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## **CONFIDENTIAL ORDINARY COUNCIL MEETING**

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**CONFIDENTIAL MATTERS****Services Committee**

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### **SERVICES COMMITTEE**

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***Confidential Matters***

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**17.1 4 LANGFORD DRIVE, ELIZABETH MATTERS**

Contact Person: Mr Simon Blom

**Why is this matter confidential?**

This matter is Confidential due to the commercial detail which would be considered to detriment Council and provide advantages to third parties should the information be made publicly available.

Subject to an order pursuant to Section 90 (3) (d) of the Local Government Act 1999, this matter is confidential because the report also refers to commercial detail which would be considered to detriment Council and provide advantages to third parties should the information be made publicly available.

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

No action – this motion passed in the open section.

**B. THE BUSINESS MATTER****17.1 4 LANGFORD DRIVE, ELIZABETH MATTERS**

**Responsible Executive Manager :** Mr Simon Blom

**Report Author :** Mr Daniel Turner

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

**PURPOSE**

To present an overview of the agreed terms and contract conditions for the disposal of 4 Langford Drive, Elizabeth for Council consideration and if satisfied, provide delegation to the CEO and General Manager, City Assets for contract execution.

**STAFF RECOMMENDATION**

Council provide delegation to the CEO and General Manager City Assets to finalise and execute a contract for disposal of 4 Langford Drive, Elizabeth to Peter Page Holden as summarised in discussion point 4.8 within this report.

**COMMITTEE RESOLUTION****4359**

**Council provide delegation to the CEO and General Manager City Assets to finalise and execute a contract for disposal of 4 Langford Drive, Elizabeth to Peter Page Holden as summarised in discussion point 4.8 within this report.**

## EXECUTIVE SUMMARY

Following recent endorsements which acknowledged 4 Langford Drive, Elizabeth being surplus to Council requirements and approval for staff to directly negotiate with Peter Page Holden for the disposal of the asset, staff have now finalised negotiations accordingly. Staff are now requesting Council to consider the terms and conditions within the report and if satisfied, provide delegation to the CEO and General Manager City Assets to execute a contract.

In summary, the contract is essentially unconditional at the previously endorsed agreed price of \$760,000 plus GST with a settlement date envisaged to occur on the 29<sup>th</sup> January 2021. Staff have included a condition however to extend settlement date to 15 days after staff confirmation that TRY have exited the premises in line with an agreed exit strategy and providing this occurs prior to 28 February 2021. This particular condition has been included to provide assurance to Council that it will not be required to settle until exit strategy requirements have been met which provides assistance to affected families as agreed to by both parties.

This exit strategy requires TRY Australia to provide a minimum \$38,000 commitment for staff training/upskilling, family transition support, employee assistance program sessions for staff and families, Goodstart consultancy to assist with alternative staff placements, payments for children bonds and contributions to gap payments and other costs as required.

To date, Council have been working closely with TRY Australia to ensure this commitment is met and have been actively working on this agreement and assisting with Council requests in a timely manner. Furthermore, recent communication with the TRY Australia consultant has revealed that Crittenden Road Early Learning & Kinder have agreed to accommodate any families that have been affected and subject to a number of families taking up the opportunity will be interviewing TRY staff for employment. Furthermore, the TRY consultant has advised that they had not received any negative feedback from the families involved however were going to keep Council staff informed as TRY Australia progress towards exiting the premises and lease termination on 31 December 2020.

### 1. BACKGROUND

On 22 June 2010 Council completed a service review of the Playford Community Children's Centre, investigating Council's assets and viability to continue and on 12 April 2011 Council made the resolution to cease management of the centre due to operating losses averaging \$125,065 per annum. This was attributed at the time to high staffing costs from employees on the Council EA as opposed to the childcare award.

On 22 November 2011 Council made the resolution to lease the property to TRY Australia Children's Services who since that time have indicated the service has not been profitable and have had increasingly high vacancy rates since occupying the premises. The Lessee has approached Council on a number of occasions to discuss termination of the lease with the most recent correspondence indicating annual losses have averaged in excess of \$100,000 per annum throughout the entire lease period.

More recently, a risk / outcome rating assessment process was conducted which identified 4 Langford Drive, Elizabeth as one of eight (8) priority sites to focus on as part of Council's long term financial plan initially presented at the October 2019 services committee. Since this time, a strategic land use assessment (SLUA) has been completed by internal staff for further analysis of the asset.

Upon completion of the SLUA, staff presented a report in August 2020 which detailed the options and risks associated with disposal and leasing/retention of the asset as Childcare Centre/Community asset. Endorsement of this meeting was as follows:

1. Acknowledge the asset is surplus to Council requirements.
2. Agree to the lease termination at 4 Langford Drive, Elizabeth and authorise staff to negotiate an exit strategy with the lessee.
3. Staff to engage market to consider repurposing of asset options which will include open market disposal and direct sale or long term lease opportunities. Options to be presented to Council at a later meeting for delivery/investment decision.

Following this resolution, staff engaged the market and have been liaising with TRY Australia in relation to an exit strategy and timing in line with Council endorsement. A further report was then prepared for the October 2020 ordinary Council meeting which provided options for consideration, with endorsement of the following:

1. Council agree to dispose of the property situated in Certificate of Title Volume 5549 Folio 106 and known as 4 Langford Drive, Elizabeth.
2. Pursuant to Section 49 of the Local Government Act and Council's Sale of Land and Other Assets Policy, Council resolves that the offer presented by Peter Page Holden is considered as 'being appropriate' to dispose of via direct negotiation.
3. Council to provide delegation to the CEO and General Manager City Assets to consider terms of the contract of sale to Peter Page Holden and for staff to prepare a draft contract of sale.
4. Staff to present a further report to Council at a later meeting and present final terms and contract conditions prior to contract execution.

In line with this resolution, staff have now negotiated final terms and conditions with the Purchaser to confirm they are satisfactory to Council prior to execution.

## **2. RELEVANCE TO STRATEGIC PLAN**

### **4: Smart CBD Program**

Outcome 4.1 Expanded range of local services

Outcome 4.5 Commercial Growth

The decision will impact the Council's Smart CBD Program as the asset is included as a strategic parcel within the current CBD Masterplan together with the whole block bounded by Elizabeth Way, Langford Drive and Goodman Road. This is an area of interest due to the proximity to the train station and Mountbatten Square. Due to the relatively small size of the allotment and limited main road exposure, the site is not considered to have strong strategic significance unless amalgamated with an adjoining allotment fronting Philip Hwy/Elizabeth Way.

The outcome from this decision is considered to positively affect growth and diversification of local jobs in the CBD as the asset is anticipated to have increased local employment opportunities and commercial growth through a change of asset class. The asset is currently underutilised with inconsistent attendance and the majority of staff are casual employees that are sourced through local employment agencies.

Should execution of a sales contract with Peter Page be endorsed, there will be an expanded range of car brands to include Hyundai as well as increased mechanical servicing opportunities which will draw locals and visitors to the area.

### 3. PUBLIC CONSULTATION

Council resolved to revoke the community land status of 4 Langford Drive, Elizabeth in line with the *Local Government Act 1999*. A report completed by Maloney Field Services (2005) reviewed all Council land status and confirmed the asset was listed as 'Freehold'. As such there is no requirement to further consult with the community.

### 4. DISCUSSION

- 4.1 As detailed in the confidential report to Services Committee 18<sup>th</sup> August 2020, the current net operating position of the asset is \$7,737 per annum however the property is in dire need of an uplift or refit, so this position is unsustainable. To uplift the property to a basic fit for purpose standard is estimated at \$312,000. To refit the asset to a modern centre or for other use a Council outlay of approximately \$825,000 (\$1,250m<sup>2</sup>) would be required.
- 4.2 The Lessee had approached the market in an attempt to assign their lease to another operation which was unsuccessful, indicating there is limited or no other market interest to lease the asset in its current condition.
- 4.3 The asset is listed in the long term financial plan to be disposed of in the 2020/2021 financial year with a net value of \$779,000. A third party market valuation has recently been completed on the property which indicates the actual estimated market value to be \$750,000 based on a leased premises. Council should also note that the current written down value of the property which takes into consideration the depreciated value of money spent on the asset is \$1,196,414.
- 4.4 On 28 October 2020 TRY Australia advised their employees and affected families that the centre will be closing. Shortly after this time an online petition was created via social media and received a number of negative comments directed at the City of Playford. This petition was created by TRY Australia employees and included misleading information that the City of Playford were closing down the centre. Discussions were held with the CEO of TRY Australia who in turn advised their employees were in breach of their code of conduct, ICT and social media policies and apologised for their actions. The petition has since been removed with no further negative publicity being revealed to date.
- 4.5 Whilst staff have received several calls from the public, they have been generally understanding upon providing the correct information in relation to the closure. It is the intention of staff to monitor the closure of the centre closely and advise Elected Members of any important information that may affect the reputation of Council should it be revealed.
- 4.6 Council staff have been working closely with TRY Australia CEO to ensure adequate support is provided to their employees and families affected by the closure. It has been agreed that TRY will commit a minimum of \$38,000 to the closure of the centre. This financial commitment will include employee training/upskilling, family transition support, employee assistance program sessions for employees and families, Goodstart consultancy to assist with alternative employee placements, payments for children bonds and contributions to gap payments and other costs as required.
- 4.7 Discussions with engaged Goodstart consultant have advised that an agreement has recently been reached with Crittenden Road Early Learning & Kinder which ensures any children that require re-location will be able to have access to this centre. Providing a number of families take up this opportunity, the centre will be



providing interviews to affected TRY Australia employees with the view to provide employment upon being considered suitable for the positions.

**4.8** The key contract terms of the contract are summarised in the below table:

Contract Terms	Outcome	Notes
Sale Price	\$760,000	Exclusive of GST. Sold with Vacant Possession
Deposit	\$83,600	10% purchase price Inclusive of GST
Settlement	29-Jan-21	Or 15 days upon satisfaction the Lessee has vacated the premises in line with approved exit strategy, whichever is later
<b>Special Conditions</b>		
Lease Surrender/Termination	31-Dec-20	Lessee due to vacate premises on 31 December 2020. This is subject to compliance with the agreed exit strategy
Final date for Lease Surrender/Termination	28-Feb-21	Should Council not be satisfied with compliance of the exit strategy by 28 February 2021, either party have the right to terminate the contract

## 5. OPTIONS

### Recommendation

Council provide delegation to the CEO and General Manager City Assets to finalise and execute a contract for disposal of 4 Langford Drive, Elizabeth to Peter Page Holden as summarised in discussion point 4.8 within this report.

### Option 2

Council do not agree to the terms and conditions of the contract to Peter Page Holden and provide direction to staff how to proceed.

## 6. ANALYSIS OF OPTIONS

### 6.1 Recommendation Analysis

#### 6.1.1 Analysis & Implications of the Recommendation

- Contract terms and conditions are in line with those previously presented at recent Council meetings.
- The recommendation has been determined via a third party commercial specialist to provide the highest Net financial benefit to Council.

- Disposal of the asset is in line with the Long Term Financial Plan and the conditions will allow Council to achieve a result in the 2020-2021 financial year as indicated in the LTFP.
- The decision aligns with original recommendations of the Strategic Land Use Assessment.
- The recommendation will allow Peter Page Holden to expand their business to include other car brands which will create employment, attract visitors to the area, provide commercial rates and will secure the company in the Playford Council for the foreseeable future.
- Peter Page Holden have operated in Playford Council since 1971 and been an active contributor to the Playford Community such as creating employment, providing local mechanical apprenticeship opportunities and being a Playford commercial rate payer since this time. All of the above are expected to increase if the Langford Drive site is secured. Further to this, Peter Page Holden have consistently been an active contributor to the local community being a premier partner of Central Districts Football Club as well as being a sponsor for local sporting groups and charity provider to various organisations such as Playfords wheels in motion mentored driving program.
- Staff were contacted on 07/10/20 and informed that Peter Page Holden have formally been offered the Hyundai franchise subject to having a suitable site. Should they be unable to secure 4 Langford Drive, they will be required to find another location for their business. Should this occur, it will likely have a negative effect on Council rates.

#### 6.1.2 Financial Implications

Short-term = impacts on the current year budget

Long-term = impacts extending beyond one year, primarily implications on achievement of the LTFP and associated financial sustainability ratios

<b>Disposal to Peter Page Holden</b>	
Ongoing Financial Position	
<b>Annual Lease Income</b>	<b>-\$48,691</b>
<b>Rate Revenue</b>	<b>\$8,162</b>
<b>Total Revenue</b>	<b>-\$40,529</b>
<b>Expenditure</b>	
Maintenance	-\$3,895
Insurance	-\$2,266
Depreciation	-\$37,916
Interest	-\$18,573
<b>Total Expenditure</b>	<b>-\$62,650</b>
<b>Net Operating Position</b>	<b>\$22,121</b>

- Interest savings on current debt have been assumed from a net purchase price of \$755,000 that is expected to be achieved through direct negotiation with Peter Page Holden.
- Rate revenue is based on an estimated capital value of \$760,000 being provided by the Valuer General. Should capital improvements be developed over the site, it is anticipated the value and rates will increase accordingly.

- Insurance, maintenance and depreciation savings have been estimated from current costs attributed to the property.
- An annual lease income of \$48,691 will no longer be received however the overall long term net benefit is positive due to the savings achieved from avoiding maintenance, insurance, depreciation and interest costs.

