

**Appendix 10 - reports considered by Council on 17
November and 21 July 2015**

ITEM 12.058/15 DEPOT AND OFFICE ACCOMMODATION RATIONALISATION

Meeting	Council	17 November 2015
Directorate	Corporate	
Reviewed by	General Manager - Scott Greensill	
Attachment	Confidential	

SUMMARY

This report presents to Council a schedule of property assets which have been identified for sale in accordance with Council's "Fit for the Future" strategy for property rationalisation to reduce duplication and operating costs. The report also meets the requirements of Council resolution Item 15.014/15 from the 27 October 2015 Extraordinary meeting.

OFFICER RECOMMENDATION

1. That Council list the following properties for sale with all interested Real Estate agents in Grafton with the minimum reserve price for each property being as per the confidential attachment to this report and the General Manager be delegated authority to sign all contracts associated with each sale.

PROPERTY NAME	ADDRESS	LOT	DP	ZONE	TYPE
Regional Library	110 Spring Street South, Grafton	4	1021625	B3 Commercial	Commercial office
Pound Street	70 Pound Street, Grafton	C	929081	B5 Business Development	Commercial office
Mulgi Drive	32 Mulgi Drive, South Grafton	24	1084292	IN1 General Industrial	Vacant land
Weeds Depot	Lilypool Road, South Grafton	7	114051	IN1 General Industrial	Office, storage sheds
Floodplain Depot	33 Brickworks Lane, South Grafton	13 & 14	800834	IN1 General Industrial	Office, storage sheds

2. That Council list the following property for sale (when the office relocations are completed) with all interested Real Estate agents in Maclean with the minimum reserve price for the property being as per the confidential attachment to this report and the General Manager be delegated authority to sign all contracts associated with the sale.

PROPERTY NAME	ADDRESS	LOT	DP	ZONE	TYPE
McNaughton Place	1 McNaughton Place, Maclean	1 & 408	612175	B2 Local Centre	Commercial office

3. That Council list the following properties for sale and leaseback with all interested Real Estate agents in Grafton with the minimum reserve price for each property being as per the confidential attachment to this report and that the General Manager report back to council the negotiated terms before finalising the contract and lease agreements.

PROPERTY NAME	ADDRESS	LOT	DP	ZONE	TYPE
South Grafton Depot	11 Schwinghammer Street, South Grafton	163, 274 & 276	751385	IN1 General Industrial	Office, workshop, stores
Bruce Street Depot	28 Bruce Street, Grafton	1	213901	R1 General Residential	Office, storage sheds
Victoria Street Office	42 Victoria Street, Grafton	11	587320	B3 Commercial Core	Commercial office

4. That the General Manager provide a report to the March 2016 Council meeting identifying further property assets that can be considered for sale.

MOTION

Simmons/Toms

1. That Council list the following properties for sale with all interested Real Estate agents in Grafton with the minimum reserve price for each property being as per the confidential attachment to this report and the General Manager be delegated authority to sign all contracts associated with each sale.

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4. That the General Manager provide a report to the March 2016 Council meeting identifying further property assets that can be considered for sale.
5. The proceeds from sale of surplus assets be applied as follows:-
 - a) Depot and like properties into the Strategic Building Reserve for use in depot rationalisation, and
 - b) Sale of offices and other properties not associated with depot rationalisation into a Fit for the Future infrastructure backlog reserve.

AMENDMENT TO MOTION

Williamson/ McKenna

1. That Council list the following properties for sale with all interested Real Estate agents in Grafton with the minimum reserve price for each property being as per the confidential attachment to this report and the General Manager be delegated authority to sign all contracts associated with each sale.

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4. That the General Manager provide a report to the March 2016 Council meeting identifying further property assets that can be considered for sale.
5. Council receive a report on the merits of the proceeds from sale of surplus assets being applied as follows:-
 - a) Depot and like properties into the Strategic Building Reserve for use in depot rationalisation, and
 - b) Sale of offices and other properties not associated with depot rationalisation into a Fit for the Future infrastructure backlog reserve.

Voting recorded as follows

For: Williamson, McKenna, Baker, Lysaught, Howe

Against: Toms, Simmons

The AMENDMENT was put and CARRIED and became the substantive motion.

