remediated. Phase 1 and 2 Environmental Site Assessments were carried out in 2007 which advised that "there are no significant soil contamination issues identified at the site which would preclude development of the site for residential use". The report also noted that if residential use is proposed a Site Audit Report would be required with sign off by an Independent Environmental Auditor.
7. Council sought brief advice on the alternatives for dealing with Environmental issues prior to any sale. The letter (see Attachment 2) advised that completion of an environmental audit to allow Residential use would be likely to cost \$250,000 or more and take around 12 months to complete and that the existing buildings would need to be demolished to complete that process
8. The optimal environmental approach will be undertaken with a specific new use and design in mind. If Council undertook the environmental work upfront it would risk overspending on work which might not be needed for the end use. While the minimum allotment size is 600m<sup>2</sup> it is possible that a developer will come up with a more intensive use which could be considered in an on merit development application.
9. Council also sought valuation advice on the value of the land the report (see Attachment 3) advised as follows:
  - With existing use rights as a Public Service Depot      \$500,000
  - Residential Use      \$170,000(After allowing for the cost and delay required to get an Auditor sign off for a change of use)
10. The residential use value was reduced to reflect the time, cost and risk involved in completing a Site Audit Report. This may be defrayed to some extent by some or all of the environmental work that could be done prior to settlement.
11. The valuation report noted that use as a Public Service Depot would be limited to relevant State Government agencies and utilities severely reducing the potential market for that form of use. Council's Planning Team has advised that general industrial use would not meet the existing use definition and therefore be noncomplying.
12. It will be essential to market the property without giving any indication of price as offers may vary considerably depending on the intentions of different purchasers.

**Discussion:**

13. While both potential markets for the land are likely to be limited for different reasons the best approach for Council would appear to be to commence marketing with an Expressions of Interest (EOI) as soon as possible and be prepared to be flexible when

considering offers. A better offer may be achieved with delayed settlement or a sale subject to achieving an Auditor sign off for a change of use.

14. An EOI is a competitive form of marketing that allows purchasers to nominate their proposed price, terms and conditions by a closing date. This approach encourages innovative approaches which may ultimately deliver the best value to Council. The property will be offered for sale with existing buildings and other fixtures unless specifically excluded as is standard practice (e.g. items to be relocated to the new facility). An exception may be the relocatable part of the office accommodation which may either be capable of reuse by Council or sold separately. This will be clarified before marketing commences.
15. Commencing marketing before the land is vacated will give Council a head start on what may be a lengthy and complex sale process. A sale needs to be progressed to meet the funding need for the Environmental Services Centre which is due to be completed next financial year.
16. Following completion of the EOI a further report will be provided to Council on the results and the recommended strategy to finalise a sale with any sufficiently attractive offers.

**Community Engagement:**

Informing only	Via marketing process if approved and a Communication Strategy including writing to owners within 500m of the subject property and information on Council's web site.
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**Policy:**

Disposal of Council Land and Other Assets

**Long Term Financial Plan:**

The sale of the former Field Services Centre/Depot site was included in the LTFP as a deferred funding source for the new Environmental Service Centre.

**Budget:**

A marketing budget will be finalised on appointment of a sales agent following competitive submissions. It is expected that marketing costs will be in the \$3,000 to \$4,000 range and solicitor's fees \$4,000 to \$5,000 (this may increase if a more complex agreement is required). A total budget of \$10,000 including contingency is proposed for the sale process, most of which will be paid in the 19/20 financial year. When a sale is negotiated the agent's commission will be paid out of the settlement proceeds.

**Statutory/Legal:**

A solicitor will be appointed to assist with preparation of an EOI document, a draft contract and ultimately conveyancing. There are no heritage listings affecting the property. The land was excluded from Community Use Classification by Council resolution in December 2002.

**Staff Resource Requirements:**

The proposed sale will be undertaken with existing staff resources supplemented by external expertise being legal and a sales agent..

**Environmental:**

If residential use is proposed a Site Audit Report would be required with sign off by an Independent Environmental Auditor. This will most likely be undertaken by a purchaser. Depending on the end use, Council will need to enter into arrangements that allow a purchaser to meet Statutory Environmental requirements. If a change of use to residential is proposed it is expected that current buildings on the site will need to be demolished before the Environmental Audit can be completed.

**Social:**

Adjoining owners, especially those to the east will have a strong interest in the end use of the site when sold. This will be dealt with through the planning approval process.

**Risk Assessment:**

A risk assessment has been prepared for the sale process and will be regularly updated. Key risks include lack of market demand due the complexity of the environmental requirements and concerns of adjoining owners. It is proposed that a communications strategy be undertaken to include adjoining owners to provide information about the sale process.

**Asset Management:**

The sale of the depot will reduce Council's ongoing maintenance and operating expenditure.

**Conclusion:**

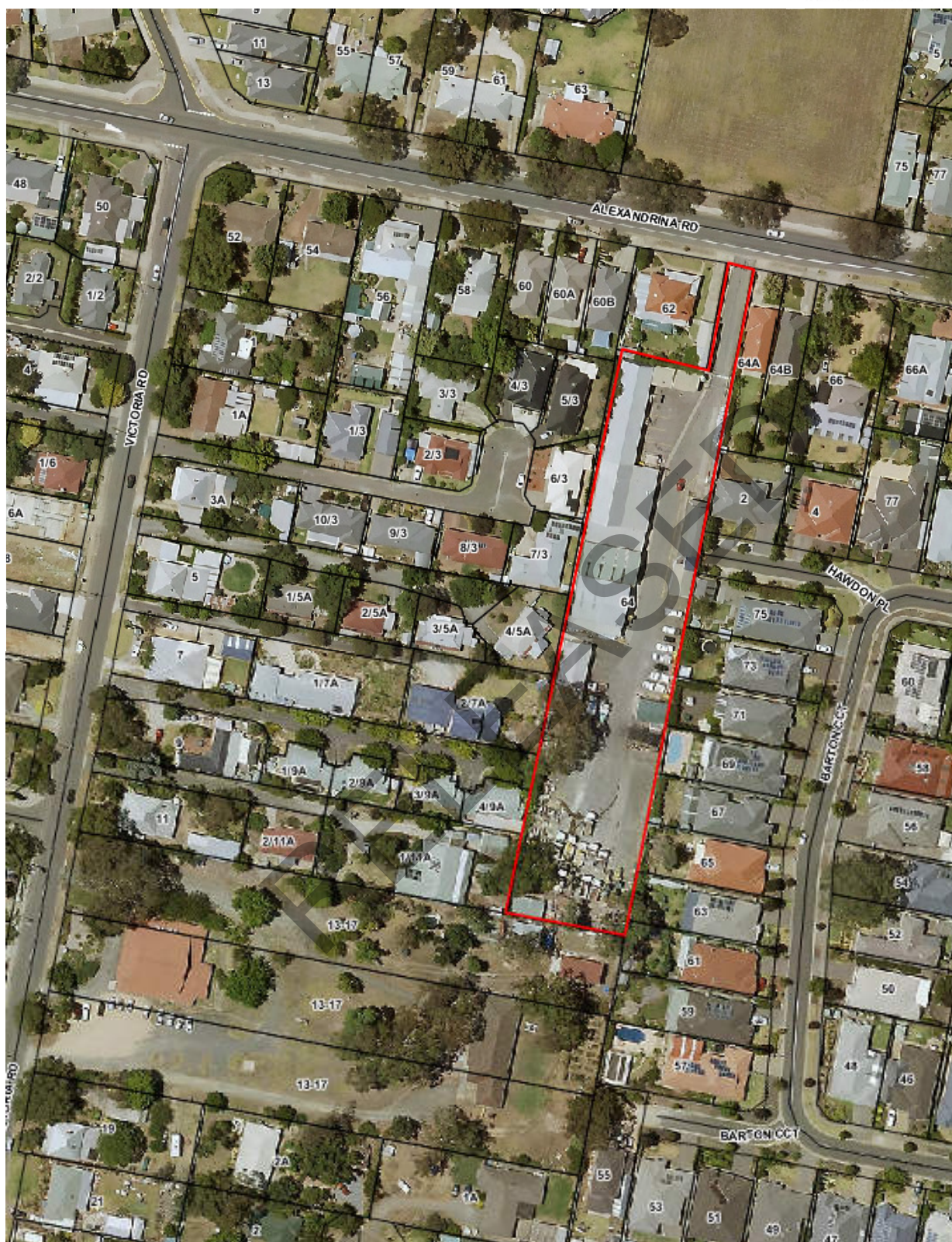
Council is building a new facility at the Environmental Services Centre and the current depot will be vacated on its completion in spring 2019. It is proposed that marketing of the current depot be commenced via EOI and subject to vacant possession.

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Attachment 1 to Item 18.1

25-June-2018



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Mount Barker SA 5251  
Telephone (08) 8091 7200

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Scale = 1 : 1508.220





Attachment 2 to Item 18.1

6 May 2018

Reference No: 18009J-001B

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

**CONTAMINATION AND SALE – ADVICE ON OPTIONS - 64 ALEXANDRINA ROAD, MOUNT BARKER**

Dear David

**PART A: CONTEXT AND EXECUTIVE SUMMARY OF ADVICE****Objective and scope**

Mount Barker District Council (Council) is considering selling land located at 64 Alexandrina Road, Mount Barker (the site). The site is in a largely residential area and is zoned for residential use; it is therefore anticipated that highest and best use will also be residential. Given use of the site by Council as a works depot, known contamination issues and redevelopment to a sensitive use, Council wishes to better understand likely requirements and options for assessment and remediation of contamination (if any) and sale. It has therefore engaged Toby Carter Consulting to provide advice including the following:

- A summary of likely contamination at the site.
- An outline of typical activities and budget required for assessment.
- End point options for Council's involvement in the site.
- A recommendation for how best to move forward.

In documenting the above, the intention is to assist Council in developing a sale strategy.

**Summary of key conclusions and recommendations**

The following is an executive summary of key conclusions and recommendations. More detail, including an explanation of the executive summary, is presented in the remainder of this letter.

- There is inherent contamination liability associated with the site given past and current activities and its close proximity to adjacent residential properties.
- An Audit would very likely be required for residential use to occur at the site. The sale of the site does not, however, require Council to assess, remediate or Audit the site. Disclosure of known existing information is required.
- If considered in isolation of Council governance drivers and community interest, expenditure associated with Council Auditing the site may be an over capitalisation.
- There are lesser levels of effort and investment (relative to Audit) that may still meet Council's interests.

**64 ALEXANDRINA ROAD, MOUNT BARKER****PART B: THE SITE****Reviewed information**

Four documents were provided by Council for review, references to which are below:

- Coffey Geosciences letter on *Preliminary Environmental Site Assessment, Alexandrina Road, Mount Barker*, dated 17 November 2004.
- IT Environmental report on *UST Excavation and Validation, Council Works Depot, 64 Alexandrina Road, Mount Barker*, dated 6 June 2005 (ref. J504899A-L01).
- IT Environmental report on *UST Excavation and Validation Update, Council Works Depot, 64 Alexandrina Road, Mount Barker*, dated 21 July 2005 (ref. J504899A-L02).
- Soil and Groundwater report on *Environmental Site Assessment, Phase 1 & 2, 64 Alexandrina Road, Mount Barker*, 21 June 2007 (ref. SG071458 RP01 Rev 0).

The reports refer to, or document, contamination investigation and remediation work undertaken at the site between 2004 and 2007. Broadly this work falls in to two categories:

1. Supervision, excavation and validation activities solely for removal of two fuel underground storage tanks (USTs) located on the western boundary of the site (2004 to 2005).
2. Desktop and intrusive assessment of the broader site including site history, walkover and drilling of 22 boreholes (2007). Critically this did not include assessment of groundwater beneath the site.

In addition to the above, some limited additional desktop review was undertaken to support the advice herein.

**Site setting**

Key site setting characteristics are as follows:

- The site is located within a residential area with low density residential properties located immediately adjacent all sides, including house footprints which are on occasion within 2 m of the site boundary.
- There is evidence to suggest a perched aquifer could exist beneath the site within overlying clay layers. In this instance a standing water table as shallow as 10 m below ground level may exist. The deeper regional aquifer may be encountered in fractured rock at depths exceeding 50 m although the piezometric surface of the groundwater may be closer to 20 m below the surface.