The net operational impact of positive \$22,121 per annum will need to be reviewed (once off) as part of the of next year's budget process upon completion of settlement. The WDV (written down value, being land value plus depreciated value of assets) and financial impact of potential impairment upon disposal will also need to be considered. The current WDV is \$1,196,414 meaning the financial impact of potential impairment of the asset upon disposal is estimated at \$436,414. This being said, evidence suggests that it would be reasonable to assume that any financial impact is likely to increase the longer the asset is held by Council.

## **6.2 Option 2 Analysis**

### **6.2.1 Analysis & Implications of Option 2**

Analysis & Implications of Option 2 will be considered and presented to Council at a later date upon consideration of staff direction.

### **6.2.2 Financial Implications**

Staff will consider financial implications and present to Council at a later date upon receiving further direction how to proceed if Option 2 is endorsed.

## **C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 17.1 IS TO BE KEPT IN CONFIDENCE**

### **Purpose**

To resolve how long agenda item 17.1 is to be kept confidential.

### **STAFF RECOMMENDATION**

Pursuant to Section 91(7) of the Local Government Act 1999, the Committee orders that the following aspects of Item 17.1 be kept confidential in accordance with Committee's reasons to deal with this item in confidence pursuant to Section 90 (3) (d) of the Local Government Act 1999:

- Report for Item 17.1
- Minutes for Item 17.1

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of the Local Government Act 1999.

Pursuant to Section 91(9)(c) of the Local Government Act 1999, the Council delegates to the Chief Executive Officer the power to revoke this order at any time and the Chief Executive Officer must advise the Committee of the revocation of this order as soon as possible after such revocation has occurred.

**COMMITTEE RESOLUTION****4360**

Pursuant to Section 91(7) of the Local Government Act 1999, the Committee orders that the following aspects of Item 8.1 be kept confidential in accordance with Committee's reasons to deal with this item in confidence pursuant to Section 90 (3) (d) of the Local Government Act 1999:

- Report for Item 8.1
- Minutes for Item 8.1

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of the Local Government Act 1999.

Pursuant to Section 91(9)(c) of the Local Government Act 1999, the Council delegates to the Chief Executive Officer the power to revoke this order at any time and the Chief Executive Officer must advise the Committee of the revocation of this order as soon as possible after such revocation has occurred.

## **17.2 REPURPOSING ASSETS - SALE OF LOT 1 MINGARI ST MUNNO PARA - REVISED LEYTON OFFER**

Contact Person: Mr Simon Blom

### **Why is this matter confidential?**

Subject to an order pursuant to Section 90 (3) (b) of the Local Government Act 1999, this matter is confidential because it contains information that is commercially sensitive to an ongoing commercial negotiation.

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

No action – this motion passed in the open section.

### **B. THE BUSINESS MATTER**

## **17.2 REPURPOSING ASSETS - SALE OF LOT 1 MINGARI ST MUNNO PARA - REVISED LEYTON OFFER**

**Responsible Executive Manager :** Mr Simon Blom

**Report Author :** Mr Edi Bergamin

**Delegated Authority :** Matters which have been delegated to staff but they have decided not to exercise their delegation.

**Attachments :**

- 1 [↓](#). Revised land division plan for 4 Lot Sub-division
- 2 [↓](#). Site concept plan -SK07

### **PURPOSE**

To seek Council approval of the revised Leyton Property offer for the sale of Lot 1 which is a portion of the whole site located at Lot 479 Mingari St Munno Para (ex- Munno Para Bowling site).

### **STAFF RECOMMENDATION**

Council resolves:

- a) The sale of Lot 1 as per the revised land division plan (Attachment 1) which is a portion of the existing Lot 479 Mingari Street Munno Para (CT 6156/288) for the agreed price of \$5.54 Million (ex GST).
- b) The site area for the proposed Lot 1 (Attachment 1) will be subject to the Final Plan of Division.
- c) Pursuant to the Local Government Act 1999, the Chief Executive Officer be granted the delegation to finalise the drafting and execution of the land sale contract for the sale of Lot 1 (Attachment 1).

**COMMITTEE RESOLUTION****4362****Council resolves:**

- a) **The sale of Lot 1 as per the revised land division plan (Attachment 1) which is a portion of the existing Lot 479 Mingari Street Munno Para (CT 6156/288) for the agreed price of \$5.54 Million (ex GST).**
- b) **The site area for the proposed Lot 1 (Attachment 1) will be subject to the Final Plan of Division.**
- c) **Pursuant to the Local Government Act 1999, the Chief Executive Officer be granted the delegation to finalise the drafting and execution of the land sale contract for the sale of Lot 1 (Attachment 1).**

**EXECUTIVE SUMMARY**

The Council owned property located at Lot 479 Mingari Street, Munno Para was resolved by Council as a surplus asset and to be sold. As a consequence, the subject property has been included in the current Repurposing Assets Project.

In accordance to Council's Sale and Disposal of Land and Other Assets Policy, an Expression of Interest was undertaken to market the subject site as four serviced Torrens Title lots of varying site area or as a whole site (as previously marketed). An acceptable offer was received for the largest Lot 1 which is a portion of Lot 479 Mingari St Munno Para.

This report seeks Council approval of the revised Leyton Property offer for the sale of Lot 1 Mingari St Munno Para as per the revised land division plan (Attachment 1) and to proceed with the two stage land division process.

**1. BACKGROUND**

At the Ordinary Council Meeting on 27 October 2020, Council approved the sale of a smaller size Lot 1 to Leyton Property for the purchase price of \$4.29 Million (ex GST). The site area of Lot 1 was 11.000sqm as per the original plan of division for a four (4) lot sub-division. The original development proposal by Leyton Property for the subject site was for a petrol outlet, bulky good retail and associated parking.

Since the Council meeting, Leyton Property have further negotiated additional commercial outlets to be added to the original development proposal. This consequently resulted in the requirement for additional site area to the original Lot 1 site area of 11,000sqm. Due to the increase in building area and site layout design requirements, Leyton Property submitted a revised offer to Council based on a revised land division plan (Attachment 1). The latter is the subject of this report and is discussed in further detail with-in the report.

The historical background preceding and leading up to this property transaction for Lot 1 is outlined in the previous report. The report provides a brief timeline description of the key Council decision, community land revocation process, DPA rezoning process and the unsuccessful Emmett and Kaufland land sale contracts.

## 2. RELEVANCE TO STRATEGIC PLAN

### 1: Smart Service Delivery Program

#### Outcome 2.1 Smart development and urban renewal

This decision will assist Council's debt reduction strategy and also provide an opportunity for further capital investment, commercial development and employment opportunities in the City of Playford.

## 3. PUBLIC CONSULTATION

There is no requirement to consult the community on this matter.

## 4. DISCUSSION

For the subject site, the key issues that need to be considered regarding the sale of the revised Lot 1 to Leyton Property, which is a portion of the whole site located at Lot 479 Mingari St Munno Para are:

- Property Description and Valuation
- Development Plan
- Past Property Transaction Timelines
- EOI – 2019/20
- Revised Lot 1 Offer – Leyton Property
- Proposed Lot 1 Development
- Land Division Costs & Options
- Projected Land Division Revenue
- Rate Revenue
- Land Sale Contract & CEO Delegation

### 4.1 Property Description and Valuation

The whole site is an island site with a total frontage to both Main North Road (eastern boundary) and Curtis Road (southern boundary) of approximately 160 metres each. Secondary frontages to both Mingari Street and Myall Avenue of approximately 160 metres each. In accordance to DPTI traffic records, the current daily traffic volume is approximately 42,000 vehicles on Main North Road.

The site is generally level with service connections and no easements on the property. The site was formerly utilised as the Munno Para Bowling and Community Club which is currently a vacant site since the demolition of the clubrooms and bowling facilities and the relocation of the Bowling club to new start-of-the art facility at Goodman Rd Elizabeth.

The whole site area is 27,387 sqm. The legal property description of the whole site is summarised as follows:

Site address	: Lot 479 Mingari Street, Munno Para
Certificate of Title	: Volume 6156 Folio 288
Plan Reference	: Deposited Plan 10441
Hundred	: Munno Para
Development Plan Zoning	: Precinct 50 – Munno Para Commercial

A property valuation by McGees Property was undertaken on 15 February 2019 and is summarised as follows:

Valuation approach	: Direct comparison
Rate (\$/sqm)	: \$262/sqm
Market Value	: \$7,190,000 (ex GST)

The subject site, known as Lot 1 is a portion of the whole site as per the proposed land division concept plan (Attachment 1). The site area of the proposed Lot 1 as per the revised Leyton Property offer is 17,200sqm which includes the original Lot 1 (site area = 11,000sqm) plus portions of Lots 2, 3, and 4 (site area = 6,200 sqm). The subject site has a 160m frontage to Main North Rd. The proposed Lot 1 will be subject to a land division process which will be discussed in a later section of the report.

## **4.2 Development Plan**

Pursuant to the current City of Playford development Plan (consolidated 29 August 2019), the whole site is zoned Precinct 50 – Munno Para Commercial. A Development Plan Amendment (DPA) was undertaken to rezone the site from the previous residential zoning to the current Commercial zoning which was approved by the Minister of Planning on 21 June 2017.

The purpose of the DPA was to allow for future commercial development and employment opportunities. In reference to the City of Playford Development Plan, the principles of Development Controls for the subject site for the Precinct 50 – Munno Para Commercial zoning are;

- Development in the precinct should primarily accommodate larger-format commercial, bulky goods and office land uses;
- Development of convenience shops, including a supermarket, or a total gross leasable floor space of no more than 1500 sqm would be appropriate to service nearby residents and passing traffic;
- Site vehicular access is provided from Mingari Street and Myall Avenue. Additional access points are available from Main North Rd and Curtis Road (entry only lanes, no exit) subject to Council approval; and
- Development which includes open area display of goods should not occur within the precinct.

The proposed commercial development (Attachment 2) as per the revised Leyton Property offer, aligns with the objectives of the current Precinct 50 – Munno Para Commercial zoning.

## **4.3 Past Property Transaction Timelines**

Since the original Council Resolution on 23 April 2013 followed by the Council Resolution approving the Playford Sports Precinct Prudential Report on 26 August 2014, Council decided the whole site was a surplus asset and to be sold in accordance to Council's Sale and Asset Disposal Policy.



The key property transaction/tasks that followed the latter Council decision up to the current revised Leyton Property offer for the Lot 1 sale contract, are summarised as follows:

Date	Property Task/Transaction
24 January 2015	Council revokes Community Land Classification
November 2015	EOI – 2 offers received <ul style="list-style-type: none"> <li>GIC ( Masters site) : \$6.82 Million</li> <li>Emmett Property : \$8.2 Million</li> </ul> Emmett Property selected as preferred, followed by extensive negotiation period.
24 October 2016	Emmett Property – execution of Land Sale Contract and payment of \$100K deposit
27 June 2017	DPA approved for commercial rezoning by Minister
5 October 2017	\$300k deposit received from Emmett Property due to satisfaction of Condition – DPA rezoning
Jan-Feb 2018	Assignment of Land Sale contract by Emmett Property to Kaufland Australia (no Council approval required) to develop a large format retail development
5 February 2018	Resolution Deed “Land Holding” Settlement extended 12 months. Kaufland Australia pay \$350k to Council for extension/ land holding fees payment.
30 April 2018	Kaufland Australia lodge the development application with the Co-ordinator General's Office
27 June 2018	Playford Bowling Club vacate site
30 Nov 2018	Kaufland Australia execute 2 <sup>nd</sup> Resolution Deed for 3 month extension
28 Feb 2019	Kaufland Australia execute 3 <sup>rd</sup> Resolution Deed for 3 month extension. Kaufland Australia pay \$75k to Council for additional land holding fees payment for period Nov-18 to Feb-19
30 May 2019	Kaufland Australia execute 4th Resolution Deed for additional 1 month extension
May 2019	New Land sale contract drafted – Kaufland Australia as purchaser due to expiry date of Resolution Deed.
30 June 2019	Kaufland Australia withdraw, contract expired.
July 2019	Council refund \$400k deposit to purchaser but retain the acquired land holding payments paid by Kaufland Australia
Sept-Oct 2019	Commencement of Repurposing Assets Project
October 2019	Executive endorsement of the initial fourteen (14) properties were identified as potential surplus assets for the Repurposing Assets program. This included the subject site located at Lot 479 Mingari St Munno Para
October 2019	EOI to appoint real estate agency to sell the whole site at Lot 479 Mingari St Munno Para  McGees Property appointed as the real estate agency
December 2019	EOI for sale of whole site <ul style="list-style-type: none"> <li>5 offers received ( United Petroleum, Emmett, Leyton, Andrash, Zanyah)</li> <li>Prices offered range from \$2 Million to \$6.8 Million with conditions</li> </ul>
January 2020	Amended EOI undertaken – review conditions and purchase price <ul style="list-style-type: none"> <li>One EOI registrant withdrew</li> <li>Preferred tenderer selected – United Petroleum : \$6M</li> </ul>
Feb- March 2020	Ongoing negotiations with United Petroleum – preferred

	tenderer
30 April 2020	United Petroleum withdrew offer due to COVID 19 impact and as a consequence, decision to refocus future capital investment on eastern states
July -August 2020	EOI for sale of 4 lot sub-division site – 3 offers received initially followed by Council counteroffer and revised offers submitted; <ul style="list-style-type: none"> <li>• Leyton Property : Lot 1 - \$4.29 Million with precommitment and non-refundable deposit subject to achieving milestones</li> <li>• Emmett Property : Lot 1 - \$4.29 Million – conditional offer and refundable deposit</li> <li>• Hamra Developments : whole site -\$7.2 Million with conditions, offer later withdrawn</li> </ul>
Sept 2020	Letter of Offer for Lot 1 executed with Leyton Property for \$4.29 Million Commence drafting of Land sale contract for Lot 1 – subject to Council approval
27 October 2020	Council approval for the Lot 1 sale contract based on the initial Leyton Property Letter of Offer based on a Lot 1 with a smaller site area = 11,000sqm
October - November 2020	Leyton Property submitted a revised offer for a larger Lot 1 which includes the original Lot 1 (site area = 11,000sqm) and portions of Lots 2,3,4 ( site area = 6,200 sqm) for the total purchase price = \$5.54 Million ( ex GST)
December 2020	Council approval for the Lot 1 sale contract based on the revised Leyton Property offer– <b>Purpose of this report</b>

#### 4.4 Expression of Interest (EOI) Summary

Since the previous Council decision to relocate the Bowling Club and sell the surplus site to Emmett Property/Kaufland Australia without a successful outcome, as part of the Repurposing Assets program the subject property has been placed on the market which aligns with Council's current strategy to reduce debt and attract capital investment and employment opportunities to the city of Playford.