AMENDMENT TO MOTION

Baker/ Toms

1. That Council list the following properties for sale with all interested Real Estate agents in Grafton with the minimum reserve price for each property being as per the confidential attachment to this report and the General Manager be delegated authority to sign all contracts associated with each sale.

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4. That the General Manager provide a report to the March 2016 Council meeting identifying further property assets that can be considered for sale.
5. Council receive a report on the merits of the proceeds from sale of surplus assets being applied as follows:-
 - a) Depot and like properties into the Strategic Building Reserve for use in depot rationalisation, and
 - b) Sale of offices and other properties not associated with depot rationalisation into a Fit for the Future infrastructure backlog reserve, or,
 - c) All to debt reduction of the general fund.

Voting recorded as follows

For: McKenna, Toms, Baker, Lysaught, Howe, Simmons

Against: Williamson

The AMENDMENT to the Motion was put and CARRIED and became the substantive motion.

AMENDMENT TO MOTION

Baker/Toms

1. That Council list the following properties for sale by auction with a Real Estate agent in Grafton with the minimum reserve price for each property being as per the confidential attachment to this report, and the General Manager be delegated to execute the contract on auction day where the sale reaches the reserve price and to take instruction from a delegated party of Council on auction day on any offers below the reserve price.

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 - Sale of offices and other properties not associated with depot rationalisation into a Fit for the Future infrastructure backlog reserve or,
 - All to debt reduction of the general fund.

Voting recorded as follows

For: Williamson, Toms, Baker, Lysaught, Howe, Simmons

Against: McKenna

The AMENDMENT to the Motion was put and CARRIED and became the substantive motion.

AMENDMENT TO MOTION

McKenna/

1. That Council list the following properties for sale by auction with a Real Estate agent in Grafton with the minimum reserve price for each property being as per the confidential attachment to this report, and the General Manager be delegated to execute the contract on auction day where the sale reaches the reserve price and to take instruction from a delegated party of Council on auction day on any offers below the reserve price.

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- c) All to debt reduction of the general fund.

The AMENDMENT lapsed for want of a seconder.

COUNCIL RESOLUTION 12.058/15

Simmons/Toms

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 - c) All to debt reduction of the general fund.

Voting recorded as follows

For: Williamson, McKenna, Toms, Baker, Lysaught, Howe, Simmons

Against: Nil

LINKAGE TO OUR COMMUNITY PLAN

Theme 5 Our Leadership

Objective 5.2 We will have an effective and efficient organisation

Strategy 5.2.2 Operate in a financially responsible and sustainable manner

BACKGROUND

At the Extraordinary Council meeting held 27 October 2015 Council resolved (refer Item 15.014/15) as follows:

"That the General Manager provide a report to the November 2015 meeting of Council identifying a minimum \$5 million of assets to be considered for sale as a first wave of asset dispersal".

KEY ISSUES

One of the key strategies identified in Council's "Fit for the Future" submission was the rationalisation of Council's works depots and administration offices to reduce duplication and operating costs.

At the September 2015 Council meeting (refer Item 12.041/15) Council committed \$85,000 from the Strategic Building Reserve to enable building renovations to be completed at Council's Victoria Street and Prince Street Grafton offices. The office renovations are currently underway and staff relocations have commenced between the administration offices at Prince Street, Victoria Street, Pound Street and the Weeds Depot in South Grafton. At this stage the staff relocations should be completed by the end of December 2015.

This will enable the Pound Street Grafton office and the Weeds Depot at Lilypool Road South Grafton to be leased or sold. Key Employment currently occupies the lower floor area of the Pound Street office under a month by month tenancy agreement.

Planning has also commenced for the relocation of staff from the McNaughton Place Maclean offices to 50 River Street Maclean. Once planning is complete, a report will be presented to Council at a future meeting for a suitable budget allocation to be provided to effect these moves.

In preparation for the office and depot rationalisations Taylor Byrne Valuers were engaged to provide Council with valuations of a number of Council properties. A summary of these properties is tabled below.

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The valuations for the sale of these nine (9) properties total \$5.305 million (excluding GST). A summary of the valuations for each property is included as a confidential attachment to this report.

The valuation for the 42 Victoria Street Grafton office is based on the property being sold subject to a 5 year leaseback to Council as the sole occupant.

The valuations provided by Taylor Byrne for the other properties have been prepared based on a vacant possession basis, except for Pound Street Grafton where the valuation is subject to the existing ground floor rental agreement.

