



Civic Centre, 10 Watson Terrace
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I hereby give notice that a Council Meeting will be held on:

Date: Tuesday, 19 March 2024
Time: 6.00 p.m.
Location: Council Chamber
Civic Centre
10 Watson Terrace
Mount Gambier

CONFIDENTIAL AGENDA

Council Meeting
19 March 2024

A handwritten signature in black ink, appearing to read "Sarah Philpott", is positioned above the printed name and title.

Sarah Philpott
Chief Executive Officer
15 March 2024

23.6 STRATEGIC PROPERTY MANAGEMENT – REPORT NO. AR24/15120

CONSIDERATION FOR EXCLUSION OF THE PUBLIC

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except the Mayor, Councillors and (Council Officers) be excluded from attendance at the meeting for the receipt and consideration in confidence of Agenda Item 23.6 AR24/15120 Strategic Property Management.

The Council is satisfied that, pursuant to section 90(3) (b) and (d) of the Act, the information to be received, discussed or considered in relation to the Agenda Item is:

- information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is
 - conducting business; or
 - proposing to conduct business; or
 - to prejudice the commercial position of the Council
- commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected:
 - to prejudice the commercial position of the person who supplied the information, or
 - to confer a commercial advantage on a third party

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 discussion of the information to be considered in open could confer commercial advantage on a third party with whom Council is proposing to conduct business and accordingly could prejudice the commercial position of Council or benefit a third party in negotiations. The public interest in the consideration of this information is considered to be outweighed by the interest in obtaining best value for the community in the management of Council owned property holdings.

23.6 STRATEGIC PROPERTY MANAGEMENT – REPORT NO. AR24/15120

Committee:	Council
Meeting Date:	19 March 2024
Report No.:	AR24/15120
CM9 Reference:	AF13/64
Author:	Michael McCarthy, Manager Governance and Property
Authoriser:	Jane Fetherstonhaugh, General Manager Corporate and Regulatory Services
Summary:	This report presents the property at 46 James Street as potentially surplus and recommends commencement of a disposal process.
Strategic Plan Reference:	Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage Goal 5: Our Commitment

The Council is satisfied that, pursuant to Section 90(2) & (3) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this agenda item is:

- (b) information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting business; or proposing to conduct business; or to prejudice the commercial position of the Council
- (d) commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected: to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party.

REPORT RECOMMENDATION

1. That Council Report No. AR24/15120 titled 'Strategic Property Management' as presented on 19 March 2024 be noted.
2. That, having determined it to be surplus to any strategic or operational requirements, Council declare the property at 46 James Street surplus and authorise the Chief Executive Officer (or delegate) to determine, commence and settle a sale process for the property.
3. That market valuations be obtained for the property at 46 James Street as the existing land and building and as a cleared development site.
4. That a quotation be obtained for the demolition and clearing as a development site of the property at 46 James Street.
5. That demolition and clearing of the building at 46 James Street only be pursued in the event the total cost (including oncosts) is significantly lower than the difference in the valuations obtained in accordance with resolution 3, and budget approval for the demolition expense.
6. That the relevant valuation obtained in accordance with resolution 3 form the basis of a reserve price for the sale process.
7. That any revenues or additional expenses associated with the proposed sale be included in the next available budget review following their determination.



8. That the future design, reconfiguration and sealing/construction of the Senior Citizens car park be considered in the next periodical review of the relevant asset management plan.
9. That the Chief Executive Officer and Mayor be authorised to execute and affix the Council Seal to any documentation necessary to give effect to the proposal in resolution 2 in accordance with resolutions (3)-(7).

CONFIDENTIAL



TYPE OF REPORT

Corporate

BACKGROUND

46 James Street (vacant building located immediately west of the Senior Citizens Hall and car park) was purchased by Council in 1984, and was more recently held for the strategic purpose of consolidating with other existing landholdings and acquisitions at 38-44 James Street (including the Senior Citizens facility) to create a city centre development site.

Properties at 38-40 James Street were sold several years ago to enable the development of the dental facility now located immediately east of the Senior Citizens facility.

In the intervening period Council has invested significant capital expenditure in the replacement of the roof and internal fit-out of the Senior Citizens facility, including to accommodate users displaced from O'Halloran Terrace arising from the construction of Wulanda.