In December 2019, an Expression of Interest (EOI) was undertaken for the sale of the whole site. A total of five (5) offers were received. All offers received were subject to conditions and the purchase prices were below the market value of \$7,190,000 (ex GST). As a consequence, further negotiations continued with eventual selection of United Petroleum as the preferred tenderer.

Due to the impacts of COVID-19 on the commercial property market and the refocus of capital investment in the eastern states, United Petroleum formally withdrew their offer on the 30 April 2020.

As a consequence, a revised marketing strategy was developed to market the option to divide the subject site into smaller lots and the original option as a single lot. As a result of market feedback and analysis, the proposed sub-division option will provide four (4) serviced lots of varying size. In the current market, there's more demand for smaller commercial lots compared to the existing single lot (area = 27,387 sqm).

In July 2020, a renewed campaign was undertaken by the real estate agent, McGees Property to market the four (4) lot sub-division option based on the original land division plan with asking prices which are negotiable:

Lot No	Property Feature	Original Site Area (sqm)	Rate (\$/sqm)	Asking Price (\$)
1	Main North Road frontage, largest lot with site area = 11,000sqm	11,000	390	\$4,290,000
2	Curtis Rd frontage	5,880	350	\$1,960,000
3	Minagri Sty frontage	5,100	190	\$970,000
4	Corner site, Mingari St and Myall Ave frontages	5,400	190	\$1,026,000
Total		27,380	280 (*)	\$8,246,000

**Note:** All prices are GST exclusive and negotiable  
All site areas are estimates, to be confirmed by plan of division  
(\*) Average Asking price rate (\$/sqm)

For the renewed EOI campaign which commenced in July-August 2020, the asking prices were set at the high end based on comparable land sales, with the expectation the selling rate would be negotiated at a lower rate and consequently a lower selling price. Also, the lot sizes were indicative only and subject to market demand or purchaser requirements could be adjusted accordingly.

As a result of the revised marketing campaign for the EOI, three (3) conditional offers were received:

- 1) Leyton Property – Lot 1 and whole site
- 2) Emmett Property – Lot 1
- 3) Hamra – whole site

The offers were assessed and further information was requested including revised/increased purchase prices from each tenderer as part of the tender process. As a consequence, Hamra withdrew their offer.

Leyton Property offer for Lot 1 was selected as the preferred because the revised offer included the proposal to develop a petrol outlet and bulky goods retail outlet on the site and the increased purchase price matched the asking price. Whereas, the other tenderers had no pre-commitment which represented a greater risk to achieving a successful contract/settlement outcome.

No offers were received for the remaining Lots 2, 3, or 4 during the EOI, but with the eventual contract execution for the sale of Lot 1, market interest will focus on the remaining lots in the future.

As a consequence, a Letter of Offer was executed with Leyton Property followed by Council approval for the Lot 1 sale contract for the Lot 1 site area = 11,000sqm as per the original land division plan.

#### 4.5 Revised Lot 1 Offer – Leyton Property

Based on the revised land division plan, Leyton Property submitted an offer for the additional portions of Lots 2, 3, and 4 (total site area = 6,200 sqm) in addition to the current approved offer for Lot 1 (site area = 11,000sqm) for the purchase price of \$4.29 Million.

The negotiations for the additional portions of Lots 2, 3, and 4 commenced with an initial offer of \$1.085 Million (ex GST) which was rejected by staff. This was followed by a commercially acceptable offer of \$1.25 Million (ex GST). The revised Leyton property

offer for the larger Lot 1 including portions of Lots 2, 3, and 4 (area = 6,200 sqm) is summarised as follows;

<b>Lot No.</b>	<b>Site Area ( sqm)</b>	<b>Purchase Price (\$- ex GST)</b>	<b>Purchase Rate (\$/sqm)</b>
1	11,000	4,290,000	390
Portions 2,3,4	6,200	1,250,000	202
<b>Total</b>	<b>17,200</b>	<b>5,540,000</b>	<b>332</b>

Upon completion of negotiations, a land sale contract for Lot 1 will be executed subject to Council approval, the purpose of this report.

Key parameters of the original executed Letter of Offer which are still relevant and applicable to the current revised Leyton Property offer for Lot 1 are:

- a) The revised purchase price = \$5.54 Million (exclusive GST) for Lot 1 supersedes the original purchase price = \$4.29 Million.
- b) The revised purchase price is gross.
- c) Purchase of a larger allotment consisting of the original Lot 1 – 11,000 sqm and portions of the original Lots 2, 3, and 4 – 6,200 sqm. The larger Lot 1 has a total site area = 17,200 sqm as per the revised site plan (Attachment 1) which is an amendment to the original executed Letter of Offer.
- d) Retention of Deposit (non-refundable) upon satisfaction of Due Diligence (50% - \$50,000) and then upon satisfaction of land division / planning consent (balance 50% - \$50,000).
- e) Special Conditions:
  1. Due Diligence – 90 days for contract execution with an option for an extra 30 days.
  2. Land Division by Council – 180 days from completion of Due Diligence.
  3. Planning Consent for proposed commercial development by Leyton – 180 days from completion of Due Diligence.
  4. Right of access to the site and market property after completion of Due Diligence.
- f) Cost to relocate transformer and design / construct of Main North Road slip-lane for Lot 1, to be borne by purchaser, Leyton Property.
- g) Land division process to be undertaken in 2 stage process to align land division and services augmentation costs (open space, contribution, sewer, water connection cost, etc). Stage 1 land division will create Lot 1 and a second single large lot (comprising Lot 2, 3, and 4).
- h) The traffic impact of the proposed development (Attachment 2) will be addressed during the Development application (DA) process. As part of the DA process, Leyton Property will be required to provide a traffic impact assessment report prepared by a traffic engineer to address the range of traffic issues associated with the proposed development.

With the submission of the revised offer by Leyton Property, the following additional parameters/conditions need to be negotiated as part of the process to finalise the drafting of the land sale contract for the sale of Lot 1;

- a) Provision of access rights to the subject property during the Due Diligence period for site inspection and site testing with the requirement to provide pre-notification to Council,

- b) Settlement date to be 30 days after both deposit of plan and development plan consent for the proposed development (Attachment 2)
- c) Leyton Property has requested a masterplan be developed for the whole site during the Due Diligence period and to be registered on title as an encumbrance
- d) As part of the revised offer, Leyton Property has requested an encumbrance registered on title which requires that the developments on Lots 2, 3, and 4 will not compete with the proposed petrol outlet, retail and fast food services on Lot 1. Leyton Property have been advised that this condition has been rejected and will not be considered as part of the land sale contract.

The revised Leyton Property offer to purchase Lot 1 is recommended due to the following key points:

- a) The purchase price of \$5.54 Million for 17,200 sqm is commercially acceptable compared to comparative sales in the region and is above market valuation
- b) Leyton Property provided a confirmation letter from each of the commercial tenants for a petrol outlet and a bulky goods retail firm as part of their original offer which is still relevant with the current revised offer
- c) The total purchase price rate of \$332/sqm exceeds the market valuation rate of \$262/sqm Rate variance = 23%
- d) The proposed commercial investment aligns with development plan zoning
- e) Aligns with Council's objectives to attract commercial capital investment, new services and associated employment opportunities
- f) Aligns with Council's objective to reduce the debt with the proceeds from the land sale and additional commercial rate revenue from both the vacant site initially and then in the future, the proposed commercial development
- g) Following completion of the Due Diligence period, Council will be entitled to non-refundable portions of the deposit, thus mitigating Council's financial risk exposure to the Stage 1 land division costs
- h) The risk of contract failure for Council is only in the Due Diligence period but Council's land division costs are minimal during this period
- i) A two stage land division process has been agreed
- j) Leyton Property are also supportive of masterplanning the whole site if required

#### **4.6 Proposed Lot 1 Development**

As part of the revised offer for the larger Lot 1 (Attachment 1), Leyton Property are proposing to develop the site to accommodate a range of services such as a petrol outlet, fast food outlets, bulky good retail etc as per the site concept plan (Attachment 2). The site concept plan was prepared by the architectural firm, Brown Falconer.

The site area of Lot 1 = 17,200 sqm which leaves the rear vacant portion with a site area = 10,180 sqm. The vacant rear portion of land consists of Lots 2, 3, and 4 which will be sub-divided in Stage 2 of the land division process.

The key features of the proposed commercial development are summarised as follows:

- a) Petrol station outlet with a 250sqm shop outlet
- b) Two fast food buildings, area = 260 sqm each
- c) Bulky Goods retail outlets, total building area = 3000sqm
- d) Bulky Good tenants proposed for the site are national firms, Super Cheap Auto and BCF,



- e) Automotive retail outlet, building area = 300 sqm
- f) Slip lane entrances from Main North Road and Curtis Roads
- g) Provision of approximately 160 car parking spaces
- h) Service vehicle loading for the Bulky Goods retail stores will be via a rear service road
- i) Right of way access, subject to negotiation, to be provided to Lots 2, 3, and 4, via the rear service road

The proposed concept design (Attachment 2) with proposed slip lane entrance and exit for the commercial development will be subject to planning consent and statutory approvals and further detailed design.

#### **4.7 Land Division Options and Costs**

Since the original Council Resolution in 2013, Council has attempted via EOI and conditional contracts to sell the subject site as a whole without success. This was predominantly due to the limited number of developers/purchasers with the capacity to develop large commercial sites.

Further to market feedback and analysis, in the northern region it was found that there is more demand for smaller commercial lots in the current market rather than large superlots. As a consequence, various sub-division options were assessed including the construction of new internal roads.

Due to the island site with adjoining services, the preferred sub-division option was for the creation of four (4) serviced allotments with existing road frontages as per the revised land division plan (Attachment 1). The preferred sub-division option has a lower capital cost compared to the other options considered because there's no requirement for the construction of new roads, footpaths, street lighting or service augmentation costs. The proposed four allotments as per the revised land division plan (Attachment 1), the lots vary in site area from 3000 sqm up to 17,200 sqm for Lot 1 which has approximately 160m frontage to Main North Road.

With the sale of Lot 1 to Leyton Property, Council will be required to undertake the land division process. To mitigate the risk of contract failure and cost exposure to Council in the land division process, a two (2) stage process land division will be undertaken as follows;

**Stage 1:** create two Torrens Title lots, Lot 1 and one large superlot (remaining portion of Lot 2, 3, and 4 combined as one). The estimated time program for Stage 1 from contract execution to property settlement is 12 months assuming an allowance of 4 months for the Due Diligence process

**Stage 2:** sub-divide the large superlot into two/three/four/other lots as required by the market at the time

The development costs for the two(2) stage land division process for the proposed four(4) lot sub-division (Attachment 1) is summarised as follows;

<b>Land Division Cost (all GST exclusive)</b>	<b>Stage 1 (Lot 1) Cost ( \$ )</b>	<b>Stage 2 (Lot 2,3,4) Cost ( \$ )</b>	<b>Total Cost ( \$ )</b>
RE agent commission (0.6%) and contract fee (\$3750 per contract)	\$36,990	\$27,010	\$64,000
Internet, Advert, sign cost	\$3,900	\$8,800	\$12,700
LD design and bdry survey	\$7,500	\$7,500	\$15,000
Service augmentation costs for additional new lots (sewer, water)	\$15,300	\$30,900	\$46,200
Open space contribution	\$7,600	\$15,200	\$22,800
Easement allowance – for potential sewer and s/w if required by design for Lot 1	\$30,000	n/a	\$30,000
Consultants – detail survey and site contamination (completed)	\$8,520(*)	0	\$8,520
Site preparation and tree , signage clearing cost (Stage 1 work completed)	\$4,590 (*)	\$10,000	\$14,590
Contingency (approx 10%)	\$10,000	\$10,000	\$20,000
<b>Total Land Division Cost</b>	<b>\$124,400</b>	<b>\$109,410</b>	<b>\$233,810</b>

**NOTE:**

1. The costs associated with electricity augmentation associated with the existing transformer and the design and construction of a new Main North Road slip lane (entry only) will be borne by the purchaser, Leyton Property.
2. The Stage 1 costs (\*) have been expended for consultant costs (detail survey and site contamination report) and tree/signage removal costs in FY 2019/20. Total = \$13,110
3. The balance of the unspent Stage 1 Land division costs = \$111,290
4. The Real Estate commission for the sale of Lot 1 (\$36,990) has increased compared to the initial offer due to the increased selling price = \$5.54M for the larger allotment area (17,000 sqm) in the revised Leyton Property offer.