It is recommended that the former Regional Library site, Pound Street Office, Weeds Depot, Floodplain Depot and the vacant industrial land at Mulgi Drive South Grafton all be listed for sale with all interested Real Estate agents in Grafton and the McNaughton Place Maclean office (when the office relocations are completed) be listed for sale with all interested Real Estate agents in Maclean with the minimum reserve price for each property being as per the confidential attachment.

At this point Council has not committed to the consolidation of depots in Grafton as the proposed new depot at South Grafton is still in the planning stages. As a result, Council is not in a position to dispose of the Victoria Street Admin Office, Bruce Street Depot or the South Grafton Depot as vacant possession. Accordingly, it is recommended that Council list these properties for sale and leaseback with all interested Real Estate agents in Grafton with the minimum reserve price for each property being as per the confidential attachment to this report and that the General Manager report back to council the negotiated terms before finalising the contract and lease agreements.

COUNCIL IMPLICATIONS

Budget/Financial

Property valuations to date have cost \$11,850 (Ex GST) and have been funded from the Economic Development Service.

In accordance with Council resolution 12.114/13 point 6 from Council's 17 September 2013 meeting, the proceeds of any sale of surplus assets are to be remitted into the Strategic Building Reserve unless determined by Council.

The property at 110 Spring Street South Grafton (former Regional Library site) was purchased under the Flood Prone Land Acquisition Program (FPLAP) and as a result 80% of revenue from the sale of the property has to be returned to the Federal Government.

Asset Management

The plans for asset rationalisation are consistent with the Buildings Asset Management Plan.

Policy or Regulation

In accordance with Section 377 (1)(h) of the Local Government Act Council cannot delegate the compulsory acquisition, purchase, sale, exchange or surrender of any land or other property (but not including the sale of items of plant or equipment).

Consultation

Report has been prepared in consultation with Council's Executive team.

Legal and Risk Management

N/A

Prepared by	Ashley Lindsay – Director Corporate
Attachment	Confidential Summary of Property Valuations

ITEM 14.125/15 MACLEAN SUPERMARKET PROPOSAL FOR LAND SWAP

Meeting	Corporate, Governance & Works Committee	14 July 2015
Directorate	Corporate	
Reviewed by	General Manager - Scott Greensill	
Attachment	Yes	

Having declared an interest, Cr Baker left the Corporate, Governance and Works Committee Meeting at 3:09 pm.

SUMMARY

This report presents to Council a proposal from Chums' Investments Pty Ltd for a land swap to enable their proposal for a new supermarket to be constructed within the Cameron Park/Centenary Drive Car park precinct at Maclean. Council provided owners consent to enable the development application to be submitted at its December 2014 meeting.

Re-zoning of various land parcels is required to enable the development to proceed and the rezoning is the subject of a separate report to the Environment, Planning and Community Committee meeting today Refer Item 13.092/15).

OFFICER RECOMMENDATION

That subject to the re-zonings being approved, as detailed in Council minute Item 13.092/15, Council agrees to the land swap with Chums' Investments Pty Ltd (as detailed in this report) and that Council's seal be affixed to the deed of agreement and associated land title transfers.

COMMITTEE RECOMMENDATION

Williamson/Toms

That the matter be deferred to the Ordinary Council Meeting.

Voting recorded as follows:

For: Kingsley, Simmons, Toms, Lysaught, Williamson

Against: Nil

Cr Baker returned to the Corporate, Governance and Works Committee Meeting at 3:12 pm.

Cr Baker, having declared an interest, left the Ordinary Meeting at 5:05 pm.

COUNCIL RESOLUTION – 14.125/15

(Crs Lysaught/Toms)

That subject to the re-zonings being approved, as detailed in Council minute Item 13.092/15, Council agrees to the land swap with Chums' Investments Pty Ltd (as detailed in this report) and that Council's seal be affixed to the deed of agreement and associated land title transfers.

Voting recorded as follows

For: Councillors Williamson, McKenna, Toms, Lysaught, Hughes, Howe, Kingsley

Against: Councillor Simmons

Cr Baker returned to the Ordinary Meeting at 5:06 pm.