**Potential contamination**

Collectively, the reports provide a reasonable historical record of potential contamination issues at the site.

- The depot use has been the key activity occurring at the site, commencing in the 1950s.
- Council would already be familiar with typical activities occurring at works depots. Activities of most note at this site include above and below ground storage of hydrocarbons, storage of bitumen gravel, wash down and vehicle servicing.
- Two fuel USTs (petrol and diesel), pipework and bowsers were excavated and removed with impacted soil around 2005. It is suggested both USTs leaked with references to holes in the UST bodies was observed. The USTs were located immediately adjacent the eastern boundary of the site. It appears one waste oil UST may remain at the site.
- The soil contamination investigation did not highlight significant issues; however, soil contamination is likely to exist including residual contamination from around the former USTs. It is likely that this contamination would require remediation or management to support residential use.
- There has been no assessment of groundwater. This is a significant data gap given activities at the site, particularly given evidence of historical leaking USTs and vehicle servicing and proximity to existing residential land uses.

**64 ALEXANDRINA ROAD, MOUNT BARKER****PART C: FACTORS INFLUENCING COUNCIL'S SALE STRATEGY****Legislative context and considerations**

The following provides some legislative context that should be understood when considering the sale strategy.

- **Audit:** assuming redevelopment of the site to residential, it is very likely that an Audit would either be pre-emptively requested or included as a condition of Development Approval.

The Audit process is iterative; it generally includes stages of assessment by a consultant and ongoing review by an Auditor prior to 'sign off'. It is inherently conservative and will result in having to assess and mitigate all potential contamination risks relevant to the site to a level that satisfies the Auditor. Simple Audits may be completed in 3 months; complex Audits may span numerous years.

Importantly, Audit sign-off is unlikely to be possible pre-demolition and decommissioning.

- **Sale obligations:** in its own right, the sale of the site does not require Council to assess, remediate or Audit the site although disclosure of information is a legal requirement.

Assuming a vendor is aware of contamination or has information relating to it, disclosure to potential purchasers is a legal requirement. Subject to the number of reports available and the technical and risk orientated nature of the language used, it is often appropriate to 'package' and summarise reports to make the information more digestible by potential purchasers. The intention is not to misrepresent the site but rather ensure that the perception of risk at the site reflects reality. In addition, disclosure is often factual to ensure the purchaser assesses the issues at its own risk rather than relying on statements provided by the vendor's advisor.

- **Liability and sale:** there is an inherent potential liability associated with the site given the close proximity to adjacent residential properties (and in particular the footprint of the houses) and the potential for there to be vapour issues or groundwater contamination.

While onsite contamination issues are likely manageable in the context of the current land use, should there be offsite contamination the ongoing liability generally remains with the polluter unless a formal transfer of the liability occurs at time of sale. This liability can be contractually transferred through sale; however, this is not generally recognised by SA EPA. In this instance a Section 103E statutory transfer of liability may be proposed.

- **Section 83A Notification:** should further assessment identify harm to groundwater, SA EPA will need to be notified and the site will likely be listed on the public register.

If during vendor or purchaser due diligence potential or actual harm to groundwater is identified, a Section 83A (S83A) notification must be lodged with SA EPA. Amongst other things this will result in it being listed on the EPA's public register and may 'blight' the property. In the meantime, a short term response by EPA may trigger a requirement for additional assessment at the site. This process may pre-empt an Audit resulting in a voluntary agreement with EPA to address issues. Again, this may blight the property.

**64 ALEXANDRINA ROAD, MOUNT BARKER****Commercial and other considerations**

Commercial considerations as they relate to contamination and a sale strategy are as follows:

- **Cost of assessment and Audit:** there will need to be a number of phases of investigation work pre-demolition, with demolition and decommissioning of services very likely to be necessary prior to sign off.

While there is already a reasonable amount of data available for the site, it is now over 10 years old. There are key gaps, not least of all an assessment of vapour and groundwater both on and off the site. At least two to three phases of assessment could therefore be anticipated including soil, vapour and groundwater, to reach a point where nature and extent of contamination is understood pre-demolition and decommissioning.

Post-demolition, decommissioning of services and below ground structures (including the waste oil UST) would be required and would likely result in the need for some targeted remediation. None of this would be unexpected in the context of the historic uses.

Assuming 'direct' costs of the assessment and Audit only, Council should assume a minimum budget allowance of \$250k (\$200k assessment v. \$50k Audit) and 12 months. This excludes the cost of demolition, decommissioning and remediation works and the indirect cost to Council of managing the project.

- **Nature of residential use:** not all residential land uses require a 'clean' site.

The highest and best use may not be typical low density residential land; rather, community titled townhouse, apartment, retirement living or aged care may, as possible examples, be preferred. All of these uses would require less remediation relative to a typical low density use.

- **Integration of remediation with civil works:** remediation and Audit is most efficiently undertaken by a developer given it can integrate a contamination solution with the land use and engineering solution.

As far as possible, integrating the contamination solution with a geotechnical, civil or structural solution for a site can yield significant cost benefits. For example, if there is a need to remove 300 mm of fill from the site to meet a design level, there is no point in Council 'remediating' soil and replacing it. Similarly, most development sites require disposal of surplus fill to accommodate footings and services. Excavation and removal of below ground structures and USTs result in 'air space' that can be utilised for this purpose; there is no point backfilling these excavation only to have a developer remove fill at a later date.

- **Value and return on investment:** given Council will not realise the developed land value, it would be easy for it to over capitalise.

The land value is a key determining factor for the level of investment Council should make in contamination assessment, remediation and Audit. On the basis that the site is worth no more than \$1.5m undeveloped and 'clean' (i.e. with a completed Audit) for residential use, an indicative minimum direct investment of \$250k and 12 months may be an over capitalisation for Council. This investment also assumes no significant or long-term remediation is required and excludes the cost of demolition.

By contrast, a developer may be able to achieve the same result for a lower level of investment (given synergies with the development) for a higher return (given the land is developed).

- **Contract of sale:** what (if any) one-off or ongoing contribution to redevelopment is Council prepared to make with respect to contamination?

Sale contracts often include mechanisms for ongoing contribution by the vendor. Given the inherent uncertainty associated with contamination, this is generally intended in the spirit of risk sharing. If initiated by the vendor, this can make the site more saleable. Often such an agreement is made through negotiation with a preferred purchaser.

- **Governance and community responsibility:** Council may have non-commercial drivers, formal or otherwise, that mean it opts to complete assessment, remediation and Audit at the site irrespective of the return on investment.

**64 ALEXANDRINA ROAD, MOUNT BARKER****PART D: OPTIONS FOR A SALE STRATEGY****Strategy for sale**

While options are presented below for contamination and its assessment and Audit, it is important that this activity does not alone define how and when sale of the site occurs. Rather, Council should be clear on its governance requirements and develop its sale strategy based on factors outlined previously. The sale strategy will in turn provide the framework for assessment (or indeed Audit), if any. Once agreed and if necessary, the sale strategy and objectives can be translated in to focussed work scopes that can be tendered.

**Options**

Notwithstanding the above, options for pre-sale contamination assessment activities are 'bookended' by the following:

- Do nothing and sell 'as-is' – the least effort, and
- Complete a voluntary Audit and sell with 'sign-off' – the most effort.

These two options can be revised to reflect higher or lower levels of assessment, transparency and collaboration; there are, therefore, many different combinations and options for Council to consider when developing its strategy. To assist Council better understand the scale of potential 'intermediary' options that sit between the bookends, three additional intermediate options are outlined below.

- Targeted 'de-risking' through assessment and disclose for sale
- Approach market, identify preferred purchaser and risk share
- Commence voluntary Audit and obtain Interim Audit Advice (IAA)

The following table summarises the above five options in more detail including threats and benefits. Again, it is important to note that these five options are not all that is possible; rather they present good examples of approaches that can be adopted.

## 64 ALEXANDRINA ROAD, MOUNT BARKER



Option		Indicative expenditure by Council	Timeframe	Opportunity	Threat
Sell as-is with disclosure of existing information	Least investment	Negligible	Short	<ul style="list-style-type: none"> <li>Lowest potential investment</li> <li>Shortest potential timeframe</li> <li>Simplest approach to market</li> <li>Fulfils disclosure obligations</li> <li>May still allow transfer of liability</li> </ul>	<ul style="list-style-type: none"> <li>Lower return</li> <li>More challenging to transfer liability</li> <li>Purchaser due diligence resulting in EPA notification</li> <li>If risks identified subsequently by purchaser, adjacent residents may need to be informed</li> </ul>
Targeted 'de-risking' assessment of vapour and groundwater and disclosure of existing and new information		\$50k	Short to medium	<ul style="list-style-type: none"> <li>Can be undertaken while site is operational</li> <li>If nothing material identified, makes site more saleable</li> <li>Is a defensible process</li> <li>Fulfils disclosure obligations</li> </ul>	<ul style="list-style-type: none"> <li>Information must be disclosed</li> <li>If impacts identified, may require EPA notification</li> <li>If risks identified, adjacent residents may need to be informed</li> </ul>
Approach market, identify preferred purchaser and risk share		\$50k to \$200k	Subject to nature of agreement	<ul style="list-style-type: none"> <li>In the event of there being notifiable issues, Council is supported by developer</li> <li>Council may retain some 'control' of potential liability and better manage community interests should there be risks</li> <li>Contamination management can be integrated with engineering and design</li> <li>Will attract purchasers familiar with contamination and able to manage it</li> </ul>	<ul style="list-style-type: none"> <li>Requires more sophisticated sale contract</li> <li>Requires trusted purchaser</li> <li>Council uncertainty on investment v. return</li> <li>If impacts identified, may require EPA notification</li> </ul>
Commence voluntary Audit and obtain Interim Audit Advice (IAA)		\$50k to \$200k	Medium to long	<ul style="list-style-type: none"> <li>Higher (but not highest) return</li> <li>May align well with Council's timeline for exiting the site</li> <li>IAA relatively well understood by purchasers and will reduce their uncertainty significantly</li> <li>Can potentially be undertaken while site is operational</li> <li>Sensible point in Audit process to sell</li> </ul>	<ul style="list-style-type: none"> <li>Higher (but not highest) direct and indirect investment</li> <li>Auditing in absence of site masterplan</li> <li>Will 'realise' majority of risks</li> </ul>
Complete voluntary Audit and sell	Most investment	> \$250k	Minimum 12 months	<ul style="list-style-type: none"> <li>Highest return on land</li> <li>'Control' of potential liability</li> <li>Council can demonstrate due process has been followed with respect to contamination</li> <li>Assists with communication to community</li> </ul>	<ul style="list-style-type: none"> <li>Highest direct and indirect investment</li> <li>Auditing in absence of site masterplan</li> <li>Will 'realise' all risks</li> <li>Will require demolition</li> </ul>



**64 ALEXANDRINA ROAD, MOUNT BARKER****PART E: CLOSING****Conclusions**

Key conclusions are as follows:

- There is inherent liability associated with the site given past and current activities and its close proximity to adjacent residential properties (and in particular the footprint of the houses) and the potential for there to be vapour or groundwater contamination.
- There are a number of legislative and commercial factors outlined herein for Council to consider when developing a strategy for sale. The contamination liability alone should not define how and when sale occurs.
- It is very likely that an Audit would either be pre-emptively requested or included as a condition of Development Approval. In its own right, however, the sale of the site does not require Council to assess, remediate or Audit the site. Audit would typically be a requirement of Development Approval.
- Were it to undertake an Audit, Council should assume a minimum budget allowance of \$250k and 12 months. This excludes the cost of demolition, decommissioning and remediation works and the indirect cost to Council of managing the project.
- Assuming land value is no greater than \$1.5m, if considered in isolation of Council governance drivers and community interest, an expenditure of \$250k may be an over capitalisation.
- Irrespective of Council's decision on option, where contamination is a consideration for purchasers, the sale generally benefits from there being clarity and certainty regarding contamination at a site, communicated in a way they can understand. It should be clear what is being sold. This relates to both site condition information and contract of sale.

**Potential next steps**

Subject to Council's decision on sale strategy, potential follow up actions that may be required are outlined below.