For Stage 1 of the land division process, \$30,000 has been allowed for the potential requirement for a sewer and water supply easement connecting the western boundary of the proposed Lot 1 and the services located in Mingari Street. The latter will be resolved during the Stage 1 land division design process.

#### 4.8 Projected Land Division Revenue

In reference to the revised Leyton Property offer and the revised land division plan (Attachment 1), the forecast selling prices for the reduced allotment site areas for Lots 2,3,4 are summarised as follows:

Lot	Estimated Area (refer revised site plan)	Selling Rate	Selling Price	Asking Rate	Suggested Asking Price
2	4,000 sqm	\$300/sqm	\$1,200,000	\$350/sqm	\$1,400,000
3	3,180 sqm	\$180/sqm	\$572,400	\$220/sqm	\$699,600
4	3,000 sqm	\$190/sqm	\$570,000	\$220/sqm	\$660,000
			<b>Total \$2,342,400</b>		<b>Total \$2,759,000</b>

Upon execution of contract for the amended Lot 1 (includes portion of Lot 2, 3, and 4, site area = 17,000 sqm) , a renewed sales campaign will be undertaken to sell the remaining lots 2, 3, and 4.

For the renewed campaign, Lots 2, 3, and 4, will be advertised at the asking prices which have been set based on similar rates used for the earlier EOI campaign in July- August 2020. The asking prices will be reviewed with Mc Gees also.

There's an expectation that the asking price will be negotiated and will likely end up being near the ultimate selling rate. The selling price & rates are forecast as what can be achieved without holding onto the vacant allotments for a long period of time.

The forecast land division revenue based on the revised Leyton offer for Lot 1 (purchase price = \$5.54 Million) and the selling prices for the reduced size Lots 2, 3, and 4 are as follows:

Lot	Estimated Area (refer revised site plan)	Selling Rate	Selling Price (ex GST)
1	17,200 sqm	\$322/sqm	\$5,540,000
2	4,000 sqm	\$300/sqm	\$1,200,000
3	3,180 sqm	\$180/sqm	\$572,400
4	3,000 sqm	\$190/sqm	\$570,000
<b>Total</b>	<b>27,380 sqm</b>	<b>\$288/sqm</b>	<b>\$7,882,400</b>

Thus, the forecast total selling price and rate exceeds both the nett value forecast in the long term financial plan (LTFP) and the market valuation rate respectively. But as with all land division development projects, there is a risk of not achieving the forecast selling rates for the reduced size Lots 2, 3, and 4. This risk is mitigated by the allowance of a contingency or margin as follows:

- a) Total forecast Selling price above LTFP nett value : **margin = 13%**
- b) Total forecast Selling rate above Market Valuation rate : **margin = 10%**



## 4.9 Rate Revenue

Currently, the vacant site receives no rate revenue under Council ownership whereas following the sale of the subject site as a four (4) lot sub-division, Council will receive rate revenue as listed below.

For the revised four(4) Lot sub-division as per the land division plan ( Attachment 1), the Council rate revenue based on General rate for 2020 -2021 year including the Regional Landscape Levy for vacant land are summarised as follows;

Lot No.	Estimated Site Area	Selling Price	Estimated Rate Revenue
1	17,200sqm	\$5,540,000	\$14,869
2	4,000 sqm	\$1,200,000	\$4,018
3	3,180 sqm	\$572,400	\$2,449
4	3,000 sqm	\$570,000	\$2,443
Total	27,380 sqm	\$7,882,400	\$23,779

Once full commercial development is complete, the lots will be assessed for land use and capital value. On assessment the properties will be rated as commercial properties and attract the higher rate in the dollar. Final rates cannot be estimated until the fully developed capital value is determined.

**Note : The selling prices for the reduced allotment sizes for Lots 2,3,4 are less than the asking prices to allow for negotiation.**

## 4.10 Land Sale Contract and CEO Delegation

The original executed letter of offer and the subsequent negotiations associated with the revised Leyton Property for the sale of Lot 1 provide the negotiated parameters which will form the basis of the land sale contract which is to be drafted for execution by both parties. The latter is subject to receiving Council approval to proceed with the revised offer for the sale of Lot 1 to Leyton Property.

The draft land sale contract and associated special conditions will be drafted by Council's legal advisers, Norman Waterhouse and will be based on the standard contract for the sale of land prepared by the SA Law Society. As negotiated in the original executed Letter of Offer and subsequent negotiations, the key parameters to be included in the draft land sale contract for the revised Leyton property offer are as follows;

1. Purchase Price = \$5.54 Million (excluding GST)
2. After completion of Due Diligence by Leyton Property, the Retention of Deposit at key milestones as agreed
3. Special Conditions (x4) as per original executed Letter of Offer. A copy of the Letter of Offer was provided as an attachment to the previous report approved at the Council Ordinary Meeting on 27 Oct-20
4. Provision of right of way access over the rear lot boundaries to Lots 2, 3, and 4 on to Lot 1 and vice-versa
5. Two stage land division process
6. Cost to relocate transformer and design/construct of Main North Rd slip lane for Lot 1 to be paid by Leyton Property

As in done in previous land sales and associated contract execution by Council, to assist in the efficiency of the process Council has the option to delegate to the CEO or other senior officer (eg General Manager) to finalise the drafting and execution of the land sale contract in accordance to the Local Government Act 1999

## 5. OPTIONS

### Recommendation

Council resolves:

- a) The sale of Lot 1 as per the revised land division plan (Attachment 1) which is a portion of the existing Lot 479 Mingari Street Munno Para (CT 6156/288) for the agreed price of \$5.54 Million (ex GST).
- b) The site area for the proposed Lot 1 (Attachment 1) will be subject to the Final Plan of Division.
- c) Pursuant to the Local Government Act 1999, the Chief Executive Officer be granted the delegation to finalise the drafting and execution of the land sale contract for the sale of Lot 1 (Attachment 1).

### Option 2

Council reject the recommendation and advise staff to recommence negotiations with Leyton Property with the following parameters:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

### Option 3

Council reject the sale of Lot 1 which is a portion of Lot 479 Mingari St Munno Para to Leyton Property.

## 6. ANALYSIS OF OPTIONS

### 6.1 Recommendation Analysis

#### 6.1.1 Analysis & Implications of the Recommendation

The recommended option to sell Lot 1 (Attachment 1) which is a portion of the whole site at Lot 479 Mingari St Munno Para to Leyton Property will allow Council to achieve its objectives in debt reduction and the key principles of the Repurposing Assets Project such as maximising commercial/financial return, positive community outcomes, capital investment and employment opportunities.

The key benefits to Council and the community for the recommended option, are summarised as follows:

- The nett sale proceeds from the sale of Lot 1 will reduce Council's debt
- The revised offer proposes a larger commercial development and capital investment compared to the original Leyton Property offer approved at the Ordinary Council Meeting on 27 October 2020
- Aligns with Council's objectives to attract commercial capital investment, new services and associated employment opportunities
- Proposed commercial development includes a petrol outlet, fast food outlets and bulky goods retail outlets as per site concept plan ( Attachment 2)
- New additional services to the City of Playford
- Additional capital investment and employment opportunities

- Council will receive rate revenue from both the vacant commercial site initially followed by the future commercial development
- Positive public and commercial market perceptions created by new commercial developments
- The staging of the land division process will mitigate Council's risk to the timing of payment of the land division costs
- The contractual risk associated with the sale of Lot 1 to Leyton Property lies predominantly in the 120 day Due Diligence period (includes potential 30 day extension) which allows the purchaser to terminate the contract. Post the Due Diligence period, the risk of contract failure is reduced due to the likelihood of the purchaser finalising precommitment with the relevant commercial tenants for the proposed development on Lot 1

### 6.1.2 Financial Implications

The financial implications for the recommended option for the sale of Lot 1 to Leyton Property will provide capital revenue to reduce Council's debt and ongoing rate revenue. The agreed purchase price for Lot 1 Mingari St Munno Para by Leyton Property is \$5.54 Million minus the real estate agent commission, marketing costs, conveyancing costs and Stage 1 land division costs (estimated total = \$111,290).

In FY 2019/20, \$13,110 was spent due to the detailed survey (\$5500), preliminary site contamination report (\$3020), tree removal (\$2990) and signage removal (\$1600). These cost will be offset post settlement for Lot 1. As a consequence, the net value to Council minus the Stage 1 land division costs listed above is = \$5.415 Million (ex GST).

Upon execution of the land sale contract and satisfactory completion of the Due Diligence process by the purchaser, the Stage 1 land division process will be undertaken by Council during FY 2020/21. The majority of Stage 1 land division costs associated with the site services augmentation cost (\$15,300), services easement (\$30,000) and open space contribution for the new lot (\$7600) will be incurred after planning consent and before Section 51 clearance and plan of division lodgement with the LTO. The requirement for a services easement for Lot 1 will be determined during the land division design process.

The real estate agents commission and contract preparation costs will be paid at the time of property settlement.

Operating revenue of \$23,779 represents rates revenue generated from the four (4) new Torrens Title serviced allotments as undeveloped vacant land with an estimated total selling price of \$7.882 Million. The latter is based on the assumption that the four lots are sold at their selling price (refer Section 4.8) and the property settlements occur during FY 2021/22 and onwards.

## **6.2 Option 2 Analysis**

### 6.2.1 Analysis & Implications of Option 2

During the EOI process, negotiations were undertaken with Leyton Property and the other tenderers to provide increased purchase prices and improved conditions. Following a period of negotiations and numerous counter-offers by Council, the current revised Leyton Property purchase price of \$5.54 Million for the original Lot 1 and portions of Lots 2,3,4 has an average selling price rate = \$322/sqm which exceeds the market valuation rate = \$262/sqm.

For the EOI campaign, the asking price rates were set at the high end with the expectation it would be negotiated at a lower rate and consequently lower purchase price. The probability of achieving a successful outcome by re-negotiating the parameters of the Lot 1 sale with Leyton Property are low and high risk. Council must also consider the reputational risk if this

current marketing campaign is unsuccessful due to the past unsuccessful attempts with Emmett Property and Kaufland Australia.

In accordance to Council's Long Tern Financial Plan (LTFP), the property settlement is scheduled for FY 2021/22 thus the associated capital revenue and ongoing rate revenue. This potential risk of the withdrawal of the Leyton Property offer will have an impact on achieving the LTFP objective and the reduction of Council's debt.

#### 6.2.2 Financial Implications

The financial implication if Council administration re-negotiates the parameters for the sale of Lot 1 with Leyton Property will be dependent if further negotiations are successful or not. The risk of Leyton Property withdrawing the offer is high for the following key reasons:

- There's limited buyers for large commercial sites in the Northern region
- The current commercial real estate market has been impacted by COVID-19
- Leyton Property have offered a revised purchase price rate of \$332/sqm which exceeds the market valuation rate of \$262/sqm (approx. 23% difference)

Thus with a potential withdrawal of the Leyton offer, the current site at Lot 479 Mingari St Munno Para will remain in Council ownership as undeveloped vacant land in the short to medium term, consequently no capital investment or annual rate revenue will be generated.

### **6.3 Option 3 Analysis**

#### 6.3.1 Analysis & Implications of Option 3

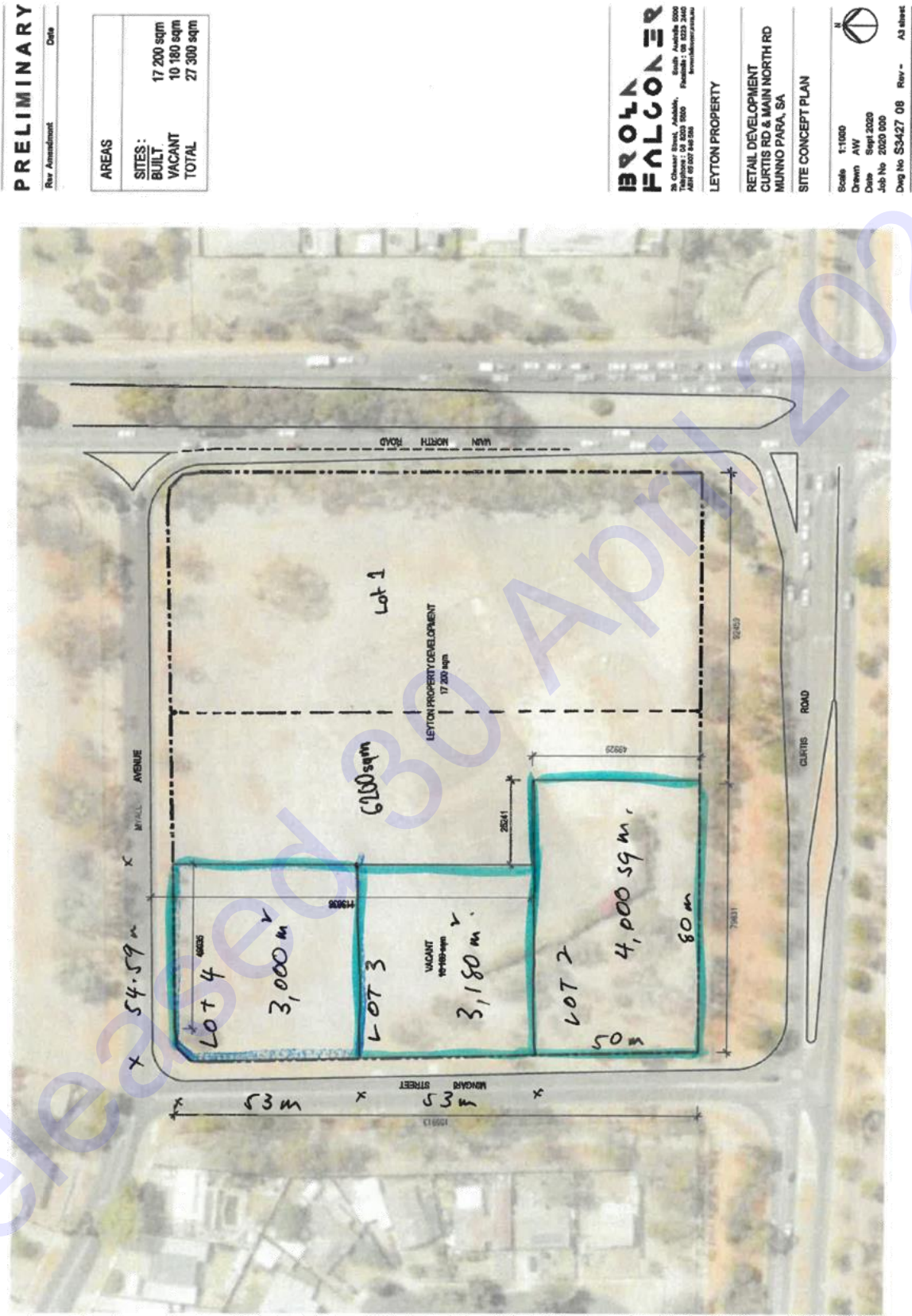
For Option 3, Council will retain ownership of the whole of Lot 479 Mingari Street Munno Para and will need to reconsider the repurposing options for the subject site which align with the Council's strategic objectives. Due to current market conditions, the key risk is that the site will remain vacant and contribute to a negative market perception towards the subject site, thus increasing the difficulty in selling or redeveloping the site in future.