The remaining two (2) sites located to the west of the Senior Citizens facility comprise an unmade car park (44 James Street – licensed and used by the Senior Citizens) and a vacant building (46 James Street). The building was the subject of a building inspection following earlier failures of the front verandah, issues with water leaks and vegetation breaching the internals, and subsidence in the floors. The 1/7/2023 condition rating was '10' reflecting an asset at the end of its useful life.

A preliminary car park plan has been prepared to confirm that a car park (to formalise the unmade Senior Citizens car park) could be accommodated within the boundaries of 42 and 44 James Street (currently leased/licensed to the Senior Citizens for these purposes).

Accordingly, in the absence of another strategic or operational use Council may wish to consider the potential of the property at 46 James Street to be declared surplus to requirements and disposed of.

PROPOSAL

46 James Street is excluded from community land classification and is not constrained by the community land provisions of the Local Government Act 1999, and therefore may be sold.

Before a decision may be made to dispose of land consideration must be given to the requirements of clause 8 and 9 of Council's [Disposal of Land and Assets Policy](#), including documentation/record keeping of relevant considerations and appropriate disposal method(s).

Clause 8 of the policy provides that any decision to dispose of land and assets will be made after considering (where applicable):

- 8.1 the usefulness of the land or asset;
- 8.2 the current market value of the land or asset ;
- 8.3 the annual cost of maintenance;
- 8.4 any alternative future use of the land or asset;
- 8.5 any duplication of the land or asset or the service provided by the land or asset ;
- 8.6 any impact the disposal of the land or asset may have on the community;
- 8.7 any cultural or historical significance of the land or asset;
- 8.8 the positive and negative impacts the disposal of the land or asset may have on the operations of the Council;
- 8.9 the long term plans and strategic direction of the Council;
- 8.10 the remaining useful life, particularly of an asset;
- 8.11 a benefit and risk analysis of the proposed disposal;
- 8.12 the results of any community consultation process;
- 8.13 any restrictions on the proposed disposal;
- 8.14 the content of any community land management plan; and
- 8.15 any other relevant policies of the Council.



No significant issues have been identified with respect to the considerations set out in sub-clauses 8.1-8.15, however an independent valuation would be required to set a reserve price for a disposal in accordance with subclauses 8.2 and 9.1.1(b).

Further, in relation to risk and benefit analysis in subclause 8.11, consideration may also be given to whether Council might obtain a better return from demolishing the existing building before progressing with a disposal. However, the market itself may be better positioned to attribute value to the land and building and its potential removal.

Should Council determine to proceed with a disposal for 46 James Street, it is proposed that an independent market valuation be obtained, comprising two scenarios: a valuation of the land and building in its current state; and a valuation as a vacant development site with the building removed.

Further, that a quotation/estimate be obtained to demolish the building and clear the site as a vacant development site, and that Council only progress with a demolition prior to sale if the total demolition cost including all supervision and administrative overheads is substantially lower (i.e. 50% or lower) than the difference between the market valuations, to account for the significant cost risk of demolition works. Further consideration to demolition might also be given as a condition of sale/purchase if raised by a potential purchaser.

Accordingly, this report recommends that Council declare the property at 46 James Street as surplus to strategic or operational requirements, and that market valuations and demolition quotations be obtained to guide the way forward toward a disposal.

It is further proposed that the future design, reconfiguration and sealing/construction of the Senior Citizens car park be included in the next periodical review of the relevant asset management plan.

Anticipated revenues and any additional expenses associated with the proposed sale would be included in the next available budget reviews following their determination.

LEGAL IMPLICATIONS

N/A

STRATEGIC PLAN

2.1 We will commence work on meeting the community's aspirations for future infrastructure development, whilst managing our existing infrastructure and assets in a manner that demonstrates the pride we take in our environment.

2.1.1 Working with the community to ensure our CBD, health and education precincts, our streets and our public spaces are safe, inviting and support a positive image of the City of Mount Gambier.

COUNCIL POLICY

[Disposal of Land and Assets Policy](#)

ECONOMIC IMPLICATIONS

N/A

ENVIRONMENTAL IMPLICATIONS

N/A

SOCIAL IMPLICATIONS

N/A

CULTURAL IMPLICATIONS

N/A



RESOURCE IMPLICATIONS

Noting the potential sale (and demolition) costs associated with the disposal it is proposed that anticipated expenses be included in the next budget review, and similarly that any proceeds from sale be included as revenue in the next available budget review following the execution of a sale contract and confirmation of a proposed settlement date.