LINKAGE TO OUR COMMUNITY PLAN

Theme 5 Our Leadership

Objective 5.2 We will have an effective and efficient organisation

Strategy 5.2.11 Ensure compliance with Statutory and Regulatory reporting requirements

BACKGROUND

A development proposal has been received by Council from Wakefield Planning on behalf of Chums' Investments Pty Ltd. The proposal is for a supermarket with associated parking and access together with the subdivision of land. The development encompasses the following land parcels:

- Lot 102 DP 1189229, 3-5 Centenary Drive Maclean – Owner Chums' Investments P/L
- Lot 103 DP 1189229, 7-9 Centenary Drive Maclean – Owner Clarence Valley Council
- Lot 1 DP 433991, 2/6 Clyde Street Maclean – Owner Chums' Investments P/L
- Lot 1 DP 796925, 1 Morven Street Maclean – Owner Chums' Investments P/L
- Lot 1 DP 119832, 3 Morven Street Maclean – Owner Chums' Investments P/L
- Lot 2 DP 796925, Morven Street Maclean – Owner Chums' Investments P/L

The attached plan TP10 A outlines in red Chums' Investments current land holding in the proposed development area.

The attached plan TP11 B outlines in red Chums' Investments requested land holding for the betterment of the efficiencies, safety and amenity of the proposed development area. The legend in the attached drawing also identifies 9 areas that require re-zoning and re-alignment as marked to create Chums' Investments new title.

Chums' Investments proposal for the land swap (as marked in attached plan TP11 B) is as follows:

- a. Areas A and D, currently Council land, are re-zoned and transferred to Chums' Investments (total area approximately 1860.7m², subject to survey),
- b. Areas B, C, H and I, currently Chums' Investments land, are re-zoned and transferred to Council (total area approximately 3,070m², subject to survey); and
- c. Areas E, F and G abutting the Maclean Bowling Club's land are re-zoned only.

This proposal will increase Council's land holding by some 1200m², about 450m² of which, once re-zoned, will be returned to park land.

KEY ISSUES

In accordance with the provisions of section 55 (3) (d) of the Local Government Act (LGA), contracts for the purchase or sale of land are exempted from the tender requirements of section 55 of LGA.

The Council land that is the subject of the land swap is classified as "Operational Land" and therefore there is nothing to prevent Council from entering into negotiations with Chums' Investments.

Council's solicitor David Baxter from Pikes & Verekers Lawyers has provided the following advice:

"The 'swap' may be characterised as a sale and purchase. There is nothing which prevents the Council accepting other land as the consideration for the sale of a parcel of land owned by the Council, or offering a parcel of land owned by the Council as consideration for land to be purchased by the Council. The important aspect is that the Council must have satisfied itself the land it will receive is at least of equivalent value to

the land it will transfer to the developer. I believe the Council should have valuations carried out in order to protect itself from the argument it failed to check the value."

Valuers Australia were engaged to provide the independent valuations of the proposed land swap to ensure Council achieves "value for money". A copy of their valuation report is attached (refer Attachment C).

Attachment B details the various sites involved in the land swap. Tabled below is a summary of the land swap proposal and the independent valuations of each site.

CHUMS to Clarence Valley Council		
Site	Area	Valuation*
Site B	184m ²	\$100,000
Site C	2,435m ²	\$975,000
Site H	407m ²	\$225,000
Site I	44m ²	\$24,000
TOTAL	3,070m²	\$1,324,000

**Note – Land has been valued based on existing zonings.*

Clarence Valley Council to CHUMS		
Site	Area	Valuation*
Site A	2.7m ²	\$1,500
Site D	1,858m ²	\$836,000
TOTAL	1,860.7m²	\$837,500

**Note – Land has been valued based on existing zonings.*

Section 4.4.5 of the valuation report refers to Site C (corner Clyde & Argyle streets) as being a property that has the appearance of previously being a Rural Store, Service Station or other commercial use which may have resulted in the site being contaminated. The valuation report recommends that Council determine the former use of the site and also carry out testing of the site to determine whether any contamination exists on the site. The valuation has been prepared based on the assumption that no contamination exists on the site.

Council's building file for the property has been reviewed and the file contained a Phase 1 & 2 Environmental Site Assessment completed by HLA-Envirosciences Pty Ltd dated August 2004 which was prepared on behalf of the then owner, Telstra Corporation.