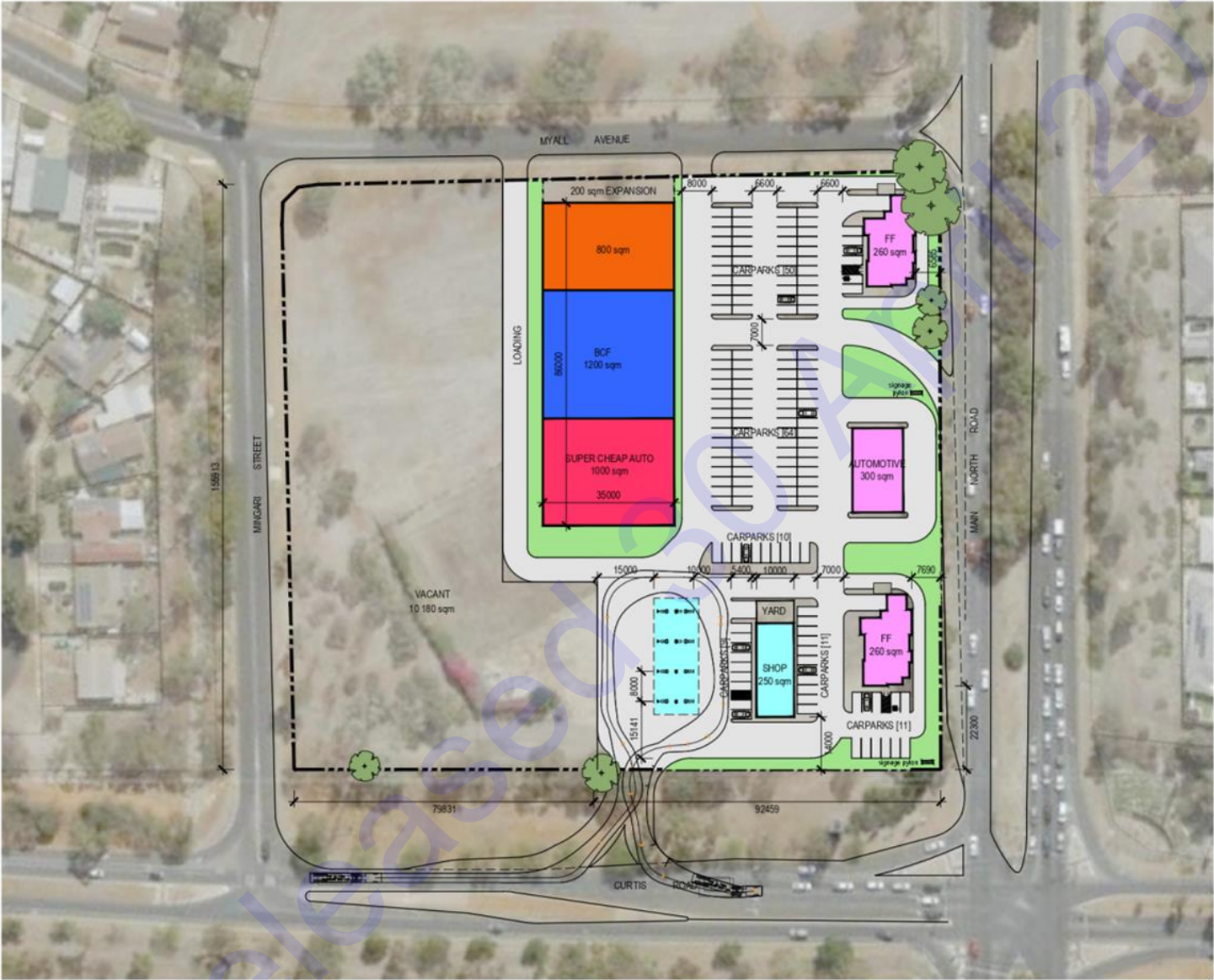
In accordance to Council's Long Tern Financial Plan (LTFP), the property settlement is scheduled for FY 2021/22 thus the associated capital revenue and ongoing rate revenue. This delay will have an impact on achieving the LTFP objective and the reduction of Council's debt.

#### 6.3.2 Financial Implications

The financial implication if Council rejects the sale of Lot 1 to Leyton Property will be that the current site at Lot 479 Mingari St Munno Para will remain in Council ownership as undeveloped vacant land in the short to medium term, consequently no capital investment or annual rate revenue will be generated.







PRELIMINARY

Rev	Amendment	Date
-	-	-

AREAS	
SITES :	
BUILT	17 200 sqm
VACANT	10 180 sqm
TOTAL	27 300 sqm
BUILDINGS :	
FAST FOOD	260 sqm
AUTOMOTIVE	300 sqm
BULKY GOODS	3 000 sqm
TOTAL	3 560 sqm
PARKING :	
PARKS	124
RATIO	3.48/100 sqm

BROWN  
FALCONER

28 Chesser Street, Adelaide, South Australia 5000  
Telephone : 08 8203 5800 Facsimile : 08 8223 2440  
ABN 69 007 846 585 brownfalconer.com.au

LEYTON PROPERTY

RETAIL DEVELOPMENT  
CURTIS RD & MAIN NORTH RD  
MUNNO PARA, SA

SITE CONCEPT PLAN

Scale 1:1000  
Drawn AW  
Date Sept 2020  
Job No 2020 000  
Dwg No S3427 07 Rev - A3 sheet



**C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 17.2 IS TO BE KEPT IN CONFIDENCE****Purpose**

To resolve how long agenda item 17.2 is to be kept confidential.

**STAFF RECOMMENDATION**

Pursuant to Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 17.2 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (b) of the Local Government Act 1999:

- Report for Item 17.2
- Attachment(s) for Item 17.2
- Minutes for Item 17.2

This order shall operate until property settlement for Lot 1 has been finalised, 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.

**COMMITTEE RESOLUTION****4363**

Pursuant to Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 8.2 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (b) of the Local Government Act 1999:

- Report for Item 8.2
- Attachment(s) for Item 8.2
- Minutes for Item 8.2

This order shall operate until property settlement for Lot 1 has been finalised, 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.

## **COMMITTEE REPORTS**

### **STRATEGIC PLANNING COMMITTEE**

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***Confidential Matters***

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### 17.3 ANGLE VALE COMMUNITY CENTRE

Contact Person: Mr Barry Porter

#### Why is this matter confidential?

Subject to an order pursuant to Sections 90 (3) (b) (d) of the Local Government Act 1999, this matter is confidential because it relates to private land whereby Council staff have been negotiating an opportunity to acquire a portion for a community centre to fulfill Council's requirements under the Angle Vale Social Infrastructure Deed.

At the time of writing the land division has not been lodged and the land owner is in negotiations with a developer.

The purpose of a confidential report is so that information about a private party's development intentions for their land is not publically released before any formal action has occurred (i.e. lodgment of a development application) or to reveal the value of the proposed land acquisition in the event it places Council at a disadvantage - particularly if the negotiations are not successful and we need to negotiate with a different developer in the future.

Additionally, at this early stage revealing the proposal to the wider community may create expectations that may not come into fruition.

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

No action – this motion passed in the open section.

#### B. THE BUSINESS MATTER

### 17.3 ANGLE VALE COMMUNITY CENTRE

**Responsible Executive Manager :** Mr Barry Porter

**Report Author :** Ms Sara Hobbs

**Delegated Authority :** Matters which can be delegated to a Committee or Staff but the Council has decided not to delegate them.

**Attachments :**  
1 [↓](#). Subdivision Plan  
2 [↓](#). Angle Vale Social Deed Infrastructure Table

#### PURPOSE

The purpose of this report is to inform Council about an opportunity to acquire land for a community centre in Angle Vale and the financial implications of this opportunity, as part of Council's obligations under the Angle Vale Social Infrastructure Deed.

**STAFF RECOMMENDATION**

1. Council authorises staff to pursue negotiations regarding the acquisition of the subject land identified in Attachment 1 to be the site of a future community centre in accordance with the Angle Vale Social Infrastructure Deed.
2. Council acknowledges that the construction and operation of the community centre will not be considered until the next Strategic Plan (2024-2028) and is unlikely to occur for a minimum of 5 years.
3. Council acknowledges that should staff be successful in securing the subject land identified in Attachment 1, there is likely to be a requirement to allocate capital and operational budget in a future Annual Business Plan to establish an interim use of the site and maintain this land until Council is ready to construct the community centre.

**COMMITTEE RESOLUTION****4349**

1. **Council authorises staff to pursue negotiations regarding the acquisition of the subject land identified in Attachment 1 to be the site of a future community centre in accordance with the Angle Vale Social Infrastructure Deed.**
2. **Council acknowledges that the construction and operation of the community centre will not be considered until the next Strategic Plan (2024-2028) and is unlikely to occur for a minimum of 5 years.**
3. **Council acknowledges that should staff be successful in securing the subject land identified in Attachment 1, there is likely to be a requirement to allocate capital and operational budget in a future Annual Business Plan to establish an interim use of the site and maintain this land until Council is ready to construct the community centre.**

**EXECUTIVE SUMMARY**

Angle Vale is experiencing the most development pressure out of the three Playford growth areas and demand in the area is expected to increase with the development of the new Angle Vale super school. Furthermore, Council's Development Services staff have already experienced increased demand as a result of the Federal Government Home Builder stimulus grant.

Under the Angle Vale Social Infrastructure Deed, the City of Playford is obliged to establish a community centre within Angle Vale.

An opportunity to secure land for the community centre has arisen and Council staff have been in negotiation with the developer as part of pre-lodgement discussions. The developer is expected to formally lodge their land division application before the end of the year.

It is important that Council secures land in a desirable location when the opportunity arises, even though construction may not be necessary for some years.

## 1. BACKGROUND

The Angle Vale (AV) Social Infrastructure Deed requires developers to make financial contributions to Council as part of the subdivision process in the form of a monetary payment per residential allotment created. This money must be used by Council to fund social infrastructure identified in the Deed and must be spent on land or capital; it cannot be spent on operating costs.

The AV Social Infrastructure Deed refers to Council obligations relating to the provision of sports, open space and community centre infrastructure. All of the sports-related infrastructure has been met via Council's shared use agreement with DECD as part of the new Angle Vale super school. The development of open space along the Gawler River will occur as part of the developers' open space obligations as the land is subdivided.

This leaves the establishment of a community centre as Council's key outstanding obligation under the AV Social Infrastructure Deed. The Deed states that the neighbourhood community centre should be approximately 1,000sqm in size and *"located in the town centre on Heaslip Road or close to the neighbourhood centre or on Council owned land in Angle Vale"*.

The Deed identifies a trigger of the settlement of 2,000 lots to secure the land and settlement of 4,000 lots to construct the community centre. Refer to Attachment 2 for the table of social infrastructure requirements and triggers.

Note that Council has some flexibility with regards to the infrastructure provided and its timing, provided the intent of the Deed is being met.

## 2. RELEVANCE TO STRATEGIC PLAN

### 2: Smart Living Program

#### Outcome 2.3 Liveable neighbourhoods

The establishment of a neighbourhood community centre will provide a local hub where social connections can be forged between existing and new communities of Angle Vale. Securing a site for a community centre is important to ensure that the future centre is well located to best serve the growing Angle Vale community.

## 3. PUBLIC CONSULTATION

Public consultation is not triggered as part of the land division assessment process. When Council is ready to start planning for the community centre, engagement with the community will be undertaken to inform the use, design and operating model.

## 4. DISCUSSION

**4.1** Angle Vale is experiencing the most development pressure out of the three Playford growth areas and the development of the new Angle Vale super school is expected to contribute to residential demand in the region. Furthermore, the Federal Government Home Builder stimulus grant has seen an increase in development applications for new houses as well as developers seeking Section 51 clearances (a certificate issued to developers stating that all of their conditions of development have been met which enables them to obtain Certificates of Title and then sell land parcels).