Similarly, having identified that the subject land is adjacent and forms an extension of the unmade carpark for the adjacent Senior Citizens facility, that the future design, reconfiguration and sealing of the Senior Citizens car park be included in the next periodical review of the relevant asset management plan.

VALUE FOR MONEY

N/A

RISK IMPLICATIONS

Given the 'end of useful life' condition of the building at 46 James Street, this building poses a future risk for damage/injury, maintenance and vandalism, and likely demolition in the future if ownership remains with the Council for no particular strategic or operational purpose.

Council also has a risk in considering expenditure for demolition of the building, if such demolition would not increase the value of the land by at least the cost of demolition, which would include asbestos removal as well as disposal of the building materials and make good groundworks to a satisfactory condition for a potential purchaser, exposing Council to further risk for breach of contract/warranty of fitness of the development site.

Disposal of the property in its current form is considered to present the lowest risk option, albeit at a potentially lower sale price, depending on what value/discount the market applies to the building.

EQUALITIES AND DIVERSITY IMPLICATIONS

N/A

ENGAGEMENT AND COMMUNICATION STRATEGY

N/A

IMPLEMENTATION STRATEGY

N/A

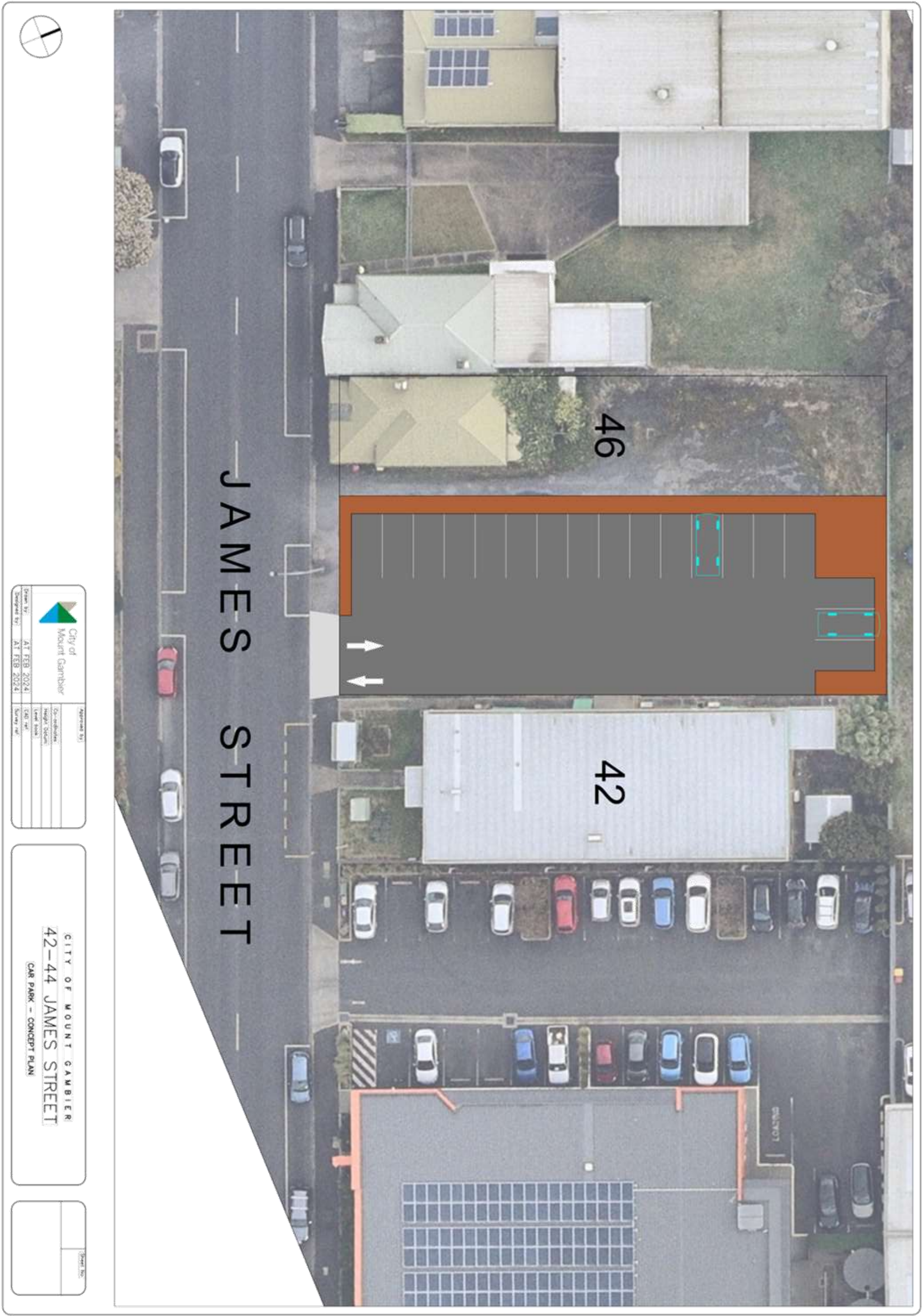
CONCLUSION AND RECOMMENDATION

This report recommends that Council declare the property at 46 James Street as surplus to any strategic or operational requirements, and that market valuations and demolition quotations be obtained to guide the administration toward a disposal.

ATTACHMENTS

1. Map - 46 James Street, Mount Gambier [↓](#) 





CONSIDERATION FOR KEEPING ITEMS CONFIDENTIAL

1. In accordance with Sections 91(7) and 91(9) of the *Local Government Act 1999* the Council orders that the report 23.6 AR24/15120 Strategic Property Management and its attachments, resolution/s and minutes arising from the report, having been considered by the Council in confidence under Section 90(2) & (3) (b) and (d) be kept confidential and not available for public inspection until the earlier of: an agreement relating to the subject matter of the report having been fully executed and settled, or 2 years after the matter has been formally abandoned. Resolutions 2, 3 and 6-9 be released following consideration by Council.