- Confirmation of land value.
- Obtaining environmental legal advice to assist with:
  - i. Preparation of the contract of sale and vendor disclosure.
  - ii. Forming a position for transfer of liability in sale and Section 103E.
- Undertaking further assessment and (if voluntary Audit is opted for) commencing Audit. This would include:
  - i. Developing indicative scopes of assessment work.
  - ii. Tendering assessment work.
  - iii. Tendering and appointing an Auditor.
  - iv. Consider preparation of a summary document to accompany existing assessment reports for disclosure to potential purchasers.
- Approaching market including:
  - i. Educating agents on the risks associated with contamination and Council's sale strategy.
  - ii. Preparing appropriately tailored information for disclosure to purchasers.

Once Council has agreed on its strategy, follow up actions should be refined and targeted to the strategy. I would be pleased to assist with this as well as managing the activities.

**64 ALEXANDRINA ROAD, MOUNT BARKER****Closing**

I trust this is satisfactory. If you have any queries, please do not hesitate to contact me.

**Toby Carter**  
**Principal Consultant, Site Contamination**

**Limitations**

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

RELEASED

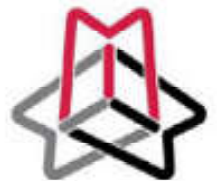
Attachment 3 to Item 18.1

# Valuation Consultancy Report

64 Alexandrina Road, Mount Barker, SA

Date of Valuation: 17 July 2018

RELEASED



**m3property**  
STRATEGISTS

64 Alexandrina Road, Mount Barker SA

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64 Alexandrina Road, Mount Barker SA

## Executive Summary

Property Details					
<b>Address</b>	64 Alexandrina Road Mount Barker SA 5250				
<b>Prepared for &amp; Purpose</b>	Mr David Morton District Council of Mount Barker PO Box 54 Mount Barker SA 5251  To determine the market value of the abovementioned property, for consideration as a prelude to potential sale on the following bases: <ul style="list-style-type: none"> <li>• Market Value 'as is' based on the existing use as a 'public service depot'.</li> <li>• Market Value 'as if complete' subject to an Environmental Audit assuming the total cost of testing, remediation and audit will be \$250,000.</li> </ul> <p>We confirm the report has been prepared in accordance with the Australian Property Institute's Australia and New Zealand Valuation and Property Standards.</p>				
<b>Your Reference</b>	Purchase order 19751.				
<b>Our Reference</b>	80011736 / 95513.				
<b>Certificate of Title</b>	Volume 5797 Folio 125.				
<b>Registered Proprietor</b>	Mount Barker District Council.				
<b>Land Area</b>	6,388 m <sup>2</sup> .				
<b>Planning</b>	'Residential' zone.				
<b>Interest Valued</b>	Fee simple subject to vacant possession.				
<b>Description</b>	A 'hammerhead' shaped allotment with a frontage to Alexandrina Road of 8.25 metres extending to a depth of 204 metres situated within the Adelaide Hills suburb of Mount Barker and which is currently utilised as the Mount Barker Council Works Depot.  The site is improved by a single storey office building, amenities and a number of workshops and storage sheds which have a total gross building area of approximately 1,460 square metres.				
<b>Valuation Approaches</b>	Direct Comparison.				
<b>Date of Inspection/Valuation</b>	17 July 2018.				
<b>Market Value</b>	<table> <tr> <td>'As is'</td><td><b>\$500,000 (exclusive of GST)</b></td></tr> <tr> <td>'As if complete'</td><td><b>\$170,000 (exclusive of GST)</b></td></tr> </table>	'As is'	<b>\$500,000 (exclusive of GST)</b>	'As if complete'	<b>\$170,000 (exclusive of GST)</b>
'As is'	<b>\$500,000 (exclusive of GST)</b>				
'As if complete'	<b>\$170,000 (exclusive of GST)</b>				
<b>Valuer</b>	Rachel Elliott B Bus Prop (Val & PRM), FAPI Certified Practising Valuer/Director				

This is a summary only and is not to be relied upon for any purpose. The valuation assessment for this property is subject to the assumptions, conditions and limitations as set out in the accompanying full valuation report.

64 Alexandrina Road, Mount Barker SA

## Critical Assumptions

### Critical Assumptions

- The encumbrances that are detailed within this report have been considered in our assessment of Market Value. If there are any encumbrances, encroachments, restrictions, leases or covenants which are not noted in this report, they may affect our assessment. If any such matters are known or discovered, we should be advised and asked as to whether they affect our assessment.
- We have identified the boundaries of the property on inspection and whilst there do not appear to be any encroachments, we advise that we are not qualified surveyors and no warranty can be given without the benefit of an identification survey. If there is any doubt in respect of these issues, we recommend that a check survey be undertaken by a qualified surveyor and that the survey be sent to us for advice as to whether our assessment of value is affected.
- The planning information set out in this report has been obtained via the on-line Development Plans provided by the SA Government web page (sa.gov.au). We have relied upon this information in assessing the value of the property. No responsibility is accepted for the accuracy of that information and if it is wrong in any significant respect, our assessment of value may be different.
- No soil tests, environmental studies, or reports have been made available to us. Accordingly, our valuation is made on the assumption that there are no environmental problems in any way affecting the property, including surface or below ground conditions, toxic or hazardous wastes or building material hazards. Any such matters may adversely affect the property or its use and our assessment of value. Should any such matters be known or discovered, no reliance should be placed on our assessment of value unless we have been advised of these matters and we have confirmed that our assessment is not affected.
- The valuation is based on the critical condition that the government holds no requirements of the land.
- Our assessment of value assumes the site and building areas set out in the valuation report are accurate. This is a risk factor you need to consider. The amount of site and building area is an important factor in our assessment of value. Our assumed areas may not be accurate. If you think or have evidence that the areas we have included are not correct, then please submit those figures to us so that we can review our valuation prior to reliance on this report. If you are concerned about this risk and want to minimise it, you can commission an up to date survey by a qualified surveyor to verify the areas we have assumed, then ask us to review our opinion if the areas from the survey are different to the assumptions set out in this report.
- This valuation report does not purport to be a site or structural survey of the improvements, nor was any such survey undertaken. Overall, we have assumed that detailed reports with respect to the structure and service installations of the improvements would not reveal any defects or inadequacies requiring significant capital expenditure. Should there be deficiencies associated with the building structure or its services, the valuation should be referred back to us for comment.
- For the purpose of our valuation, we have assumed that the building fabric, including the aluminium composite system, does not pose a safety risk or require upgrading to meet Regulations. If this is not the case, our valuation may be affected and it should be returned to us for comment and potential amendment.
- In undertaking our valuation, we have relied upon various information submitted by our instructing party. Where possible within the scope of our retainer and limited to our expertise as Valuers, we have reviewed this information including by analysis against industry standards. Based upon that review, we have no reason to believe that the information is not fair and reasonable or that material facts have been withheld. However, our enquiries are necessarily limited by the nature of our role and we do not warrant that we have identified or verified all of the matters which a full audit, extensive examination or 'due diligence' investigation might disclose. For the purpose of our valuation assessment, we have assumed that this information is correct.



64 Alexandrina Road, Mount Barker SA

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### ANNEXURES

- 1 Copy of Purchase Order
- 2 Copy of Certificate of Title

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64 Alexandrina Road, Mount Barker SA

## 1.0 Introduction

### 1.1 INSTRUCTIONS

We have been instructed by Mr David Morton of the District Council of Mount Barker, to assess the Market Value of 64 Alexandrina Road, Mount Barker, SA, for consideration as a prelude to potential sale on the following bases:

- Market Value 'as is' based on the existing use as a 'public service depot'.
- Market Value 'as if complete' subject to an Environmental Audit assuming the total cost of testing, remediation and audit will be \$250,000.

The interest being valued is the fee simple subject to vacant possession.

Our valuation has been prepared in accordance with the Australian Property Institute's Australia and New Zealand Valuation and Property Standards.

A copy of the instructions in respect of this request is contained in Annexure 1.

### 1.2 DEFINITIONS

#### 1.2.1 Market Value

This valuation has been prepared in accordance with the definition of Market Value adopted by the International Valuation Standards Committee (IVSC) and endorsed by the Australian Property Institute (API) as set out below:

*"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

Included in the amount of these valuation assessments are items of building fixtures, fittings, together with all building plant and equipment.

### 1.3 CERTIFICATION

We confirm that the valuation has been prepared by a Valuer that:

- (i) Confirms the valuation has been prepared for consideration as a prelude to potential sale.
- (ii) Is authorised under the Law of the State of South Australia to practise as a Valuer.
- (iii) Neither the Valuer nor m3property have any pecuniary interest giving rise to a conflict of interest in valuing the property.

#### 1.4 DATE OF INSPECTION / VALUATION

- 17 July 2018.

Due to possible changes in market conditions and other circumstances, this report can only be regarded as relevant at the date of valuation. Our assessment should not be construed as a prediction of value into the future.

#### 1.5 GOODS AND SERVICES TAX (GST)

Our valuation of this property has been prepared on a **GST exclusive** basis with no provision included for the payment of GST by the supplier (vendor) on its sale. All valuation calculations quoted in this report are **exclusive of GST** obligations.

In relation to any potential GST liability, we advise that we are not taxation or legal experts and we recommend competent and qualified advice be obtained. We are also of the view that any interested party relying on this valuation of the subject property should obtain their own legal advice on the GST position. Should this advice vary from our interpretation of the legislation and Australian Taxation Office rulings current as at the date of this valuation, we reserve the right to review and amend our valuation accordingly.

#### 1.6 INFORMATION SOURCES

The information provided by the instructing party and obtained from other sources being relied upon for the purpose of this valuation is as follows:

- Letter prepared by Toby Carter Consulting dated 6 May 2018 titled 'Contamination and Sale – Advice on options'.
- Current Title search.
- Planning information set out in this report has been obtained via on-line Development Plans provided by the SA Government web page (sa.gov.au).
- Sales Data from the Land Services Group, Adelaide.
- Sales data from various industry sources, including real estate agents.
- Research from m3property Group.

#### 1.7 QUALIFYING COMMENT

We have valued the 100% interest of the asset for the party referred to above. Proportional ownership of the 100% interest should not be construed as representing the same proportional interest in our assessed value of the asset.

64 Alexandrina Road, Mount Barker SA

## 2.0 Land Particulars

### 2.1 TITLE DETAILS

#### 2.1.1 Legal Description

Volume/Folio	Description	Registered Proprietor
5797/125	Allotment 5 Filed Plan 160182	Mount Barker District Council

#### 2.1.2 Easements

Volume/Folio	Easements
5797/125	Nil.

#### 2.1.3 Schedule of Dealings / Notations

Volume/Folio	Description
5797/125	Nil.

The valuation assumes that the property is not affected by any additional easements, encumbrances, or covenants that have not been disclosed by a search of the Title that may otherwise detrimentally affect the value of the property. If any such matters are known or discovered, we should be advised and asked as to whether they affect our assessment.

A copy of the Certificate of Title is attached as Annexure 2.

### 2.2 LAND DESCRIPTION

#### 2.2.1 Dimensions

The land is of an irregular, 'hammerhead' shape and has the following site dimensions:

Boundary Alignment	Dimensions
Frontage to Alexandrina Road	8.25m
Rear boundary width	35.61m
South-eastern boundary depth	203.98m
North-western boundary depth (stepped)	231.35m
<b>Total Land Area</b>	<b>6,388m<sup>2</sup></b>

The shape and dimensions of the site are clearly depicted on the Title plan, a copy of which is contained within the Annexures of this report. A current survey has not been sighted.

64 Alexandrina Road, Mount Barker SA

### 2.2.2 Topography and Inundation

The land is relatively even in surface contour with a gentle rise up from Alexandrina Road towards the rear boundary. At the date of inspection, there were no drainage problems evident. The site does not appear to be prone to flooding under normal climatic conditions.

### 2.3 LAND IDENTIFICATION

The subject property has been identified by reference to the relevant Certificate of Title and appears to conform substantially with the identifying features shown on the Title provided. Building structures appear to stand on or within said Title boundaries.

The valuation is made on the assumption that there are no encroachments by or upon the property. There appears to be no encroachment by the existing improvements, however this has not been confirmed by a current survey report and/or advice from a registered surveyor. If any encroachment or other affectation is noted in the event of a surveyor's report being commissioned, the Valuer should be consulted to assess any effect on the value stated in this report.