**4.2** As at 27 October 2020, internal records show the progress of development in the Angle Vale growth area is as follows:

- Allotments approved: 1,733
- Allotments created: 565 (i.e. have received Section 51 clearance)
- AV Social Infrastructure Deed balance: \$450,397

There are a number of subdivisions that are undergoing assessment, totalling around 1,200 additional allotments.

**4.3** It is important that a site for the community centre is secured in a desirable location before the opportunity is lost. A worst-case scenario is that the community centre is built in a location that is not accessible to the population it is intended to serve. As such, regardless of the Deed triggers, it is recommended that Council considers acquiring land as opportunities in desirable locations arise.

**4.4** Council commissioned Elton Consulting to prepare a Social Plan for Services and Infrastructure (2013) which informed the preparation of all three growth area social deeds. The Social Plan describes the services that a community centre in Angle Vale should provide: *"...youth activity space, seniors' activities, community arts space, hall/meeting space and has the capacity to act as an access and service delivery location for a range of community services including health care"*. Notwithstanding this direction (which is not replicated in the Deed), it is anticipated that Council will consult with the community when it is ready to establish a centre to inform the centre's role, design and operating model.

**4.5** The following table describes different options available to Council to acquire a site for the community centre:

Option	Detail	Recommendation
Lease a space	<ul style="list-style-type: none"> <li>• The most likely option would be a tenancy in the shopping centre (similar to Elizabeth Rise community centre at Elizabeth Downs Shopping Centre).</li> <li>• This option limits the scope of activities available to a community centre as it will not have access to adjacent open space and the tenancy size/configuration may limit certain types of activities.</li> <li>• This option requires the availability of a suitable tenancy when we need it and ability to negotiate a favorable lease agreement. There are also risks associated with not owning the facility when the lease ends, which may require Council to find another location.</li> <li>• Deed money cannot be used for operational purposes such as lease payments.</li> </ul>	This option is not preferred due to uncertainty around the tenancy arrangements.
Market purchase of land	<ul style="list-style-type: none"> <li>• A likely option would be the vacant land behind the existing shopping centre (which is not subject to any deed requirements).</li> <li>• This is likely to be a higher cost option requiring payment of commercial market values.</li> <li>• The cost of connecting into the new sewer main that SA Water are scheduled to install along Heaslip Road would also be a further cost.</li> </ul>	This option is not preferred due to cost

Option	Detail	Recommendation
Build on land already owned by Council	<ul style="list-style-type: none"> <li>The existing AV Sports and Community Centre is the only real option with the possibility to incorporate a community space into the expansion of the existing sports building.</li> <li>This option reduces cost and uncertainty with acquiring a site.</li> <li>However, the site is constrained and additional car parking requirements cannot be met.</li> <li>It also may present issues with user conflict – the tenant club has 1,200 members and a bar which may not feel welcoming to community centre users.</li> </ul>	This option is not preferred due the constrained site and potential for user incompatibility
Acquire land via subdivision	<ul style="list-style-type: none"> <li>Can be achieved via negotiation with developers in lieu of social deed payments but depending on the size of the subdivision, Council may still need to pay additional money to the developer.</li> <li>Will likely attract holding costs if Council is not ready to build (e.g. greening the area to look nice).</li> <li>Requires Council to work to the timing of a developer.</li> </ul>	This is a preferred option as it secures a site that will be owned by Council in the most cost effective manner

**4.6** To-date there have been two potential options on Heaslip Road, which have been explored. However, these were not able to be successfully progressed.

**4.7** It is proposed that Council aims to secure land as part of the 'Frisby Road' subdivision concept which is in the pre-planning stage (refer to Attachment 1). Based on the most recent advice from the developer, it is expected that the subdivision will be lodged by the end of the year.

**4.8** The benefits of the proposal are:

- The centre will be clustered with other community destinations including the existing sports centre and future open space which is earmarked to accommodate a dog park. This means the community centre will have a high level of prominence and visibility within the Angle Vale community, even though it will not be situated on a main road frontage.
- It will provide the opportunity to provide a larger community function space that will help service the sports clubs (and wider community) as the existing club building is too small for larger functions.
- The centre will be located (roughly) between two key community destinations: the new super school and Angle Vale Neighbourhood Centre, which accommodates the shopping centre. As the surrounding land is developed, new road, walking and cycling connections will connect the community centre site to Angle Vale Road to the north and Fradd Road to the south.
- The developer wants the community centre in their subdivision and has modified the subdivision layout to suit our requirements (there is no obligation for them to provide Council with land – only to pay into the Deed).
- The value of the 3,500sqm of land designated for the community centre will be offset by waiving the developer's Social Deed payment. No additional payments by Council are needed.

#### 4.9 The considerations for the proposed site are as follows:

- The location of a community centre on a minor collector road is not preferable compared with a main road frontage. However, as previously mentioned, the site's exposure to existing and future community destinations and future connectivity to road, pedestrian and cycle networks will ensure it is well-known and accessible to the community.
- It will not be serviced by public transport, although as the area develops it is expected that bus services will be improved/expanded. However, Council does not have control over this and therefore this cannot be guaranteed.
- Council will be required to pay for the connection of utilities to the site.
- Due to the developer's plans to develop the subdivision in stages, it may be a number of years before the land is formally transferred into Council's ownership. The transfer will depend on the timing of the staging, which could be faster or slower than expected.
- Whilst exact timing of the acquisition of the site is uncertain, it is a likely possibility that when Council does acquire the site, it will need to be maintained until we are ready to build a centre. This will attract site establishment costs and ongoing maintenance costs. It is thought that the site could be used either as an interim car park and/or a grassed open space area but this still needs to be determined. It is not expected that leaving the site undeveloped for a number of years will be amenable to the developer or the community.
- If Council is unsuccessful in securing this land, there is another preferred option on Angle Vale Road which is earmarked as a future local activity centre in the Development Plan. However, the ability to negotiate a suitable outcome with the developer and timing of the subdivision is unknown. Council will also be placed in a more vulnerable negotiating position without any remaining (desired) options left within Angle Vale.

## 5 OPTIONS

### Recommendation

1. Council authorises staff to pursue negotiations regarding the acquisition of the subject land identified in Attachment 1 to be the site of a future community centre in accordance with the Angle Vale Social Infrastructure Deed.
2. Council acknowledges that the construction and operation of the community centre will not be considered until the next Strategic Plan (2024-2028) and is unlikely to occur for a minimum of 5 years.
3. Council acknowledges that should staff be successful in securing the subject land identified in Attachment 1, there is likely to be a requirement to allocate capital and operational budget in a future Annual Business Plan to establish an interim use of the site and maintain this land until Council is ready to construct the community centre.

### Option 2

Council does not support the acquisition of the subject site identified in Attachment 1 for the purposes of a future community centre and directs staff to investigate alternative options.



## **6 ANALYSIS OF OPTIONS**

### **6.1 Recommendation Analysis**

#### 6.1.1 Analysis & Implications of the Recommendation

The staff recommendation:

- Ensures that Council secures land for the neighbourhood community centre in a desirable location which is co-located with other community destinations;
- Secures a site that allows Council to fulfil its legal obligations under the AV Social Infrastructure Deed;
- Provides for a relatively cost-effective way of securing the land;
- Demonstrates to the community Council's commitment to providing social infrastructure; and
- Negates the uncertainty and financial risks involved with pursuing alternate options.

#### 6.1.2 Financial Implications

This option will:

- Provide for a cost-neutral acquisition of land as part of the development assessment process;
- Commit Council to paying for the connection to services as part of the allotment establishment costs (to be determined); and
- Likely commit Council to upfront capital and ongoing operational costs required for the establishment and maintenance of the site on an interim basis before Council is ready to construct the community centre.

Additionally:

- The interim use of the site will be negotiated with the developer and still needs to be costed;
- Funding for the capital and operational costs associated with this option will form part of a future Annual Business Plan submission – likely to be in 2022/23 or 2023/24;
- Interim capital costs are likely to be at least \$75,000; and

The securing of the land is deemed to be 'cost-neutral' based on the following:

- The subdivision concept has 219 residential allotments.
- The size of the land parcel to be secured for the community centre is 3,513sqm.
- The current social contribution amount is \$773 per allotment, which equates to \$169,287 in social contribution deed payments. Please note that this amount is likely to change if the number of allotments changes during the development assessment process and because the per-lot rate increases by CPI every quarter. However, these changes are not expected to materially impact the cost-neutral land exchange.
- Using the existing metrics the un-serviced land cost equates to \$48 per square metre.
- By way of comparison internal advice from Council's Property Team is that large englobo (un-serviced) allotments in the area are selling for around the \$45 per square metre rate. As such, the proposal is considered to be a reasonable exchange. Prior to the arrangement being formalised an external land valuation will also be sought.

## **6.2 Option 2 Analysis**

### **6.2.1 Analysis & Implications of Option 2**

This option:

- Will commit Council to looking for other options;
- Results in uncertainty in where a site can be secured and for what cost;
- Risks Council being forced to construct a community centre (to meet our legal Deed obligations) in a location that is not as accessible to the community it is intended to serve; and
- Places Council in a more vulnerable position in future negotiation scenarios due to diminishing desired locations.

### **6.2.2 Financial Implications**

The financial implications are not certain but this option:

- May result in Council securing land under a more expensive scenario (it is unlikely to be less expensive);
- Risks Council trying to secure land in a future environment of rising land values; and
- Risks Council having to invest in a community centre which is not well located and therefore does not represent the best social return on investment.





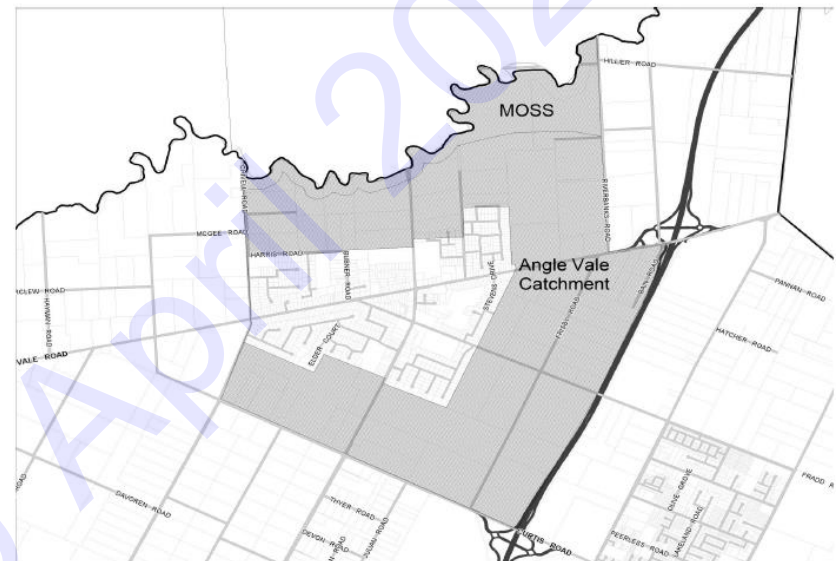
## Social Infrastructure Table

Map Reference	Item	Treatment	Timing	Comments
	Neighbourhood multipurpose Community Centre	Multi purpose community centre approximately 1000 sq m Located in the town centre on Heaslip Road or close to the neighbourhood centre or on Council owned land in Angle Vale.	Settlement of 4,000 lots in Angle Vale Catchment.	Commencement of the facility will be on the basis that Council has been able to acquire the land.  Commencement of facility will be dependent on receiving funding from Council or externally. Triggers are indicative.
	Develop Sports field at Angle Vale Reserve	Irrigated playing surface (approx. 20,000 m sq), coaches/reserves boxes, lighting, potential toilet for northern end of site, turf prep, earthworks and car parking.	Settlement of 4,000 lots in Angle Vale Catchment.	Commencement of the facility will be on the basis that Council has been able to acquire the land.  Commencement of facility will be dependent on receiving funding from Council or externally. Triggers are indicative.
	Indoor recreation centre	3,500 GFA, 2-3 courts (p. 22, Tredwell, 2013)  Indicative Minimum Requirements: 40-50 sqm/room for 2 change rooms 75 sqm storage 20 sqm meeting space 150 sqm multipurpose room 50 vehicle parking + other parking requirements according to Australian Standards (bike, scooter, motorbike, pram parking/storage) 25 sqm cafe 200 sqm fitness studio/gym (consider 24 hr access/commercial viability in design/operation) 15 sqm office space  Optional elements above Indicative Minimal Requirements: 30 sqm commercial kitchen function spectator area 50 sqm crèche (link with community centre/other childrens services in the Neighbourhood Centre) 25m program/leisure pool/hydrotherapy	Settlement of 2000 Lots, in Northern Catchment and settlement of 3000 lots within Angle Vale Catchment	Facility to be developed in Munno Para Downs. This item has been identified in the Playford North Extension Social Infrastructure Deed. Funds collected in Angle Vale maybe put towards the development of this facility.  Commencement of facility will be dependent on receiving funding from Council or externally. Triggers are indicative.  If practicable, collocated with Indoor Community Centre and educational facilities. Dependent on Council ability to acquire the land, servicing of the land and master planning of the Neighbourhood Centre in Munno Para Downs.
	Develop MOSS under care and control of Council.	20,000m2 irrigation, BBQ & electrical, playground, landscaping, Shelters, park furniture, pavement	Settlement of 5,000 lots in Angle Vale Catchment.	Commencement of facility will be dependent on receiving funding from Council or externally.  Commencement of facility will be dependent on receiving funding from Council or externally. Triggers are indicative.
	Purchase Land for Community Centre	Purchase of 3000m2 if required - potential to located on other land owned by Council, eg. Angle Vale Sporting Reserve.	Settlement of 2,000 lots in Angle Vale Catchment.	Council will seek to acquire land to develop a sporting facility in Angle Vale, via negotiations, 12.5% open space contribution or through direct purchase.  Council and Land Owners/ Developers can negotiate the purchase of the land in accordance with the Deed on or before the indicative timing trigger.
	Purchase Land for Angle Vale Sporting Facility	Purchase of land of an adequate size to enable development of facility identified above.	Settlement of 2,000 lots in Angle Vale Catchment	Council will seek to acquire land to develop a sporting facility in Angle Vale, via negotiations, 12.5% open space contribution or through direct purchase.  Council and Land Owners/ Developers can negotiate the purchase of the land in accordance with the Deed on or before the indicative timing trigger.