2. Further that Council delegates the power to review, revoke, but not extend the confidential order to the Chief Executive Officer in accordance with the provisions of Section 91(9)(c) of the *Local Government Act 1999*.

CONFIDENTIAL

**MINUTES OF CITY OF MOUNT GAMBIER COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT
GAMBIER
ON TUESDAY, 19 MARCH 2024 AT 6.00 P.M.**

PRESENT: Mayor Lynette Martin (OAM), Cr Frank Morello, Cr Josh Lynagh, Cr Kate Amoroso, Cr Mark Lovett, Cr Max Bruins, Cr Paul Jenner, Cr Sonya Mezinec, Cr Jason Virgo

OFFICERS IN ATTENDANCE: Chief Executive Officer - Mrs S Philpott
General Manager City Infrastructure - Ms B Cernovskis
General Manager Corporate and Regulatory Services - Mrs J Fetherstonhaugh
Manager Governance and Property - Mr M McCarthy
Manager Financial Services - Mrs J Scoggins
Media and Communications Coordinator - Ms S McLean
Executive Administrator - Ms T Chant

RESOLUTION 2024/63

Moved: Cr Sonya Meziniec

Seconded: Cr Jason Virgo

CONSIDERATION FOR EXCLUSION OF THE PUBLIC

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except the Mayor, Councillors and S Philpott, B Cernovskis, J Fetherstonhaugh, M McCarthy, J Scoggins, S McLean, E Solly, B Shearing, A Stevens and T Chant be excluded from

attendance at the meeting for the receipt and consideration in confidence of Agenda Item 23.6 AR24/15120 Strategic Property Management.

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CARRIED

Cr Josh Lynagh left the meeting at 8:01pm

RESOLUTION 2024/64

Moved: Cr Max Bruins

Seconded: Cr Sonya Meziniec

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CARRIED

RESOLUTION 2024/65

Moved: Cr Jason Virgo

Seconded: Cr Sonya Meziniec

CONSIDERATION FOR KEEPING ITEMS CONFIDENTIAL

1. In accordance with Sections 91(7) and 91(9) of the *Local Government Act 1999* the Council orders that the report 23.6 AR24/15120 Strategic Property Management and its attachments, resolution/s and minutes arising from the report, having been considered by the Council in confidence under Section 90(2) & (3) (b) and (d) be kept confidential and not available for public inspection until the earlier of: an agreement relating to the subject matter of the report having been fully executed and settled, or 2 years after the matter has been formally abandoned. Resolutions 2, 3 and 6-9 be released following consideration by Council.
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CARRIED