### 2.4 PLANNING

Local Government Area	Mount Barker District Council
<b>Zoning</b>	'Residential' zone
<b>Objectives</b>	<p>The major objectives of this zone are noted as follows:</p> <ul style="list-style-type: none"> <li>• A residential zone comprising a range of dwelling types, including a minimum of 15 per cent affordable housing.</li> <li>• Residential development within a landscaped setting that provides visual separation between dwellings.</li> <li>• Increased dwelling densities in close proximity to centres, public transport routes and public open spaces.</li> <li>• Limited non-residential development which is undertaken in a manner that minimises adverse impacts on residential amenity and character.</li> <li>• Development to occur in co-ordination with the orderly provision of infrastructure, including social infrastructure.</li> </ul>
<b>Heritage Issues</b>	Nil.

The current use of the property as the Council Works Depot appears to be a 'non-complying' land use, which is protected by the existing use provisions within the Development Plan.

With respect to future redevelopment of the site the Desired Character statement for the zone states, inter alia, that:

*'Development shall be determined by the availability of a water supply and an approved waste water disposal system, and seek to reinforce a rural township character created by dwellings within an open space and landscaped setting which is sympathetic towards mature vegetation, water course, floodplains and natural topography.'*

64 Alexandrina Road, Mount Barker SA

*Development within Mount Barker, Littlehampton, Nairne and Brukunga is heavily influenced by the availability of mains water and a Community Wastewater Management Scheme which permits minimum allotments of 600 square metres.'*

The following forms of development are envisaged in the zone:

- affordable housing.
- domestic outbuilding in association with a dwelling.
- domestic structure.
- Dwelling.
- dwelling addition.
- supported accommodation.

Based on our precis of the Development Plan, the site appears to be suited to the development of detached or group dwellings only, albeit with additional potential development constraints noted in the Development Plan noted as follows:

- Semi-detached dwellings, row dwellings, multiple dwellings and residential flat buildings should only be developed in one of the following locations:
  - (a) Urban Renewal Policy Area 13
  - (b) immediately adjacent to shops, community facilities and schools
  - (c) immediately adjacent to areas of public open space exceeding 2000 square metres where the land is located within the designated 'Subject Areas' as depicted on Concept Plan Map MtB/1 - Residential (Hawthorn Road South, Mount Barker) and Concept Plan Map MtB/3 - Residential (Hurling Drive, Mount Barker).
- Residential development should only occur where it can be connected to one of the following:
  - (a) sewer
  - (b) a Community Wastewater Management Scheme which is not at capacity.
- Residential development should only occur where it can be connected to a reticulated mains water supply.
- Allotments intended for detached dwellings or sites intended for group dwellings should have frontage to a public road no less than shown in the following table:

Maximum allotment or site area	Minimum frontage required
600 – 799m <sup>2</sup>	15m
800 – 1,200m <sup>2</sup>	20m
Greater than 1,200m <sup>2</sup>	25m



64 Alexandrina Road, Mount Barker SA

- Land division to create allotments intended for detached dwellings and sites intended for group dwellings should be in accordance with the following table:

Township	Water Supply/Waste Disposal System	Where slope of the subject land has a natural gradient of less than 1-in-8	Where slope of the subject land has a natural gradient of 1-in-8 or more but less than 1-in-5	Where slope of the subject land has a natural gradient of 1-in-5 or more
Mount Barker	Mains / CWMS	600m <sup>2</sup>	800m <sup>2</sup>	1,200m <sup>2</sup>

#### 2.4.1 Highest and Best Use

The 'highest and best' use of property can generally be defined as

*'That reasonable and probable use that will support the highest present value of the property as at the date of valuation. The opinion of such use may be based upon the highest and most probable use of the property as at the date of valuation or the use likely to be in demand within the reasonably near future.'*

When determining the 'highest and best' use, there are a number of factors which must be considered including:

- Existing use.
- Legal constraints and regulatory controls.
- Physical and functional limitations.
- Financial and social constraints.
- Profitability and marketability.

In this instance given the residential position and zoning of the land, and on the critical assumption that the site is fit for residential use, that its potential redevelopment with a number of detached or group dwellings may potentially represent its 'highest and best' use, albeit that the determination of the optimum development outcome for the site would require additional investigations including, but potentially not limited to, a topographical survey to determine its gradient which is a critical factor in the assessment of the potential density allowed within the existing zoning, together with detailed financial modelling.

## 2.5 ENVIRONMENTAL ISSUES

The Environment Protection Authority (EPA) in South Australia does not currently maintain a list or register of contaminated sites.

The EPA does however provide a Public Register Directory in the form of a Site Contamination Index. This index is a list of notifications of actual or potential contamination which have been received by the EPA since 1 July 2009 (referred to as s83A notifications under the Environmental Protection Act 1993). These are notifications only and are not evidence that contamination has been confirmed. Our enquiry indicates that the subject property is not included on this Site Contamination Index.

The property comprises a Council works depot, noting that this use has continued for many years, and in this regard we note that previous /existing land uses of the property including as a transport/storage depot, engine works, properties containing underground storage tanks etc., which relate to a number of activities likely to have been conducted on the site, are noted in the Australia and New Zealand Valuation and Property Standards Manual as being listed as 'potentially contaminating land uses'.

In this respect we understand that the District Council of Mount Barker is aware that the property retains some inherent environmental,/ contamination issues, albeit noting that the exact nature and extent of the issues are as yet unknown.

We have been provided with a copy of a letter commissioned by Council titled 'Contamination and Sale – Advice on Options' prepared by Toby Carter Consulting and dated 6 May 2018. In preparing this advice Mr Carter reviewed four existing documents prepared between 2004 and 2007, each of which addressed various potential issues including a '*Preliminary Environmental Site Assessment*' (2004); '*UST Excavation and Validation*' (2005); '*STS Excavation and Validation Update*' (2005); and '*Soil and Groundwater report* (2007).

Issues then identified by Mr Carter are summarised as follows:

- The site is located within a residential area, including house footprints which are within 2 metres of the site boundary.
- There is evidence that a perched aquifer could exist beneath the site with the standing water table as shallow as 10 metres below ground level.
- The depot has been the key activity occurring at the site since the 1950's with activities including above and below ground storage of hydro carbons, storage of bitumen gravel, washdown and vehicle servicing.
- The UST's (petrol and diesel), pipework and bowers were excavated and removed around 2005 and both tanks may have leaked. One waste oil UST may remain on site. Soil contamination is likely to exist around the former/existing UST's which would require remediation or management to support residential use.
- There has been no assessment of groundwater on site.

Mr Carter also details the Councils potential obligations with regard to the site contamination issues, including potential cost and legal implications and makes a number of key conclusions summarised as follows:

- There is potential for there to be vapour or groundwater contamination.
- There are legislative and commercial factors to consider when developing a strategy for sale.
- The sale of the site does not require Council to remediate or Audit the site, however it is very likely that an audit would likely be pre-emptively requested or included in a condition of any Development Approval.
- Council should assume a minimum budget \$250,000 and 12 months to undertake an Audit (excluding the cost of demolition, decommissioning and remediation works and indirect costs to Council).

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64 Alexandrina Road, Mount Barker SA

- Comments on the viability of the process.
- Comments that where contamination is an issue, the sale of a property generally benefits from there behind clarity and certainty regarding contamination at a site.

No obvious environmental problems were apparent on inspection, however we refer to the preliminary environmental advice noted above. Accordingly, our valuation is made on the assumption that there are known environmental problems, and in accordance with our instructions in this regard.

Such matters may adversely affect the property or its use. Should any additional matters be known or discovered, no reliance should be placed on our assessment of value unless we have been advised of these matters and we have confirmed that our assessment is not affected.

RELEASED

64 Alexandrina Road, Mount Barker SA

### 3.0 Location

#### 3.1 LOCALITY AND SURROUNDING DEVELOPMENT

The subject property is located at 64 Alexandrina Road within the suburb of Mount Barker, situated approximately 30 kilometres south-east of the Adelaide GPO. More particularly, the subject is positioned on the southern side of Alexandrina Road some 160 metres south-east of its intersection with Victoria Road, as depicted in blue in the aerial photograph noted below:



*Imagery provided by Government of South Australia, © Land Services Group (Department of Planning, Transport and Infrastructure)*

The property is positioned relatively centrally within the township, in an established area characterised by conventional style residences constructed from the 1920 to 1950's, with increasing levels of modern infill residential having occurred since the 1990's.

The main commercial precinct in Mount Barker is located approximately 1.25 kilometres to the north west of the property, being centred around Gawler Street and offers a wide range of commercial and retail activities including strip shopping developments, hotels, shopping arcades, supermarkets and discount department stores.

Also located some 500 metres to the east of the property and centred around Oborn and Secker Roads is a Mount Barkers major commercial/industrial estate which offers a range of services and is a focus of employment opportunities in the town.

Mount Barker also offers a district level hospital, TAFE college and a range of schooling options, both public and private

### 3.2 ROAD SYSTEM, ACCESS AND EXPOSURE

Alexandrina Road is a dual carriageway carrying moderate levels of vehicular traffic. It is bitumen sealed and has concrete kerbs and gutters.

Annual Average Daily Traffic Estimates (24 hour two-way flow) published by the Department for Planning, Transport and Infrastructure indicate a daily traffic flow in the vicinity of the subject of approximately 13,100 vehicles.

Primary access to the site is via a narrow driveway from Alexandrina Road, noting that the major proportion of the site is set back, behind residential development abutting that road.

The site also abuts the road 'stub end' of Hawden Place to its south-eastern boundary alignment which may have potential to be incorporated into a future site redevelopment as an additional access point.

Access to the greater metropolitan and Adelaide Hills areas is considered to be good by virtue of the properties proximity to major thoroughfares including Adelaide Road and the South Eastern Freeway via either the Adelaide Road or Bald Hills Road interchanges.

### 3.3 SERVICES

Services	
Electricity	3 Phase power connected.
Reticulated Water	Connected.
Sewerage	Community Waste Water Management System.
Gas	Bottled gas only.
Telephone	Connected.

64 Alexandrina Road, Mount Barker SA


## 4.0 Improvements

The property comprises the District Council of Mount Barker works depot and is improved by a number of buildings utilised as offices, amenities and workshops built progressively since the 1950's.

### 4.1 GENERAL CONSTRUCTION DESIGN

#### 4.1.1 Office


The main office component comprises a modern building that has been joined to a transportable style 'Atco' office of older construction.

Construction		
<b>Structure</b>	Single storey.	
<b>External Walls</b>	Colorbond iron and metal, fibre cement to building join.	
<b>Roof</b>	Colorbond iron and metal deck.	
<b>Floors</b>	Concrete and particleboard.	
<b>Windows</b>	Aluminium framed.	
<b>Internal Linings</b>	Plasterboard.	
<b>Floor Coverings</b>	Carpet and vinyl.	
<b>Lighting</b>	Attached fluorescent.	
<b>Air Conditioning</b>	Split system.	
<b>Fire Services</b>	Hand held extinguishers.	

The offices provide a reception and two main administration/office areas to the older section stepping down to an open plan office, a separate meeting room and storage area within the newer accommodation. Access is via a verandah which extends across the northern and western building elevations.

#### 4.1.2 Amenities Block

Positioned adjacent the entry boom gate the amenities include a male toilet with shower, single female toilet and air conditioned lunch room.


Construction		
<b>Structure</b>	Single storey.	
<b>External Walls</b>	Brick.	
<b>Roof</b>	Metal deck.	
<b>Floors</b>	Concrete.	
<b>Windows</b>	Aluminium framed.	
<b>Internal Linings</b>	Exposed brick and plasterboard.	
<b>Floor Coverings</b>	Ceramic tiles.	
<b>Lighting</b>	Attached fluorescent.	
<b>Air Conditioning</b>	Split system.	
<b>Fire Services</b>	Hand held extinguishers.	



64 Alexandrina Road, Mount Barker SA


#### 4.1.3 Open Shed

Comprising a smaller, low clearance open storage area adjacent to the amenities block extending into a large elongated storage area with approximately 3.00 metre clearance, rising to 5.00 metres at the apex.

Construction		
<b>Structure</b>	Steel web frame.	
<b>External Walls</b>	Galvanised iron (rear and side walls only).	
<b>Roof</b>	Galvanised iron.	
<b>Floors</b>	Concrete.	
<b>Lighting</b>	Nil.	
<b>Fire Services</b>	Hand held extinguishers.	