Council's Senior Environmental Officer, Richard Roper, has reviewed the contamination report and the rezoning application. Mr Roper's comments are as follows:

- *"The planning proposal states this land will be used for carparking (zoned from B2 to SP2 – Carparking).*
- *The contamination report was prepared in 2004 to assess site suitability for residential land use. The planning proposal seeks to rezone the land for a less sensitive land use than what the report was prepared for. Since the report was published there have been changes in the investigation and screening levels used to determine a site's suitability. I have assessed the levels in this report against current criteria.*
- *The report by HLA- Envirosciences concludes that soils in the site generally met acceptable limits for residential land except for one test location where levels for copper, lead, zinc and mercury exceeded criteria. The report contains statistical analysis that determines that these levels are most likely within recommended limits. Comparison of these levels with the current Health Investigation levels for Commercial/Industrial sites results in no unacceptable contamination levels.*
- *There was hydrocarbons detected in the groundwater but the report indicates this is likely from off site and the consultant considers this would not impact use for residential purposes'*

The only other issues with regard to contamination I could foresee could be when developing the site there could be;

- *unknown contamination under the existing building (as this could not have been tested) or*
- *asbestos contamination of the soil as the report does note that there are 'fill soils' on the site. The report did consider possibility of asbestos contamination (12.1) but only considered criteria at that time which required that there was no asbestos in surface soils.*

Overall, when considering the contamination report, if the site is to be used for carparking there is minimal risk with soil contamination issues".

Based on Mr Roper's assessment of the HLA contamination report, the risk of site soil contamination is minimal.

The area of Council land that is proposed to be swapped with Chums' land is approximately 1,860.7m². The land being offered to Council by Chums' totals 3,070m². The independent valuation obtained indicates that Council will achieve "value for money" from the proposed land swap.

On this basis the proposed land swap is considered to be an acceptable outcome for Council.

COUNCIL IMPLICATIONS

Budget/Financial

The solicitor for Chums' Investment has confirmed that Chums' will be responsible for all costs associated with preparing, progressing and submitting whatever is required for the subdivision to proceed to registration. Chums' and Council will be responsible for their own costs in facilitating the land title transfer.

The valuation obtained from Valuers Australia cost \$3,850.00 (GST Inclusive) which was funded from the Strategic Building Reserve.

Asset Management

The area of Council land that Chums' has requested from Council to enable their supermarket development to proceed was planned to be a public car park under the previously approved supermarket development.

It is planned, for the land on the corner of Clyde/Argyle/Morven Streets which is offered by Chums' to Council, will have a public car park constructed on it in order to replace the parking lost from the new supermarket proposal.

Council will be responsible for the construction of the car park.

Policy or Regulation

Disposal of Surplus Council Land & Buildings Policy. Provided Council obtains an independent valuation of the land that is subject to the land swap Council's policy will be complied with.