### Notes

1 Dollar figures are indicative only. Scope of facility development will be determined at detailed design stage.





**C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 17.3 IS TO BE KEPT IN CONFIDENCE****Purpose**

To resolve how long agenda item 17.3 is to be kept confidential.

**STAFF RECOMMENDATION**

Pursuant to Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 17.3 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Sections 90 (3) (b) (d) of the Local Government Act 1999:

- Report for Item 17.3
- Attachment(s) for Item 17.3

This order shall operate until the land has wholly transferred into Council's ownership 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.

Pursuant to Section 91(9)(c) of the Local Government Act 1999, the Council delegates to the Chief Executive Officer the power to revoke this order at any time if the reason for the report remaining in confidence no longer is relevant and the Chief Executive Officer must advise the Council of the revocation of this order as soon as possible after such revocation has occurred.

**COMMITTEE RESOLUTION****4350**

Pursuant to Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 8.1 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Sections 90 (3) (b) (d) of the Local Government Act 1999:

- Report for Item 8.1
- Attachment(s) for Item 8.1

This order shall operate until the land has wholly transferred into Council's ownership 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.

Pursuant to Section 91(9)(c) of the Local Government Act 1999, the Council delegates to the Chief Executive Officer the power to revoke this order at any time if the reason for the report remaining in confidence no longer is relevant and the Chief Executive Officer must advise the Council of the revocation of this order as soon as possible after such revocation has occurred.

## 17.4 RURAL ROAD SEALING PROJECT

Contact Person: Mr Barry Porter

### Why is this matter confidential?

Subject to an order pursuant to Section 90 (3) (k) of the Local Government Act 1999, this matter is confidential because Council is current running two open tender processes. The release of the tender prices contained within this Report would breach commercial in confidence at this stage of the process.

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

No action – this motion passed in the open section.

### B. THE BUSINESS MATTER

## 17.4 RURAL ROAD SEALING PROJECT

**Responsible Executive Manager :** Mr Barry Porter

**Report Author :** Mr Jeremy Lim

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

**Attachments :**

- 1. City of Playford Rural Road Sealing Policy
- 2. City of Playford Rural Road Sealing Priority List

### PURPOSE

The purpose of this report is to seek a decision from Council regarding the allocation of \$900,000 capital funding towards a rural road sealing project in accordance with Council's Rural Road Sealing Policy.

### STAFF RECOMMENDATION

1. That Council notes staff have prioritised Council's rural unsealed road network in accordance with the prioritisation criteria outlined in 5.2 of the City of Playford Rural Road Sealing Policy.
2. That Council notes that staff have undertaken detailed road assessments on the top three roads on the prioritisation list in accordance with 5.3 of the City of Playford Rural Road Sealing Policy.
3. That the \$900,000 Rural Road Sealing project budget is allocated to the upgrade (sealing) of Hayman Road in Penfield Gardens.

**COMMITTEE RESOLUTION****4352**

- 1. That Council notes staff have prioritised Council's rural unsealed road network in accordance with the prioritisation criteria outlined in 5.2 of the City of Playford Rural Road Sealing Policy.**
- 2. That Council notes that staff have undertaken detailed road assessments on the top three roads on the prioritisation list in accordance with 5.3 of the City of Playford Rural Road Sealing Policy.**
- 3. That staff commence the construction of Riggs Road (Design Option 2) at a cost of \$973,477 and allocates the additional \$73,477 capital funding via Budget Review**

**EXECUTIVE SUMMARY**

This report seeks to respond to resolution 3745. The resolution consisted of two parts:

1. Adoption of a new City of Playford Rural Road Sealing Policy.
2. Requirement for staff to implement the new policy to assist Council in re-allocating the rural road sealing budget to another rural road. The \$900,000 budget was envisaged to be allocated to Bassnet Road via the 2018/19 Annual Business Plan (ABP), however the ABP did not specifically reference Bassnet Road.

The Rural Road Sealing Policy involves a two-phase assessment process. The first phase involves a high level prioritisation of Council's unsealed rural road network via a desk top analysis to help determine which roads to assess in greater detail. The second phase involves a detailed analysis of the top road(s) on the priority list to help determine whether a road should be upgraded or not.

Council staff have undertaken detailed assessments of the three highest ranked roads on the priority list; Glenburnie Road, Yattalunga; Riggs Road, Yattalunga; and Hayman Road, Penfield Gardens.

The findings of these assessments are detailed in the Discussion section of this report. The assessment of Glenburnie Road illustrates that it would be irresponsible to upgrade the road due to the significant native vegetation impact. The Strategic Plan (2020-24) calls for establishing specific targets to increase tree canopy across the city, and the project would require the removal of 1,173 trees.

The assessments of Hayman and Riggs Roads have highlighted that there is little difference between the two. Both roads have a similar function (no through road), service a similar number of dwellings and have similar traffic volumes. The upgrade of Riggs Road will have a relatively low native vegetation impact and require a small significant environment benefit (SEB) offset payment, while the upgrade of Hayman Road will not require a SEB payment.

Riggs Road is the only road that has registered crashes in the previous five years, with two casualty crashes on record. It could be considered that the upgrade of Riggs Road more closely aligns to Community Theme 1 in the Draft Strategic Plan - *Improving safety and accessibility*. While it could be considered that the upgrade of Hayman Road more closely aligns to Community Theme 4 – *Supporting local employment opportunities* as it will provide benefits for the horticultural industry.

The staff recommendation is based on the requirement of Council resolution 3745 to match a road upgrade project to the existing budget (\$900,000). Design and construct tenders have



been called for both road projects and Hayman Road is the only project currently within budget (\$876,290). It should be noted that Riggs Road (Design Option 2) is only \$73,477 above budget and this does include an \$88,500 contingency which may or may not be required (see Discussion section for more details).

Option Two and Three both involve the upgrade of Riggs Road. The merits of upgrading this road are linked to the opportunity to improve road safety, as two casualty crashes have been recorded on this road in the past five years. Option Two includes a design which seeks to address known safety concerns regarding road alignment and sight lines. While this option has a higher capital cost staff believe it represents an opportunity to reduce the residual risk associated with the road upgrade. Option Three does not alter the existing road alignment and will not reduce the residual risk, and could potentially increase the risk further.

## 1. BACKGROUND

At the 24 September 2019 Ordinary Council Meeting, Council endorsed a new Rural Road Sealing Policy (resolution 3745).

1. *Council endorses the new Rural Road Sealing Policy (Attachment 1).*
2. *Council notes that an assessment process will be conducted for roads identified through the Rural Road Sealing Program to determine the impact of sealing a road and associated costs. The assessment will be submitted to Council for consideration prior to funding being allocated to detailed design and construction through the Annual Business Plan.*
3. *Council withdraws its application to the Special Local Roads Program seeking \$1M matching funding to upgrade Bassnet Road.*
4. *Council receives a separate report with alternate Rural Road Sealing options to reallocate the \$900,000 carryover funding previously allocated to the Rural Road Sealing Program (Bassnet Road) through the 2018/19 Annual Business Plan.*

The policy (Attachment One) outlines a two phase process that Council will undertake in order to make a decision on sealing (upgrading) an unsealed road.

The first phase involves a desktop assessment of Council's unsealed road network using the policy prioritisation criteria of road safety, traffic volumes, road maintenance, crop sensitivity and housing density. The purpose of this phase is to help determine which roads to assess in greater detail.

The second phase involves the development of a concept plan and detailed road assessments covering road upgrade construction costs, existing versus future maintenance costs, the native vegetation impact associated with upgrading the road, and the number of residents and road users expected to benefit from the road upgrade. The detailed assessment is required to be submitted to Council for consideration prior to (capital) funding being allocated to detailed design and construction through the Annual Business Plan.

Since resolution 3745 was endorsed Council staff have prioritised Council's unsealed road network (Attachment Two) and undertaken detailed assessments on the three rural roads at the top of priority list in accordance with the policy. These roads are:

- Glenburnie Road, Yattalunga
- Riggs Road, Yattaluga
- Hayman Road, Penfield Gardens

An Informal Gathering was held on 8 September 2020 outlining the findings from the staff assessments.

## 2. RELEVANCE TO STRATEGIC PLAN

### 2: Smart Living Program

#### Outcome 2.3 Liveable neighbourhoods

The Smart Living Program outlines that the 'community will see infrastructure to meet their needs'. The upgrade of a rural road can improve road safety and benefit local industry.

## 3. PUBLIC CONSULTATION

Council's 2018/19 Annual Business Plan included a \$900,000 budget for the Rural Road Sealing Program and the relevant public consultation on this project occurred in May 2018.

## 4. DISCUSSION

### 4.1 Rural Road Sealing Priority List (Phase 1 Prioritisation)

Staff have assessed Council's Rural Unsealed Road Network using the prioritisation criteria outlined in 5.2 of the City of Playford Rural Road Sealing Policy. The prioritisation criteria includes:

#### Road Safety

Road Safety takes into account the gradient (its steepness), road geometry (road curve), and safety improvements required (signage, guardrail etc.)

#### Traffic Volumes

Traffic Volumes take into account the estimated volume of traffic using the road per day.

#### Road Maintenance

Road Maintenance takes into account the amount of road maintenance undertaken, and the annual cost to Council.

#### Housing Density

Housing Density takes into account the number of houses or dwellings per kilometre along the unsealed road.

The first phase of prioritisation is based on a desk-top analysis and is simply used as a guide to help decide which roads to assess in greater detail. It should not be used as the sole tool to determine which road to upgrade. The top three roads on the priority list are:

- Glenburnie Road, Yattalunga
- Riggs Road, Yattalunga
- Hayman Road, Penfield Gardens

### 4.2 Rural Road Sealing Assessments (Phase 2 Assessment)

The Policy outlines that once the roads have been prioritised they are required to undergo a detailed assessment prior to Council making a decision to allocate capital funding to detailed design and construction. The second phase of assessment provides a more in depth analysis to guide Council decision making and is required to cover:

1. Estimated capital cost of constructing the road including the cost of any rectification or improvements required prior to sealing, such as:
  - Drainage improvements
  - Adequate pavement thickness and material quality (road base)
  - Changes to geometrics and pavement shape
  - Existing (unsealed) and future (sealed) maintenance costs
2. Native vegetation impact of upgrading the road, including the recommended approach to implementing Council's Native Vegetation Mitigation Hierarchy. This will include any Significant Environment Benefit (SEB) offset payment requirements
3. Number of residents and road users expected to benefit from the road upgrade

The following tables provide a summary of each road assessment in accordance with 5.3 of the policy. It is important to note that in this instance staff and undertaken two separate design and construct tender processes for Riggs Road and Hayman Road. The reason for this is that staff are required to match a project to the already allocated \$900,000 budget. In future staff would seek capital funding for detailed design over one year and capital funding for construction in the following year.