#### 4.1.4 Works Shed

An older style low clearance shed with timber supports throughout. The shed includes an internally partitioned office and an attached lean-to store.

Construction		
<b>Structure</b>	Timber frame.	
<b>External Walls</b>	Concrete block, brick and galvanised iron.	
<b>Roof</b>	Galvanised iron.	
<b>Floors</b>	Concrete.	
<b>Lighting</b>	Attached and suspended fluorescent.	
<b>Fire Services</b>	Hand held extinguishers.	

#### 4.1.5 Wash Down Bay

A clear span open fronted bay with approximately 4.00 metre clearance and which includes a gross pollutant trap and a degreaser with sump.

64 Alexandrina Road, Mount Barker SA

**Construction**

<b>Structure</b>	Steel 'C' channel frame.
<b>External Walls</b>	Zincalume.
<b>Roof</b>	Zincalume.
<b>Floors</b>	Bunded concrete.
<b>Lighting</b>	Clear roof sheets only.
<b>Fire Services</b>	Hand held extinguishers.

**4.1.6 Workshop**

A clear span shed with approximately 4.00 metre clearance rising to 6.00 metres at roof apex. Includes a service pit and a partitioned office to the rear corner, together with an attached low clearance lean-to.

**Construction**

<b>Structure</b>	Steel web frame.
<b>External Walls</b>	Galvanised iron.
<b>Roof</b>	Galvanised iron.
<b>Floors</b>	Concrete.
<b>Lighting</b>	Suspended high bay and supplementary fluorescent.
<b>Fire Services</b>	Hand held extinguishers.

**4.1.7 Parks and Gardens Depot**

A 5-bay low clearance shed with air conditioned internal partitioned office/staff room.

**Construction**

<b>Structure</b>	Steel web frame.
<b>External Walls</b>	Zincalume.
<b>Roof</b>	Zincalume.
<b>Floors</b>	Concrete.
<b>Lighting</b>	Attached fluorescent.
<b>Fire Services</b>	Hand held extinguishers.
<b>Other</b>	Rainwater tank.



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#### 4.1.8 Other Improvements

Other improvements include:

- Two colorbond storage garages each with concrete flooring and sliding access doors.
- Above ground diesel storage tank that appears to be of concrete construction with bowser.
- Concrete aprons and bitumen sealed driveway and car park with primarily metal surfaced hard stand areas adjacent the site perimeters.
- Colorbond boundary fencing with three rows of barbed wire to the side boundaries, cyclone mesh fencing with two rows of barbed wire to the rear boundary.
- Several larger native trees to the rear boundary alignments of the site.

We provide the following photographs of the site:



Southerly aspect



Northerly aspect

#### 4.2 BUILDING AREAS

Based on our physical measurements taken on site, the improvements have approximate gross building areas summarised as follows:

Building Component	GBA
Office	144.40m <sup>2</sup>
Amenities Block	34.30m <sup>2</sup>
Open Shed	402.30m <sup>2</sup>
Works Shed	268.50m <sup>2</sup>
Wash Down Bay	102.60m <sup>2</sup>
Workshop	243.30m <sup>2</sup>
Parks and Garden Depot	156.90m <sup>2</sup>
Sundry storage sheds	108.00m <sup>2</sup>
<b>Total</b>	<b>1,460.30m<sup>2</sup></b>

It must however be noted that a detailed survey of areas has not been commissioned in this regard. We advise that we have relied upon the above areas and have assumed, for the purpose of this valuation, that a survey of the building would not reveal any material difference in area.

#### **4.3 PRESENTATION CONDITION AND UTILITY**

##### **4.3.1 Building Condition**

The buildings were constructed progressively from circa 1950 and based on our inspection appear to vary in condition, noting that typically the accommodation is in average condition only.

We have only carried out an inspection of the exposed and readily accessible areas of the improvements, noting that the Valuer is not a building construction or structural expert and is therefore unable to certify the structural soundness of the improvements. For the purpose of this report, we have assumed there are no structural defects which would impact upon our valuation.

##### **4.3.2 Pest Affection**

Although our visual inspection of the property did not disclose any obvious indications of vermin infestation, we are not pest experts. This valuation is made on the assumption that the property is not affected by pest infestation.

##### **4.3.3 Work Health and Safety**

There are no obvious matters affecting Work Health and Safety.

#### **4.4 HAZARDOUS BUILDING MATERIALS**

##### **4.4.1 Aluminium Cladding**

Our inspection did not indicate and we are not aware that the building structure incorporates aluminium composite panels.

##### **4.4.2 Asbestos**

Readers of this report should be reminded that it is an owner's responsibility to comply with the Work Health and Safety Regulations 2012 and to prepare and maintain an asbestos register for all non-residential properties built before 31 December 2003.

In this regard we have sighted a copy of a register prepared by Carter Corporation and originally dated 29 July 2010. The report does not identify any asbestos containing materials within the property.

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Asbestos materials are generally regarded as being injurious to health and may be the subject of demands by various bodies or authorities for its removal. The valuation is predicated on the assumption that the level of asbestos (if any) contained within the property has been taken in account in the assessment of value determined herein. Should this assumption not be correct, we recommend that the Valuer be consulted to assess any effect on the value stated in this report.

#### **4.5 CHATELS PLANT AND EQUIPMENT**

This valuation includes all chattels, plant and equipment located at the building including air conditioning services and fire protection equipment that would normally pass with the building in the event of a sale. The plant and equipment which is specifically used in the operation of the existing business has been excluded from our assessment.

## 5.0 Market Comment

### 5.1 INDUSTRIAL MARKET OVERVIEW

- The industrial market generally is experiencing healthy demand activity. A major portion of this demand continues to be from owner occupiers, supplemented with above average leasing activity. This has placed downward pressure on vacancy levels, which has resulted in a decline in incentives, albeit remaining above historical levels.
- Significant infrastructure projects, wins in defence and growth in advanced manufacturing (renewable energy technologies, water recycling equipment, agricultural equipment, medical devices, digital technology and photonics), retail logistics (supported by the continued growth of online retailing) and agricultural exports (including wine) are all helping to counterbalance recent economic losses in automotive manufacturing.
- Industrial building approvals, by value and number, have witnessed a moderate fall over the year, but are above long-term averages. This is likely to result in industrial building supply levels remaining fairly steady over the short to medium term.
- Increased competition with other land uses within inner metropolitan Adelaide and the introduction of the Urban Corridor Zone along many major thoroughfares, is contributing in a fall of available industrial stock in what were traditionally key industrial precincts. This may also have a positive effect on the number of approvals moving forward.
- Speculative development however is expected to remain stagnant as developers remain cautious of the level of stock already in the market on offer, albeit mostly secondary in nature and the tighter lending restrictions.
- Investigations by m3property estimate vacancy for industrial accommodation (excluding the former GMH site) is trending downwards as a result of above average demand and limited speculative development. Whilst face rents have stabilised across most precincts, increased demand has resulted in a reduction in incentives over the past 18 months, however they still remain above historical averages.
- Due to the low cost of funds environment, demand for well-located industrial property remains high from both the investor and owner occupier market. Investors are particularly keen to secure investment property with long Weighted Average Lease Expiries (WALE), whilst owner occupiers continue to take advantage of low interest rates to purchase rather than rent.

### 5.2 RESIDENTIAL MARKET OVERVIEW

- Key economic indicators are improving in South Australia, however slow population growth and an aging population remain some of the key challenges for the residential market in South Australia.
- According to quarterly figures released by the Office of the Valuer-General, the median house sale price in Metropolitan Adelaide in the March 2018 quarter was \$470,000. This represents an increase of 1.1% over the quarter and 2.8% from March 2017.
- The median house sale price in Non-Metropolitan Adelaide (major regional towns), according to the Office of the Valuer-General now sits at \$270,000 (March 2018). This represents a marginal increase of 0.7% from \$268,000 in March 2018.

- According to figures released by the Office of the Valuer-General, the median unit sale price in Metropolitan Adelaide in the March 2018 quarter was up 6.5% from March 2017 to \$364,900. The median unit sale price for the suburb of Adelaide recorded weaker growth of 3.0% over the same period to \$427,450 (albeit more volatile due to the smaller sample size).
- Sales volumes for houses in the March 2018 quarter were marginally down on numbers witnessed in the same quarter last year (March 2017), whilst sales volumes for units were up over the same period.
- The rental market for Metropolitan Adelaide is currently undersupplied, with the rental vacancy rate in metropolitan Adelaide recording 1.4% as at March 2018 according to SQM Research.
- According to Housing SA's most recent quarterly rent report (March 2018), average weekly rents for all houses in Metropolitan Adelaide witnessed average growth of 1.6% to \$325 from an average of \$320 in March 2017, whilst average weekly rents for all flats witnessed slightly stronger average growth of 1.7% to \$300 over the same period. Weekly rentals for all flats in the City of Adelaide recorded an average fall of 1.5% over the period to \$325 per week.
- According to the Department of Planning, Transport and Infrastructure's (DPTI) latest Residential Land Development Activity report published to December 2017, broad hectare land stocks have increased to 8,200 hectares in 2016/2017, whilst the amount of broad hectare land consumed is at a decade low of 189 hectares over the same period.
- The most recent Urban Development Institute of Australia's (UDIA) 2018 State of the Land Report indicates a 6.15% increase in the volume of land sales in Adelaide over 2017 with a total of 1,846 lots sold.
- Whilst the median lot size has increased from 413 square metres in 2016 to 449 square metres in 2017, the median lot price has remained at an annual average of \$167,000, reflecting an average residential land value per square metre of \$373.

### 5.3 SALES EVIDENCE

In this instance we have been instructed to provide value assessments on both an 'as is' and 'residential use' bases, and as such we have investigated the sale of a broad array of commercial/industrial properties and residential development land within Mount Barker and its surrounds, and with adjustments made for points of difference, have then compared such sales directly with the subject property.

A summary of the sales considered is detailed as follows:

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## 5.3.1 Commercial/Industrial Sales Evidence

Address	Sale Price	Sale Date	Site Area	Rate/m <sup>2</sup> Site Area	Comments
23 Secker Road, Mount Barker	\$610,000	Feb-18	2,000m <sup>2</sup>	\$285 (improved)	Regular shaped site in 'Enterprise Park' improved by older style workshop of 312m <sup>2</sup> , balance of site largely undeveloped. Zoned 'Light Industry'.
2-26 Simper Crescent, Mount Barker	\$870,000	Dec-17	3,986m <sup>2</sup>	\$218 (improved)	Underdeveloped site located in 'Enterprise Park' and improved by a modern high clearance 5 bay workshop of 300m <sup>2</sup> and transportable office of 90m <sup>2</sup> . Zoned 'Light Industry'.
40-42 Oborn Road, Mount Barker	\$710,000	Sep-17	2,759m <sup>2</sup>	\$257 (improved)	2 adjoining titles developed with a multi-unit industrial development, albeit individual lease details unknown. Total building area of 854m <sup>2</sup> , comprising older style showroom/workshop accommodation in 2 main buildings. Zoned 'Light Industry'.
23 Follett Close, Totness	\$905,000	Jun-16	5,908m <sup>2</sup>	\$153 (improved)	Circa 1994 dwelling of larger proportions developed to a former rural living allotment, subsequently rezoned 'Light Industrial'. Future development potential.
Lots 24/25 Follett Close, Totness	\$885,000	Nov-15	3,210m <sup>2</sup>	\$276	2 adjoining elevated/sloping industrial allotments positioned within a developing industrial precinct close to the Mt Barker Road intersection. Purchased as a single holding. Zoned 'Light Industry'.
14-16 Secker Road, Mount Barker	\$850,000	Apr-15	3,669m <sup>2</sup>	\$232 (improved)	Two (2) contiguous allotments of irregular configuration held within 2 x CTs within the industrial sector of Mt Barker. Improvements comprise an office / shop and amenities building of 69 m <sup>2</sup> and a modern workshop / store premise of 282 m <sup>2</sup> . Zoned 'Light Industry'.