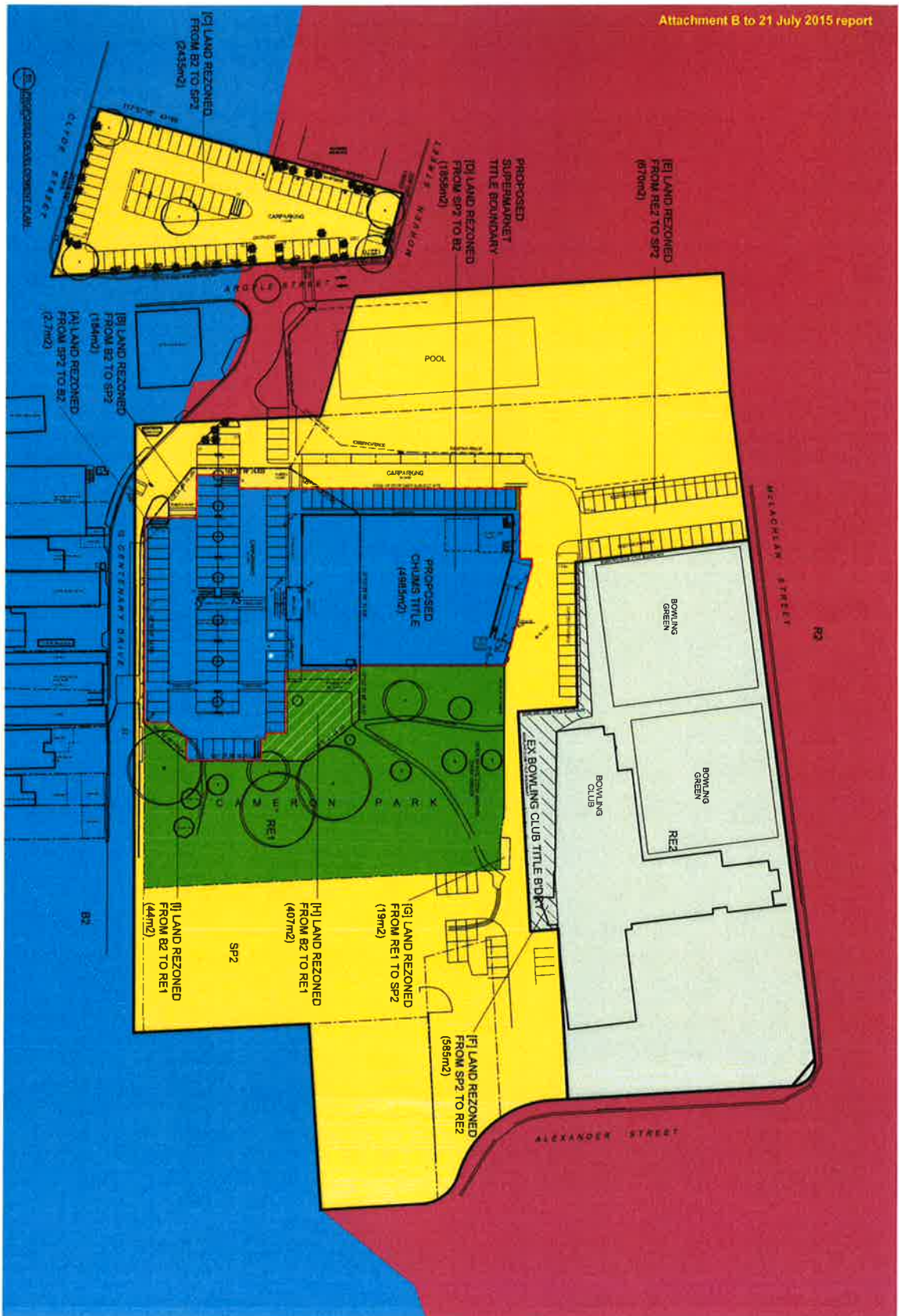
Consultation

This report has been prepared in consultation with Council's Senior Environmental Officer.

Legal and Risk Management

Council's solicitor David Baxter has advised that "Land swaps may be effected by agreement or a deed containing clauses specifically drafted to apply to the agreement negotiated by the parties".

Prepared by	Ashley Lindsay – Director Corporate
Attachment	Attachment A – TP10 Supermarket Proposal – Existing Zones & Boundaries Attachment B – TP11 Supermarket Proposal – Proposed Zones & Boundaries Attachment C – Valuation for Proposed Land Swap



ZONES

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- B2 LOCAL CENTRE
- RE1 PUBLIC RECREATION
- RE2 PRIVATE RECREATION
- SP2 INFRASTRUCTURE
- R2 LOW DENSITY RESIDENTIAL

CHUMS TITLE

TITLE SUMMARY

CHUMS to CVC	
B	B2 to SP2
C	B2 to SP2
H	B2 to RE1
I	B2 to RE1
TOTAL	3070m ²
CVC to CHUMS	
A	SP2 to B2
D	SP2 to B2
TOTAL	1860.7m ²
CVC RE-ZONING	
E	RE2 to SP2
F	SP2 to RE2
G	RE1 to SP2
TOTAL	1274m ²

NO	MANUFACTURE OF TILES	SP	DATE
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concept +
design + interiors +
project management

Level 1, 100-102 Maclean Road
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The Maclean Road Pty Ltd ABN 62 024 141 638
SP2 to SP2 (19m²)

PROPOSED SUPERMARKET

PROJECT ADDRESS

MACLEAN
NSW 2463

PROPOSED ZONES AND BOUNDARIES

IGA DISTRIBUTION PTY LTD

DATE	SCALE	REVISION
MAR 15	1:500	
SHAW	CHICKER	
RR RC	IW	
DATE	SCALE	REVISION
12/2/17	TP11	B

AREAS NOTED ARE APPROXIMATE ONLY
AND SUBJECT TO SITE SURVEY