



**CONFIDENTIAL SPECIAL COUNCIL
MEETING**

CONFIDENTIAL MATTERS

4.1 Ice Sports Facility arrangements with SA Government4

4.1 ICE SPORTS FACILITY ARRANGEMENTS WITH SA GOVERNMENT

Contact Person: Mr James Pollock

Why is this matter confidential?

Subject to an order pursuant to Section 90 (3) (d) of the Local Government Act 1999, this matter is confidential because the information provided from a third party is still considered confidential until such time Council have considered the matter.

A. COUNCIL/COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

B. THE BUSINESS MATTER

4.1 ICE SPORTS FACILITY ARRANGEMENTS WITH SA GOVERNMENT

Responsible Executive Manager : Mr James Pollock

Report Author : Mr Fred Pinxteren

Delegated Authority : Matters which cannot be delegated to a Committee or Staff.

PURPOSE

To inform Council that State Government has approved funding arrangements for the Ice Rink Development subject to various terms and conditions.

STAFF RECOMMENDATION

1. That Council endorse the State Government proposal of providing a \$10million interest free loan for 10 years to the City of Playford towards the construction of the Ice Rink Facility in line with the previous Council resolution in July 2016.
2. The loan agreement to the Developer from the City of Playford is to be brought to a future Council meeting.
3. That Council endorse the community land revocation classification pursuant to section 194(3)(b) of the Local Government Act 1999 over portion of allotment 259 in Deposited Plan 6288 comprised in Certificate of Title Volume 2633 Folio 132 located on Ashfield Road, Elizabeth (the Site) as approved by the Minister.

EXECUTIVE SUMMARY

1. Council has previously supported the Proponent's Ice Sports Facility proposal to be built within the Playford CBD as per previous Council resolution 2639.
2. The proponent, in its expression of interest/submission to the SA Government, requested the provision of a \$10m interest free loan over 10 years as part of the proposal.

3. The SA Government has supported the proponent's Ice Sports Facility proposal and approved a \$10m interest free loan, on the proviso that the \$10m loan is provided directly to the City of Playford specifically for funding the Ice Sports Facility.
4. This report seeks Council's approval to accept the \$10m interest free loan (10 year term) from SA Government to City of Playford to fund the Ice Sports facility proposal. The City of Playford will retain sufficient security over the project (through the asset) to mitigate risk of repaying the loan in 10 years.
5. Loan documents and specific arrangements between SA Government and City of Playford will be finalised once Council has resolved to accept the loan.
6. Council will control the release of funds to the Developer.

1. BACKGROUND

In February 2015 the Developer contacted Council staff seeking assistance to find a suitable site for an ice rink development aimed at ice sports and recreational skating. Council staff worked with the Developer investigating a number of sites within the Northern CBD and Sports Precinct.

After an extensive analysis of available sites the Developer indicated a desire to be in the Northern CBD due to the entertainment nature of the facility. The Developer initially approached the Shopping Centre as there were obvious synergies with being located adjoining the Centre. The Shopping Centre were supportive of the concept but the Developer determined that the Centre site would not work due to lack of room on the site and ownership restrictions.

The Developer's preferred site became the southern corner of Main North Road and Philip Highway (the Site). At the time Council had an exclusivity agreement with another Developer over this site. The Ice Rink Developer expressed interest to Council in developing the rink on Allotment 12 in the event that this exclusivity expired and the site remained undeveloped.

Council agreed to an Exclusivity Agreement MoU with the Developer in February 2016 which included a clause that a contract would be entered upon State and Federal funding agreements occurring. As such the Developer is now in a position to execute a contract and as such endorsement from Council is sought.

Council has recently been advised that an interest free loan contribution of \$10 million has been approved by the State Government, however, funding is to be granted to the Council who will then release the loan funding to the Developer.

2. RELEVANCE TO STRATEGIC PLAN

4: Smart CBD Program

Outcome 4.5 Commercial Growth

This decision will impact on the progress of Council's Smart CBD Program, as it will determine the approach taken to development of Lot 12 of the Northern CBD.