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## 5.3.2 Residential Sales Evidence

Address	Sale Price	Sale Date	Site Area	Rate/m <sup>2</sup> Site Area	Comments
16 Sims Road, Mount Barker	\$800,000	May-18	8,200m <sup>2</sup>	\$98	Regular shaped allotment with substantial circa 1973 dwelling improvements. Subsequent application to divide into 5 conventional allotments to the Sims Road frontage (retaining the dwelling) within a development lot retained to the rear. Zoned 'Residential'.
10 Victoria Road, Mount Barker	\$615,000	Nov-17	5,861m <sup>2</sup>	\$105	'Hammerhead' shaped parcel forming the rear portion of 8-10 Victoria Road (sale below) created post the division of three Torrens titled allotments to the Victoria Road frontage. Approval for 8 lot Community Titled land division. Zoned 'Residential'.
7 Fletcher Road, Mount Barker	\$720,000	Dec-16	3,202m <sup>2</sup>	\$225	Irregular shaped site with frontages to Fletcher and Hamden Roads. Site retains transportable style offices that generated a holding income at sale. Subsequent Development Approval to subdivide 2 allotments to the Fletcher Road frontage, with the balance to be retained as a single allotment. Zoned 'Residential - Urban Renewal Policy Area 13'.
34A Alexandrina Road, Mount Barker	\$1,100,000	Apr-16	8,290m <sup>2</sup>	\$133	Elongated 'hammerhead' site with frontage to watercourse. Improved by a circa 1991 dwelling and outbuildings. Provisional approval for a 9 lot land division, retaining the dwelling. Zoned 'Residential'.
8-10 Victoria Road, Mount Barker	\$986,000	Nov-15	7,452m <sup>2</sup>	\$132	Regular shaped land parcel positioned adjacent modern development. Subsequent Development Approval for a mixed conventional Community Titled land division. Zoned 'Residential'.
18 Whittaker Terrace, Mount Barker	\$1,500,000	Aug-15	20,000m <sup>2</sup>	\$75	Elongated 'hammerhead' parcel with wide frontage to rail corridor. Subsequently approved for a multi-lot land division being marketed as 'Seasons' by Rivergum Homes, existing improvements since demolished. Zoned 'Residential'.

The sales information quoted has been obtained from a number of sources including published sales information provided by the Land Services Group of Department of Planning, Transport and Infrastructure (DPTI) and CoreLogic. Whilst we understand the information to be reliable, we are unable to guarantee the accuracy. Where the information has been available to us, we have made appropriate adjustments for GST but the recorded sale prices may include all, a part of, or no GST depending on the circumstances and tax liability of the parties to each transaction.

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## 6.0 Rationale

### 6.1 SUMMARY/POSITION OF SUBJECT PROPERTY IN THE MARKET

The property comprises an irregular 'hammerhead' shaped allotment located in a relatively central and established primarily residential area within Mount Barker. The property has for many years been utilised as the District Council of Mount Barker Works Depot and retains a number of older office, workshop and storage buildings which are typically of older circa 1950 to 1980 construction, and which overall provide an average standard of accommodation, albeit well suited to their current use.

We are also aware that due to the long term use of the site as a depot that it has inherent environmental / contamination issues with potential for there to be vapour or groundwater contamination, albeit noting that the exact nature and extent of the issues are as yet unknown.

In this instance the District Council of Mount Barker are intending to relocate the depot to a new location and are seeking advice regarding its value on both an 'as is' basis and based on a 'residential' use for disposal purposes.

On an 'as is' basis, given the non-complying nature of the existing use within the 'Residential' zone, Council have sought planning advice which indicates that the permitted alternative uses for the existing facility 'as is' would be as a 'Public Service Depot' only ie it could not be utilised as a private depot or workshop purposes.

'Public Service Depot' is defined in Schedule 1 of the Development Regulations 2008 as:

*'...land used for storage and operation connected with the provision of public services (including gas, electricity, water supply, sewerage, drainage, roadworks or telecommunications services) by a body responsible for the provision of those services'.*

As such, alternative users would potentially be restricted to a small group of government and semi-government bodies, utilities or infrastructure providers which severely limits the marketability of the site to those users who fit the definition and who wish to locate in Mount Barker.

In this respect the narrow entry point to the site, sloping topography and the potential for interface issues with the adjacent residential land uses may also adversely impact on the actual or perceived desirability/functionality of the site by these users.

Notably, while on an 'as is' basis there would be no obligation for the Council or a purchaser to assess, remediate or Audit the site, any intending purchaser on this basis would be aware of the inherent contamination issues.

While we understand from Mr Carters advice that it is possible to transfer the liability with the sale, or in respect to off site contamination to undertake a Section 103E statutory transfer of liability, a purchaser may be reluctant to take on this long term liability, particularly given the unknown nature and extent of the issues, and potential for the site to be blighted by an Audit notification should future investigations prove significant environmental issues.

As such, we consider that ultimately it may difficult to identify any potential long term users of the land, particularly those that would be prepared to transact on an 'as is' basis, and the land may prove to be unsaleable in the short term, noting that a longer term stance may need to be contemplated with regard to the disposal process.

Secondly we have been asked to consider the site based on its potential for residential use, with the need for an Environmental Auditor sign off.

In this respect, while we have been instructed to assume that the total cost to render the site suitable for residential development (through testing, remediation and Audit) will cost \$250,000 (exclusive of GST), we note that Mr Carter's advice indicates that this budget is a minimum allowance and does not include the potential costs of demolition, decommissioning, remediation works and the indirect cost to Council of managing the project.

Notably Mr Carter also states that not all residential uses would require a 'clean site' (e.g. apartment, community titled townhouse, retirement living or aged care) and that there may be an opportunity to reduce the cost burden of the investigations, remediation and Audit to a future purchaser by identifying a preferred use of the site prior to the process commencing. Similarly, Mr Carter identifies that if there is a need to remediate the site, that the integration of required works with geotechnical, civil and structural works is often the most cost and time efficient method, which could be advantageous to purchasers and Council alike.

In this respect we are unable to provide comment as to the suitability of the site for alternative residential uses and note that any proposal and/or decision in this regard would be part of a formal Development Approval process. It is expected however that there may be potential for Council to partner with purchasers through this process, potentially also offering development concessions with regard to alternative uses which may expediate the sale and/or development of the site.

Nevertheless, regardless of the intended use of the site, any purchaser who agrees to transact would be expected to do so only after a level of due diligence with regard to a range of issues, including the environmental impacts, and most likely through a conditional contract agreement that would potentially mitigate their risk through the process and provide an exit strategy from the purchase.

While we are aware of instances where purchasers have undertaken projects on this basis, typically these are sophisticated and experienced developers, who in this instance may view the size and potential profit outcomes from a site of this size to be unworthy of the additional level of risk that would be incurred, with smaller developers often being unwilling to undertake a project with an additional layer of complexity.

In addition, financiers are traditionally nervous of environmental issues and there is a high level of risk that a developer at any level may be unable to obtain development funding through traditional bank sources under these circumstances.

In this instance we would expect that a more desirable and/or optimum outcome for the site on a residential basis would be achieved if the Council undertakes works to 'de-risk' the site prior to sale. However, we reiterate that as per our instructions we have formed our opinion of value assuming that the land would be sold on an 'as is' basis with a known maximum cost of testing, remediation and Audit of \$250,000 (exclusive of GST) in order to achieve an Audit 'sign off' or 'clean site'.

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In addition, noting that a final Audit sign off would not be possible until the site was cleared of all improvements, the purchaser would also be required to demolish the existing improvements at an additional cost that may potentially be in the range of \$50,000 to \$70,000 (exclusive of GST).

With respect to its potential for residential development, the site is well located within an established residential area, within close proximity to a range of services and would be suited to more intensive division, in line with a number of broadly comparable residential development sites located nearby.

Unlike industrial/commercial development, its 'hammerhead' shape would not be considered to be an impediment to development and the positioning of the Hawden Place 'stub end' to the south-eastern boundary would provide further flexibility of design.

While prima facie the potential density of any development to the site would be subject to the confirmation of its gradient of the site, there is a range of development density within the surrounding streets including traditional sized allotments through to smaller Community Titled lots which offer some guidance as to the form and scale of development likely to be permitted.

## **6.2 SALES HISTORY**

Information provided by the Land Services Group of Department of Planning, Transport and Infrastructure reveals the property has not sold within the past three (3) years.

## **6.3 VALUATION APPROACH**

The most appropriate method of valuation for a property of this nature is by Direct Comparison where the subject property is compared directly with sales of other properties in similar locations and adjustments made for points of difference.

In arriving at our opinion of value we have therefore considered relevant general and economic factors and in particular have investigated recent sales transactions of broadly comparable properties that have occurred Mount Barker and surrounding areas to provide a solid indication of land values and the added value of improvements erected thereon.

### **6.3.1 Market Value 'as is'**

In determining the value of the property on an 'as is' basis we have primarily considered sales of property with a similar use profile to the subject, which in the context of the Mount Barker market is generally considered to be property within the 'Light Industrial' zones of Mount Barker and the adjacent suburb of Totness.

Notably industrial property in Mount Barker is dominated by the Enterprise Estate to Secker Road and Oborn Road, with this being characterised by smaller proportioned land parcels typically less than 2,000 square metres in area with few larger parcels, and the Totness area to the northern fringe of Mount Barker being a modern estate which includes a range of land sizes, albeit being largely developed with high quality commercial/industrial facilities.

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While there have been a number of sales of smaller proportioned light industrial land holdings in recent years, there has been a dearth of sales of larger sites, noting that in this instance we have only specifically considered sales those sales that have occurred over 2,000 square metres in area, albeit noting that the level of improvements retained within these sites has varied.

In this respect the analysed sales indicate that sale prices, on a dollar rate per square metre of site area basis, generally lie within the range of \$153 to \$285 (improved) for sites of between 2,000 and 5,908 square metres.

Notably in this instance the existing improvements are substantial, but based on their age, form and the number of smaller individual building improvements are likely to have varying levels of function and added value to an industrial land user, which would be largely dependent on prospective purchaser motivations and end use for the property.

In the case of the subject, we are mindful of the allotment proportions, its irregular 'hammerhead' shape, topography, the level and condition of the improvements, residential zoning etc. and suggest that if the site was unencumbered (i.e. 'clean' and suited to a full range of light industrial land uses) that it may have some appeal to purchasers, albeit noting that the value would potentially lie towards the lower end of the aforementioned range in the order of \$145 to \$165 per square metre (improved). This deduces the following potential range of market value:

	Site Area	Rate/m <sup>2</sup> (improved)	Unencumbered Value
Low	6,388m <sup>2</sup>	\$145/m <sup>2</sup>	\$926,260
Mid		\$155/m <sup>2</sup>	\$990,140
High		\$165/m <sup>2</sup>	\$1,054,020

This methodology indicates that the site has a value potentially in the mid \$900,000 to mid \$1,000,000 range (exclusive of GST) on an 'unencumbered' basis, and we have adopted a mid-level value (rounded) of \$1,000,000 as being reasonable.

Nevertheless, in this instance the use of the site will be limited to that of a 'Public Service Depot' noting that while on this basis land users may perceive greater value in the existing depot improvements than a commercial user, purchasers would also be knowledgeable of the potential existence, albeit unknown in extent, of the environmental issues and further their potential long term liabilities in this respect if purchased 'as is'.

Additionally, in our previous experience, and potentially in the forefront of any purchaser deliberations, where other sites have been subject to contamination issues the final cost of remediation have varied significantly and sometimes unexpectedly, potentially adding an additional layer of perceived risk to the purchase.

In this respect, however, while we note the advice from Toby Carter Consulting which suggests that the property could be sold 'as is' and all environmental risks transferred to the purchaser, via various methods, it is our understanding that Government bodies may be unwilling to release Council from any environmental liabilities and would be unlikely to transact on this basis. We recommend that this is considered by Council in their sale strategy.

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In terms of potential impact on the underlying value of the land we are cognisant of the following issues:

- The limitations on land use and resultant shallow depth of the purchaser market.
- The shape of the site, topography and access restrictions for larger vehicles.
- The proximity of the site to residential land uses and related interface issues.
- The potentially long term environmental liability associated with the site.

On balance any potential sale on this basis will reflect an appetite to transact by both Council and potential purchasers, and it is expected that a sale would only occur at a discount to the value determined on an unencumbered basis, potentially of up to 50%, further assuming that a purchaser can be identified.

Our calculations of value on this basis are noted as follows.

	Value (rounded)
Assessed 'unencumbered value'	\$1,000,000
Discounted 50%	\$500,000
Value 'as is'	\$500,000

While we have assessed a value on an 'as is' basis of \$500,000, we reiterate that this has been made on the assumption that a purchaser can be identified. In absence of a willing purchaser that meets the 'Public Service Depot' definition requirements the site may be unsaleable.

### 6.3.2 Market Value 'residential use'

We reiterate that in this instance we have based our opinion of value on the assumption that the land would be sold on an 'as is' basis subject to a reported 'maximum cost' of testing and remediation of \$250,000 in order to achieve an Audit 'sign off' as a 'clean site'.

In determining the potential value of the property on this basis we have firstly considered sales of 'clean' residential development sites within Mount Barker in order to establish a potential value of the property on this basis and have then made allowances for the cost of environmental assessment etc. together with the perceived risk associated with the Audit process.

Notably there have been a number of sales of smaller proportioned residential development sites within established parts of Mount Barker over recent years with the analysed sales indicating that sale prices on a dollar rate per square metre basis, generally lie within the range of \$75 to \$225 (improved) of site area for sites of between 1,465 and 20,000 square metres.

Generally, the sales of larger sites have commanded lower rates per square metre upon sale, also noting that the sale prices of sites within established areas are also often influenced by the potential added value retained by any in-situ improvements that are retained.

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Of the sales evidence quoted we specifically reference that of **7 Fletcher Road** which sold for \$225 per square metre. This site retained some non-residential improvements with potential to generate a holding income pending redevelopment, albeit noting that by virtue of its level topography, two street frontages and smaller proportions - a lower rate per square metre would be expected for the subject.

At the lower end of the sales evidence on a per square metre basis is that of **18 Whittaker Terrace**, which sold for \$75 per square metre, represents a larger site which retains an elongated frontage to the rail line, and which would be expected to achieve a lower rate per square metre.

Notably the sale of **34A Alexandrina Road**, a slightly larger site which achieved \$134 per square metre is situated in a similar position, albeit retaining some residential improvements of reasonable quality that could be retained in any site redevelopment, and a slightly lower rate could be expected for the subject.

We also reference the sale of vacant land at **10 Victoria Road** (\$105 per square metre) as potentially being most comparable by virtue of its size and 'hammerhead' shape.

In the case of the subject, we are mindful of the allotment proportions, its 'hammerhead' shape and topography and the established and reasonably central residential position, but are also cognisant of the level of improvements that are not suited to retention, and which would require demolition prior to the redevelopment of the land, potentially at an additional cost of \$50,000 to \$70,000.

On balance we suggest that if the site was unencumbered (i.e. 'clean' and clear) that its value 'as is' would potentially lie towards the lower end of the aforementioned range in the order of \$90 to \$100 per square metre, which deduces the following potential range in market value:

	Site Area	Rate/m <sup>2</sup> (improved)	Value
Low	6,388m <sup>2</sup>	\$90/m <sup>2</sup>	\$574,920
Mid		\$95/m <sup>2</sup>	\$606,860
High		\$100/m <sup>2</sup>	\$638,800

Nevertheless, in this instance we must also assume that the purchaser would be responsible for the costs of testing, remediation and audit of \$250,000 in order to achieve an Audit 'sign off' as a 'clean site' in addition to demolition costs.

Adopting a market based approach, we would also expect that potential purchasers would make allowances for demolition costs, contingencies, holding and interest costs through the environmental testing, remediation and audit process, and in this regard we have adopted a 'hypothetical development' approach' to determine a 'project related value' of the site with respect to the remediation project works.

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The components of this valuation approach are summarised as follows:

- Value of the site 'as if complete' of \$600,000 (rounded) as determined above.
- Cash outflows as regard:
  - ~ Acquisition costs associated with potential purchase of the subject site at cost.
  - ~ Environmental testing, remediation and Audit costs of \$250,000.
  - ~ Demolition costs of \$70,000.
  - ~ Contingency allowance of 10%.
  - ~ Interest on land and development costs at 6% assuming a 12 month process.
  - ~ Holding costs.
  - ~ Profit and Risk allowance of 10% which is a minimum level that we would expect that developers would expect for a property of this nature.

Our calculations are included below:

Project Related Site Assessment				
<b>Variables</b>				
Land Value (excl GST)	\$600,000	Total lots		1
		Development period (months)		12
		Selling period (months)		0
Acquisition Costs	3.00%	Interest on holding costs		5.00% pa 0.41% pcm
Profit & Risk factor	10.00%	Site area		6,388 sq m
<b>Calculations</b>				
<b>Projected Gross Realisation Upon Completion</b>				
- Land Value (excl GST)				<b>\$600,000</b>
<u>Less: Profit &amp; Risk</u>				<u>(\$54,545)</u>
<b>Estimated Total Capital Outlay</b>				<b>\$545,455</b>
<u>Less: Development Costs (excl GST)</u>				
- Testing, remediation and Audit				(\$250,000)
- Demolition cost				(\$70,000)
- Contingency Allowance (inc holding costs)	@	10.00%		<u>(\$32,000)</u> (\$352,000)
				\$193,455
<b>Funds Available for Property Acquisition and Projected Interest Payments</b>				<b>\$193,455</b>
<u>Less: Interest on Development Costs</u>				
	for	6.0	months	<u>(\$8,605)</u>
				\$184,850
<u>Less: Interest on Land</u>				
	for	12.0	months	<u>(\$8,616)</u>
				\$176,234
<u>Less: Acquisition Cost (stamp duty)</u>				
	@	3.00%		<u>(\$5,133)</u>
				\$171,101
<b>Indicated Site Value</b>				<b>\$171,101</b>
<b>Rounded to</b>				<b>\$170,000</b>
		<b>Say</b>		<b>\$27 /sqm</b>

## NOTES:

1. This analysis must be read in conjunction with the Valuation Report and the details contained within.



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64 Alexandrina Road, Mount Barker SA

This method results in a severely discounted site value on a residential basis 'as if complete' of \$170,000 (exclusive of GST), or a rate per square metre of site area of \$27.

A value at this level is not unexpected given the costs, time and risk associated with the purchase of a site of this nature from a potential developer's perspective and is potentially indicative that it may be in the best interest of Council to undertake works to 'de-risk' the site prior to sale.

RELEASED

64 Alexandrina Road, Mount Barker SA

## 7.0 Valuation

Subject to the qualifications and assumptions contained within the body of this report, we assess the Market Value of 64 Alexandrina Road, Mount Barker, South Australia as at 17 July 2018, to be:

- Market Value 'As Is'

**\$500,000**

**(FIVE HUNDRED THOUSAND DOLLARS) exclusive of GST**

- Market Value 'As If Complete'

**\$170,000**

**(ONE HUNDRED AND SEVENTY THOUSAND DOLLARS) exclusive of GST**

This valuation is for the private and confidential use only of District Council of Mount Barker and for the specific purpose for which it has been requested. No third party is entitled to use or rely upon this report in any way and neither the Valuer nor m3property shall have any liability to any third party who does.

Only a signed original of this valuation should be relied upon and no responsibility will be accepted for photocopies of the report.

No part of this valuation or any reference to it may be included in any other document or reproduced or published in any way without written approval of the form and context in which it is to appear.

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements and factors specific to the particular property). We do not accept responsibility or liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume responsibility or accept liability where the valuation is relied upon after the expiration of 90 days from the date of valuation or such earlier date if you become aware of any factors that have an effect on the valuation.

m3property Strategists



Rachel Elliott B Bus Prop (Val & PRM), FAPI  
Certified Practising Valuer/Director  
Primary Signatory



Kym Dreyer  
Managing Director (SA)  
Counter Signatory

The opinion of value expressed in this report is that of the Valuer who is the primary signatory to the report. The counter signatory verifies that the report has been reviewed in accordance with our Quality Assurance Policy, is genuine and authorised by m3property SA).

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64 Alexandrina Road, Mount Barker SA

## Annexures

- 1 Copy of Purchase Order
- 2 Copy of Certificate of Title

RELEASED

RELEASED

**ANNEXURE 1**

**Copy of Copy of Purchase Order**



**MOUNT BARKER**  
DISTRICT COUNCIL

6 Dutton Road, Mount Barker. SA. 5251  
PO Box 54, Mount Barker. SA 5251  
Telephone: (08) 8391 7200  
Fax: (08) 8391 7299

Email: [accounts@mountbarker.sa.gov.au](mailto:accounts@mountbarker.sa.gov.au)  
Website: [www.mountbarker.sa.gov.au](http://www.mountbarker.sa.gov.au)  
ABN: 54 250 395 713

## PURCHASE ORDER

m3property  
Level 3, 44 Waymouth Street  
ADELAIDE SA 5000

Order No: 19751

Page: 1

Date: 03/07/2018

Supplier Ref: 4282

Order Number must be included on Invoice.  
All Prices Include GST Where Applicable.

Purchasing Contact: Mr D W Morton

QUANTITY	ITEM DESCRIPTION	COUNCIL USE ONLY	UNIT PRICE	ORDER VALUE
1.00	64 Alexandrina Road Draft Valuation Other Contracts	0120.0615.057	3,850.00	3,850.00
Total Order Value inclusive of GST				3,850.00

Refer to Terms & Conditions Overleaf

Name of Authorising Officer

Signature of Authorising Officer

**TERMS AND CONDITIONS OF CONTRACT****1. CONTRACT****Contract means:**

- 1.1. where this Order is issued to the Contractor under a Council Contract ("the Head Contract") then the general conditions and any specifications contained in the Head Contract together with the attached Order shall constitute the contract documents and the entire terms of the agreement.
- 1.2. in any other case, the terms and conditions contained herein together with any specifications and the attached Order shall constitute the contract documents and the entire terms of the agreement.

**2. GOODS**

"Goods" means the Goods supplied by the Contractor to the Council specified in this Order.

**3. WORKS**

"Works" means all Works and/or services specified in this Order and any additional Works and/or services necessary for the performance of the contract and includes all variations agreed between the parties.

**4. SPECIFICATIONS**

"Specifications" means any specifications issued by the Council in relation to this Order or the Head Contract.

**5. STATUS OF CONTRACTOR**

Nothing in the Contract constitutes the Contractor as the partner, joint venturer, servant, agent or employee of the Council for any purpose whatsoever.

**6. OBLIGATIONS OF THE CONTRACTOR**

The Contractor shall:

- 6.1. Deliver the Goods to the Council by the date specified on this Order. The Contractor shall not be entitled to delivery by portion unless mutually agreed in writing. Title and property in the Goods shall pass to the Council on acceptance of the Goods; and/or
- 6.2. Perform and complete the Works and, subject to any conditions provided elsewhere in the contract, provide all supervision, labour, materials, plant, transport and temporary Works which may be necessary; and/or
- 6.3. Not vary the Works from the description in the Order or the specifications without the prior written consent of the Council; and/or
- 6.4. Be responsible for the care of the Works from the date of commencement until completion including the care, storage and protection of unfixed items and items provided by the Council; and/or
- 6.5. Provide, erect and maintain all barricades, fences, signs, lighting and temporary Works necessary for the protection of the Works, other property and for the safety and convenience of the public; and/or
- 6.6. Complete the Works to the satisfaction of the Council with due expedition, without delay and within the time specified in the Order or such further time as agreed in writing by the Council and/or
- 6.7. Not vary the price of the Works from the price agreed or undertake Works which will incur additional fees or charges without the prior written consent of the Council.

**7. QUALITY**

- 7.1. The Contractor shall exercise reasonable skill, care and diligence in performing the Works and shall comply with all applicable standards, safety regulations, codes of practice and any specific requirements resulting from the Contractor's trade, profession or expert knowledge.
- 7.2. The Contractor shall correct any defects in the Works at its own cost within fourteen (14) days of any notice in writing by the Council requesting correction. Failing such correction, the Council may correct such defects itself at the cost of the Contractor.

**8. WARRANTY**

The contractor warrants that all Goods and/or materials provided to the Council as part of the Works:

- 8.1. will conform with the description in this Order and with the specifications;
- 8.2. will be of good merchantable quality and be for the known purpose for which it is provided;
- 8.3. will be new unless otherwise notified in writing by the Council.