3. PUBLIC CONSULTATION

Community consultation has already occurred for the revocation of community land classification over the Site. There is no further requirement to consult with the community.

4. DISCUSSION

- 4.1** Council has previously supported the Proponent's Ice Sports Facility proposal to be built in Playford as per Council resolution 2639 in July 2016 – Confidential Report.
- 4.2** The proponent, in its expression of interest/submission to the SA Government, requested the provision of a \$10m interest free loan over 10 years as part of the proposal.
- 4.3** The SA Government has supported the proponent's Ice Sports Facility proposal and approved a \$10m interest free loan, on the proviso that the \$10m loan is provided directly to the City of Playford specifically for funding the Ice Sports Facility.
- 4.4** This report seeks Council's approval to accept the \$10m interest free loan (10 year term) from SA Government to City of Playford to fund the Ice Sports facility proposal. The City of Playford will retain sufficient security over the development to mitigate risk of the liability in repaying the loan in 10 years.
- 4.5** Loan documents and specific arrangements between SA Government and City of Playford will be finalised once Council has resolved to accept the loan.
- 4.6** Council will control the release of funds to the Developer. Council will be liable for the loan but will hold adequate security over the Ice Rink Facility in the event of a loan default.

5. OPTIONS

Recommendation

1. That Council endorse the State Government proposal of providing a \$10million interest free loan for 10 years to the City of Playford towards the construction of the Ice Rink Facility in line with the previous Council resolution in July 2016.
2. The loan agreement to the Developer from the City of Playford is to be brought to a future Council meeting.
3. That Council endorse the community land revocation classification pursuant to section 194(3)(b) of the Local Government Act 1999 over portion of allotment 259 in Deposited Plan 6288 comprised in Certificate of Title Volume 2633 Folio 132 located on Ashfield Road, Elizabeth (the Site) as approved by the Minister.

Option 2

Council does not endorse the State Government funding and instead instructs Council how to proceed with the strategy of the allotment.

6. ANALYSIS OF OPTIONS

6.1 Recommendation Analysis

6.1.1 Analysis & Implications of the Recommendation

- Contractual and Legal – Due to size and scale of the proposal appropriate terms and conditions to mitigate the risk involved will require further review by Council. These risks will be outlined to Council in a further report for a decision to determine if these risks are acceptable.
- Reputational – The Playford Arena has the potential to have a positive impact for the City of Playford. It will create a long term positive affect for the locality and coupled with the creation of the remainder of the Northern CBD, will significantly increase the perception of the area. Should the development not be successful however, there is a risk involved that there will likely be negative press and repercussions. This risk should be considered by Council staff with a contingency plan put in place should the Playford Arena not proceed. This should also include plans of what will be required should the Developer become bankrupt after construction of the building has occurred. This will be outlined in a further report.
- Community Impacts – Increased activation for the northern CBD and surrounding business will mean surrounding business should expect increased traffic and profitability through the development of the Playford Arena. This increase can be expected almost immediately during the construction phase from on-site employment to ongoing visitors to the area that will utilise the Arena.
- Public Safety and Infrastructure – As the Site is located on the Southern side of Main North Road and Philip Highway, the risk to public safety is significantly reduced. Should development be approved on the site at a later date, appropriate safety measures will be required to be adhered to and Playford staff will be heavily involved during the construction stage of development to ensure public safety and infrastructure are maintained.

6.1.2 Financial Implications

A further report will be prepared by Council that will outline the financial and resource implications.

6.2 Option 2 Analysis

6.2.1 Analysis & Implications of Option 2

There will be no implications in the short term however this will be dependent on the Council instructs Staff to proceed with the strategy of the allotment.

6.2.2 Financial Implications

There will be no financial implications in the short term.

C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 4.1 IS TO BE KEPT IN CONFIDENCE**Purpose**

To resolve how long agenda item 4.1 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 4.1 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (d) of the Local Government Act 1999:

- *To be determined by Council*

This order shall operate until the public announcement regarding the state funding is released or will be reviewed and determined as part of the annual review by Council in accordance with Section 91(9)(a) of the Local Government Act 1999, whichever comes first.