**9. DEFECTS**

If any Product or Works is or are found defective and the Council notifies the Contractor of such defect during the above warranty period, the Contractor shall, at its own cost, promptly replace the Product or rectify the Works to the satisfaction of Council. Failing replacement of the Product or rectification of the Works to the satisfaction of Council, the Council may replace the Product or rectify the Works at the cost of the Contractor.

**10. STATUTORY REQUIREMENTS**

The Contractor must comply with and give all notices required by any Act of Parliament, ordinance, regulation or by-law relating to the Works including the Ombudsman Act 1972.

**11. TERMS OF PAYMENT**

Unless otherwise agreed, payment shall be made thirty (30) days following the date of the tax invoice subject to:

- 11.1. the price being in accordance with this contract;
- 11.2. all Works and/or services, materials and equipment being received and accepted by the Council as satisfying the contract documents;
- 11.3. invoices list the GST component separately and their format complies with the requirements of the Aust. Tax Office in relation to the Goods and Services Tax Act.

**12. INDEMNITY**

The Contractor agrees to indemnify and keep indemnified the Council, its servants and agents and each of them from and against all actions, costs, claims, damages or charges and expenses whatsoever which may be made or brought or claimed against them or any of them arising out of or in relation to the contract and the undertaking of the Works.

**13. PUBLIC LIABILITY INSURANCE/PRODUCTS INSURANCE/PROFESSIONAL INDEMNITY INSURANCE**

The Contractor shall take out and keep current during the period of the contract a public risk insurance policy and if applicable products insurance in the name of the Contractor for a minimum sum of ten million dollars (\$10,000,000) insuring against all actions, costs, claims, damages or charges and expenses which may be brought or made or claimed against the Contractor arising out of or in any way relating to the contract. Contractors providing professional services shall take out and maintain professional indemnity insurance in the name of the Contractor for a minimum of one million dollars (\$1,000,000). The Contractor shall not commence the Works until confirmation of such policy of insurance is given to the Council.

**14. SUB-CONTRACTING**

The Contractor shall not assign or sub-contract the Works or any part thereof without Council approval.

**15. WORK HEALTH & SAFETY**

- 15.1. The Contractor shall comply with the provisions of the Work Health & Safety Act, 2012 and all associated regulations, including those adopted by the Council, and will ensure that its employees comply with all regulations, improvement notices, prohibition notices and codes of practice issued thereunder and have application to the contract.
- 15.2. The Contractor acknowledges that the Council has duties imposed upon it by Part 2 of the Work Health & Safety Act, 2012 and as such has the right to ensure that the Contractor complies with the Act.
- 15.3. The Contractor shall comply with all reasonable directions and procedures relating to security and work, health & safety as required by the Council when the Works are to be undertaken at premises or facilities of the Council.
- 15.4. The Contractor agrees to immediately notify the Council of any incident or accident arising from the undertaking of the contract including those involving the public.
- 15.5. Prior to the commencement of Works the Contractor shall complete a safe work method statement or job safety analysis as required. Evidence of these processes shall be provided to Council prior to the commencement of work.

**16. WORKCOVER**

Where applicable:

- 16.1. The Contractor must ensure that it is registered as an employer under the Workers Rehabilitation and Compensation Act, 1986 and that it pays all levies due thereunder in respect of its employees engaged in or about the Works.
- 16.2. The Contractor agrees to indemnify the Council in respect of any action, claim, demand, suit or proceedings made by an employee of the Contractor bought in connection with the Workers Rehabilitation and Compensation Act, 1986.
- 16.3. The Contractor shall have or take out and keep current a personal accident and sickness insurance policy for a period from the commencement of the Works extending until the completion date of this contract.

**17. DISPUTES**

All disputes or differences between the Council and the Contractor shall be referred to an arbitrator who shall be mutually agreed upon by the parties.

RELEASED

**ANNEXURE 2**

**Copy of Certificate of Title**



Product	Register Search Plus (CT 5797/125)
Date/Time	03/07/2018 11:05AM
Customer Reference	955131
Order ID	20180703003713
Cost	\$34.50



The Registrar-General certifies that this Title Register Search displays the records maintained in the Register Book and other notations at the time of searching.



## Certificate of Title - Volume 5797 Folio 125

Parent Title(s)	CT 3712/11				
Creating Dealing(s)	CONVERTED TITLE				
Title Issued	10/08/2000	Edition	2	Edition Issued	26/10/2015

### Estate Type

FEE SIMPLE

### Registered Proprietor

MOUNT BARKER DISTRICT COUNCIL  
OF PO BOX 54 MOUNT BARKER SA 5251

### Description of Land

ALLOTMENT 5 FILED PLAN 160182  
IN THE AREA NAMED MOUNT BARKER  
HUNDRED OF MACCLESFIELD

### Easements

NIL

### Schedule of Dealings

NIL

### Notations

Dealings Affecting Title NIL

Priority Notices NIL

Notations on Plan NIL

Registrar-General's Notes NIL

Administrative Interests NIL

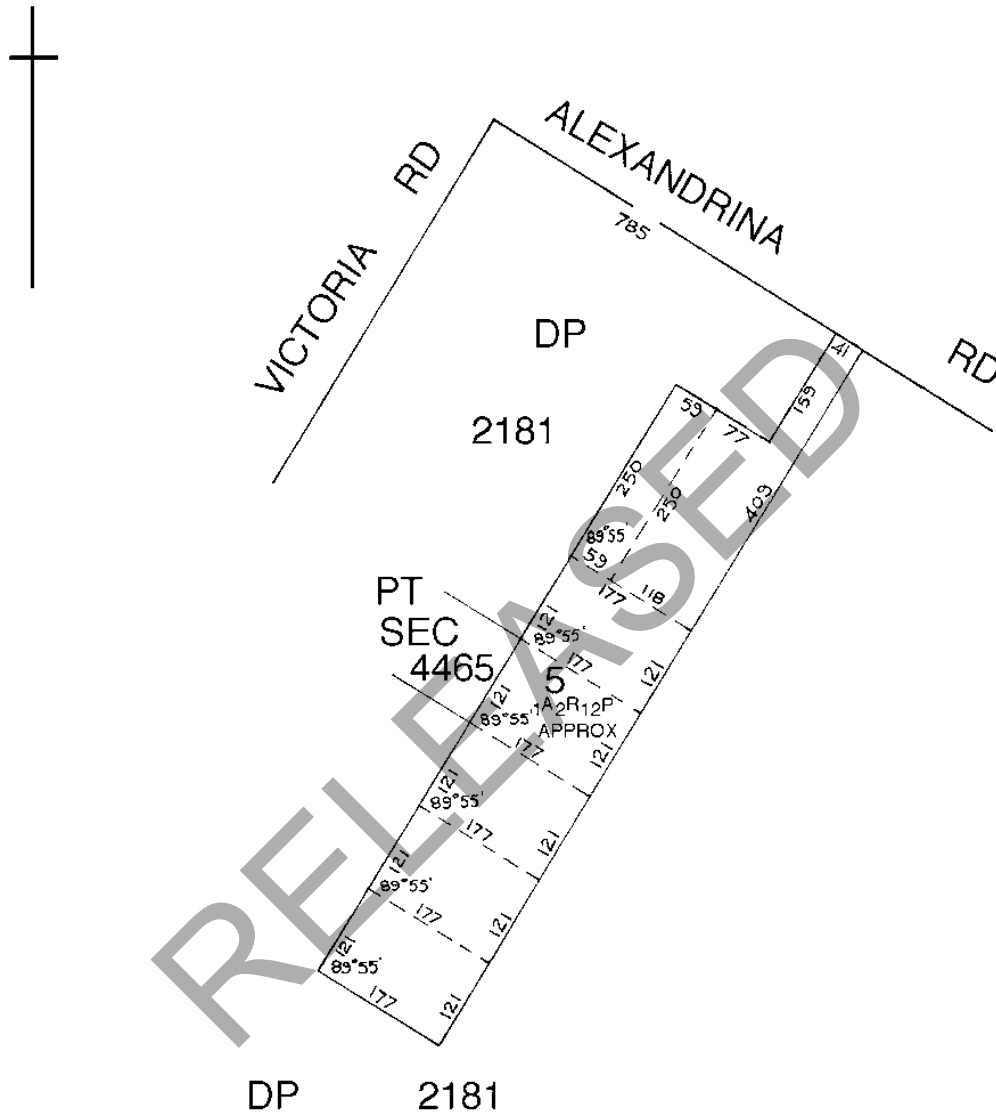




Product	Register Search Plus (CT 5797/125)
Date/Time	03/07/2018 11:05AM
Customer Reference	955131
Order ID	20180703003713
Cost	\$34.50

THIS PLAN IS SCANNED FOR CERTIFICATE OF TITLE 3712/11

LAST PLAN REF: DP 2181



200 100 0 200 K.S.

**FOR METRIC CONVERSION**

1 LINK = 0.201168 METRES  
 1 CHAIN = 100 LINKS  
 1 ACRE = 0.404686 HECTARES  
 1 ROOD = 1011.7 m<sup>2</sup>  
 1 PERCH = 25.29 m<sup>2</sup>

**NOTE: SUBJECT TO ALL LAWFULLY EXISTING PLANS OF DIVISION**

RELEASED

**Sydney Office**

Level 23, MLC Centre  
19 Martin Place  
Sydney NSW 2000

**P:** +61 2 8234 8100

**E:** [info@syd@m3property.com.au](mailto:info@syd@m3property.com.au)

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Level 3, 44 Waymouth Street  
Adelaide SA 5000

**P:** +61 8 7099 1800

**E:** [info@adl@m3property.com.au](mailto:info@adl@m3property.com.au)



**m3property**  
STRATEGISTS

- Wistow History Group meeting re. supplementary book
- Evidence to Senate Inquiry on Water Amendment Bill, Stamford Plaza Hotel
- Council briefing
- Climate Action meeting – The Joinery
- School Students Climate Protest – Parliament House
- AHFM – Information Desk
- Meeting of planners and resident re. Railway Place land division
- Mandatory training
- CAP
- State Records, Dry Creek
- PN Meeting Hahndorf
- Suicide Prevention Training, Belair
- Meeting with resident /lawyer
- Council briefing
- Strathalbyn Town Hall meeting – Kalimna/Aged Care

**17. QUESTIONS ARISING FROM COUNCIL MEETING**

NIL

**18. CONFIDENTIAL REPORTS**

**18.1**      **REPORT TITLE:**            **CONFIDENTIAL ITEM: PROPOSED DISPOSAL OF  
64 ALEXANDRINA ROAD MT BARKER**  
**DATE OF MEETING:**        **1 APRIL 2019**  
**FILE NUMBER:**            **DOC/19/030391**  
**ATTACHMENTS:**            **1. Location Plan DOC/19/030402**  
                                         **2. Letter Summarising Environmental**  
                                         **Considerations DOC/19/030400**  
                                         **3. Valuation Report DOC/18/93164**

Moved Councillor Morrison that Council:

**Section 90 (3) (b) Order**

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

Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except the Chief Executive Officer; Deputy Chief Executive Officer/General Manager, Governance, Strategic Projects and Wastewater/Recycled Water; General Manager, Community Services; Acting General Manager Planning and Development; General Manager, Infrastructure; Chief Financial Officer and the Minute Secretary be excluded from attendance at the meeting for the Agenda 18.1 Item Proposed Disposal of 64 Alexandrina Road Mt Barker.

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:

- is proposing to conduct business; and
- would prejudice the commercial position of the Council.

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

Seconded Councillor Minett

CARRIED  
OM20190401.16

Moved Councillor Morrison that Council:

2. Approves the commencement of an Expressions of Interest (EOI) for the sale of the property, 64 Alexandrina Road, Mt Barker; and
3. Notes that following completion of the EOI a further report will be provided on the results and the recommended strategy to finalise a sale with any acceptable offers.

Seconded Councillor Westwood

CARRIED  
OM20190401.17

Moved Councillor Westwood:

**Section 91(7) Order**

4. Pursuant to Section 90 (3) (b) & (d)  
That having considered the Agenda Item 18.1 Proposed Disposal of 64 Alexandrina Road Mt Barker 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 related documents be retained in confidence until the settlement of the subject land or such lesser period as may be determined by the Chief Executive Officer.

Seconded Councillor Orr

CARRIED  
OM20190401.18