#### Glenburnie Road

Description and road function	<ul style="list-style-type: none"> <li>3.23 km no through road that runs from Humbug Scrub Road and primarily services the adjacent rural living properties.</li> </ul>
No. of vehicles per day	<ul style="list-style-type: none"> <li>Average of 50 vehicles. This is based on a seven day traffic count in June 2018</li> </ul>
No. of dwellings located on the road	<ul style="list-style-type: none"> <li>10 rural living dwellings</li> <li>3.1 dwellings per km</li> </ul>
Native vegetation impact	<ul style="list-style-type: none"> <li>The area is protected under the <i>Native Vegetation Act 1991</i></li> <li>The road upgrade requires the removal of 1,173 trees and habitat for threatened bird species</li> <li>The road upgrade requires the removal of approximately 54 significant trees</li> <li>A significant environment benefit (SEB) offset payment of approximately \$1,540,000 is required for 6m wide seal</li> </ul>
Design comments	<ul style="list-style-type: none"> <li>No crashes have been recorded on the road in the preceding five years</li> <li>The road corridor is set within undulating terrain and contains significant trees that are located very close to the road</li> <li>The upgraded road design cannot meet Austroad Standards and requires the implementation of extended design domain (EDD) principles with a 6m wide seal with 0.5m shoulders</li> <li>EDD assessment process captures the identified non-</li> </ul>

	<p>standard design issues, describes appropriate mitigating treatment options to manage the risks involved and describes the chosen course of action.</p> <ul style="list-style-type: none"> <li>The upgraded road design needs to cater for heavy vehicles</li> </ul>
Existing maintenance costs	<ul style="list-style-type: none"> <li>Annual cost: \$30,000 - \$35,000 = \$9,288 - \$10,836 per km</li> </ul>
Future maintenance costs	<ul style="list-style-type: none"> <li>Estimated annual cost: \$14,932 = \$4,623 per km</li> </ul>
Capital upgrade cost	<ul style="list-style-type: none"> <li>\$3,800,000 (+/-10%) based on detailed design</li> <li>The upgrade cost includes an SEB payment of \$1,540,000</li> </ul>
Return on investment	<ul style="list-style-type: none"> <li>The return on investment is approximately 189 years (using the high range of the existing maintenance costs). The return is based on ongoing maintenance savings and does not include other community benefits such as improved road safety.</li> </ul>

### Riggs Road

Description and road function	<ul style="list-style-type: none"> <li>2.79 km no through road that runs from Gawler-One Tree Hill Road and primarily services the adjacent rural living properties.</li> </ul>
No. of vehicles per day	<ul style="list-style-type: none"> <li>Average of 70 vehicles. This is based on a seven day traffic count in November 2019.</li> </ul>
No. of dwellings located on the road	<ul style="list-style-type: none"> <li>13 rural living dwellings</li> <li>4.6 dwellings per km</li> </ul>
Native vegetation impact	<ul style="list-style-type: none"> <li>The area is protected under the <i>Native Vegetation Act 1991</i></li> <li>The road upgrade requires the removal of up to 7 protected Eucalyptus trees along the roadside</li> <li>The road upgrade also requires the removal of trees and shrubs that are planted vegetation and not protected under the <i>Native Vegetation Act 1991</i>.</li> <li>A SEB offset payment up to \$9,000 is required</li> </ul>
Design comments	<ul style="list-style-type: none"> <li>Two casualty crashes have been recorded on the road in the preceding five years. Crash data is provided by the Department of Infrastructure and Transport (DIT). DIT receive the crash data from the South Australian Police. Crashes are either categorised as property damage only, casualty (with injuries) or fatalities.</li> <li>Based on the crash data staff have worked with the design consultants to prepare Design Option 1 which attends to the cause of the accidents.</li> <li>Design Option 1 involves a road realignment to improve safety, and address sight line issues where possible. This</li> </ul>

	<p>option creates a new entry point (between the two existing entry points) onto Gawler-One Tree Hill Road which maximises the sight distance in both directions. The realignment increases the corner radii in three locations where there are sight line issues.</p> <ul style="list-style-type: none"><li>• Design Option 1 requires land acquisition in three locations:<ul style="list-style-type: none"><li>○ Lot 47 Riggs Road - 460m2</li><li>○ Lot 47 Riggs Road - 505m2</li><li>○ Lot 39 Riggs Road - 410m2</li></ul></li><li>• Design Option 2 would involve sealing the existing road alignment and does not address the safety concerns that Design Option 1 seeks to address.</li><li>• Both upgraded road designs cannot meet Austroads standards and will require Extended Design Domain (EDD) treatments. An EDD assessment process identifies the non-standard design issues, describes appropriate mitigating treatment options to manage the risks involved and describes the chosen course of action.</li><li>• Both road upgrade designs need to cater for heavy vehicles</li><li>• Staff have received anecdotal advice that other accidents may have occurred on the road, but as this is not DIT recorded information we cannot verify this information.</li></ul>																								
Existing maintenance costs	<ul style="list-style-type: none"><li>• Annual cost: \$30,000 - \$35,000 = \$10,753 - \$12,545 per km</li></ul>																								
Future maintenance costs	<ul style="list-style-type: none"><li>• Estimated annual cost: \$12,898 = \$4,623 per km</li></ul>																								
Capital upgrade cost (+/-?)	<p>The following costs are based on design and construct tenders. * Represents exclusions from the tendered price. Staff have <i>estimated these likely additional costs to better demonstrate total expected construction costs.</i></p> <table><tr><td></td><td>Option 1 Realignment</td><td>Option 2 Existing Alignment</td></tr><tr><td>Tendered Price</td><td>\$956,290</td><td>\$844,977</td></tr><tr><td>Land Acquisition*</td><td>\$50,000</td><td>\$0</td></tr><tr><td>Rock Excavation*</td><td>\$110,000</td><td>\$20,000</td></tr><tr><td>Service Relocation*</td><td>\$20,000</td><td>\$20,000</td></tr><tr><td>Additional Quarry Gravel*</td><td>\$30,000</td><td>\$0</td></tr><tr><td>Contingency 10%</td><td>\$116,000</td><td>\$88,500</td></tr><tr><td>Total</td><td>\$1,282,290</td><td>\$973,477</td></tr></table>		Option 1 Realignment	Option 2 Existing Alignment	Tendered Price	\$956,290	\$844,977	Land Acquisition*	\$50,000	\$0	Rock Excavation*	\$110,000	\$20,000	Service Relocation*	\$20,000	\$20,000	Additional Quarry Gravel*	\$30,000	\$0	Contingency 10%	\$116,000	\$88,500	Total	\$1,282,290	\$973,477
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Contingency 10%	\$116,000	\$88,500																							
Total	\$1,282,290	\$973,477																							
Return on investment	<ul style="list-style-type: none"><li>• The return on investment is approximately 58 years for option 1 and 44 years for option 2 (using the high range of the existing maintenance costs). This return is based on ongoing maintenance savings and does not include other community benefits such as improved road safety.</li></ul>																								

## Hayman Road

Description and road function	<ul style="list-style-type: none"> <li>1.31 km no through road that runs from Angle Vale Road to the Gawler River and primarily services the adjacent rural living properties.</li> </ul>														
No. of vehicles per day	<ul style="list-style-type: none"> <li>Average of 70 vehicles. This is based on a seven day traffic count in November 2019.</li> </ul>														
No. of dwellings located on the road	<ul style="list-style-type: none"> <li>5 rural living dwellings</li> <li>3.8 dwellings per km</li> </ul>														
Native vegetation impact	<ul style="list-style-type: none"> <li>The area is not protected under the <i>Native Vegetation Act 1991</i>.</li> <li>The road upgrade requires the removal of several native shrubs, however the impact of this is minimal</li> </ul>														
Design comments	<ul style="list-style-type: none"> <li>No crashes have been recorded on the road in the preceding five years.</li> <li>The geometry layout of Hayman is straight, flat and open. There are no sight line issues and the road upgrade does not require any additional safety treatments</li> <li>The upgraded road design can be constructed to conform to Austroads standards, therefore EDD treatments are not required/applicable.</li> <li>The upgraded road design needs to cater for heavy vehicles</li> <li>The upgraded road would complement the recently sealed Carclew Road by providing a direct link to Angle Vale Road</li> </ul>														
Existing maintenance costs	<ul style="list-style-type: none"> <li>Annual cost: \$8,500 - \$9,800 = \$6,489 - \$7,480 per km</li> </ul>														
Future maintenance costs	<ul style="list-style-type: none"> <li>Estimated annual cost: \$6,056 = \$4,623 per km</li> </ul>														
Capital upgrade cost	<p>The following costs are based on design and construct tenders. * Represents exclusions from the tendered price. Staff have <u>estimated</u> these likely additional costs to better demonstrate total expected construction costs.</p> <table border="1"> <tr> <td>Tendered Price</td><td>\$746,627</td></tr> <tr> <td>Land Acquisition*</td><td>N/A</td></tr> <tr> <td>Rock Excavation*</td><td>N/A</td></tr> <tr> <td>Service Relocation*</td><td>\$50,000</td></tr> <tr> <td>Additional Quarry Gravel*</td><td>N/A</td></tr> <tr> <td>Contingency 10%</td><td>\$79,663</td></tr> <tr> <td>Total</td><td>\$876,290</td></tr> </table>	Tendered Price	\$746,627	Land Acquisition*	N/A	Rock Excavation*	N/A	Service Relocation*	\$50,000	Additional Quarry Gravel*	N/A	Contingency 10%	\$79,663	Total	\$876,290
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Land Acquisition*	N/A														
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Service Relocation*	\$50,000														
Additional Quarry Gravel*	N/A														
Contingency 10%	\$79,663														
Total	\$876,290														



**Return on investment**

- The return on investment is approximately 234 years based on ongoing maintenance savings (using the high range of the existing maintenance costs). This return does not include other community benefits such as improved road safety.

**5. OPTIONS**Recommendation

1. That Council notes staff have prioritised Council's rural unsealed road network in accordance with the prioritisation criteria outlined in 5.2 of the City of Playford Rural Road Sealing Policy.
2. That Council notes that staff have undertaken detailed road assessments on the top three roads on the prioritisation list in accordance with 5.3 of the City of Playford Rural Road Sealing Policy.
3. That the \$900,000 Rural Road Sealing project budget is allocated to the upgrade (sealing) of Hayman Road in Penfield Gardens.

Option 2

1. That Council notes staff have prioritised Council's rural unsealed road network in accordance with the prioritisation criteria outlined in 5.2 of the City of Playford Rural Road Sealing Policy.
2. That Council notes that staff have undertaken detailed road assessments on the top three roads on the prioritisation list in accordance with 5.3 of the City of Playford Rural Road Sealing Policy.
3. That staff commence the construction of Riggs Road (Design Option 1) at a cost of \$1,282,290 and allocates the additional \$382,290 capital funding via Budget Review.

Option 3

1. That Council notes staff have prioritised Council's rural unsealed road network in accordance with the prioritisation criteria outlined in 5.2 of the City of Playford Rural Road Sealing Policy.
2. That Council notes that staff have undertaken detailed road assessments on the top three roads on the prioritisation list in accordance with 5.3 of the City of Playford Rural Road Sealing Policy.
3. That staff commence the construction of Riggs Road (Design Option 2) at a cost of \$973,477 and allocates the additional \$73,477 capital funding via Budget Review.

## **6. ANALYSIS OF OPTIONS**

### **6.1 Recommendation Analysis**

#### 6.1.1 Analysis & Implications of the Recommendation

This is the first time that staff have implemented the new City of Playford Rural Road Sealing Policy. The two phase assessment process has highlighted the importance of Council not making a decision to upgrade a road solely on a prioritisation criteria.

The detailed road assessments have illustrated the issues associated with upgrading Glenburnie Road in Yattalunga. The native vegetation impact is extremely high, involving the removal of 1,173 trees and habitat for threatened bird species. Council's Vegetation Management Policy adopts mitigation hierarchy principles with the aim of protecting current biodiversity. In this situation staff recommends that Council should 'avoid impact' and not proceed with the road upgrade and subsequent removal of native vegetation. The Rural Road Sealing Policy also acknowledges that the SEB offset payment for native vegetation may become cost prohibitive. In this instance it is suggested that the \$1,540,000 SEB offset payment and \$3,800,000 total road upgrade cost, is cost prohibitive and does not represent a good community outcome.

The assessments of Hayman Road and Riggs Road highlighted that there is little difference between the two. Both roads have a similar function (no through road), have similar dwelling numbers and traffic volumes. The upgrade of Riggs Road will have a relatively low native vegetation impact, while the upgrade of Hayman Road will not require the payment of any Significant Environment Benefit (SEB) offset payments. Riggs Road is the only road that was assessed that has registered crashes in the previous five years, with two casualty crashes recorded.

The merits of upgrading Hayman Road in Penfield over Riggs Road in Yattalunga is based on Council's desire to only allocate the existing \$900,000 Rural Road Sealing Program budget to one of these options. It is the only option that falls within budget given that the design and construct tenders identified that this project will cost \$876,290.

It is also recommended that given that the assessment process has highlighted some safety concerns with Riggs Road that Council addresses these concerns by installing appropriate advisory warning signs at the locations which have limited sight lines.

#### 6.1.2 Financial Implications

Design and construct tenders have been received for the upgrade of Hayman Road which will cost \$876,290. The \$900,000 capital and \$121,000 operating budget was included in the 2018/19 Annual Business Plan and will be included in the 2020/21 budget review for Councils consideration.

### **6.2 Option 2 Analysis**

#### 6.2.1 Analysis & Implications of Option 2

Option Two prioritises the upgrading of Riggs Road (Design Option 1) over Hayman Road. This is the realigned option which seeks to address the safety concerns outlined in the Discussion section of the report. Due to the fact that two casualty crashes have been recorded on the road in the preceding five years it is recommended that any upgrade seeks to address the known safety concerns in order to reduce the residual risk. Council is also aware of a recent crash that occurred near 56 Riggs Road on 14<sup>th</sup> November. The crash severity and crash type cannot be confirmed at this stage.

The upgrade of Riggs Road to a sealed road is likely to see an increase in vehicle speeds and this will see an increase in this residual risk if not addressed through the construction.

The realigned upgrade option requires land acquisition in three locations. As per Section 191 of the Local Government Act 1999:

- 1) A council may, with the Minister's written approval, acquire land compulsorily.
- 2) However, Ministerial approval is not required for the compulsory acquisition of land for a purpose classified by the regulations as an approved purpose.
- 3) The Land Acquisition Act 1969 applies to the acquisition of land under this section.

There are two approaches that Council can undertake to acquire the land for use as a public road:

- 1.) Council reaching an agreement with the landowner for Council to acquire the land, and a plan of division being prepared to vest the land in the Council as public road; or
- 2.) If an agreement cannot be reached with the landowner, Council commencing and completing a process to open the land as public road under the Roads (Opening and Closing) Act 1991 (SA) (ROC Act).

If an agreement is sought with the landowner to acquire the land, and the landowner so agrees, we would expect that the landowner will request payment for the land and the Council will need to consider and seek expert advice on an appropriate amount to pay in this regard. A contract for the vesting of the land will need to be prepared and a plan of division will need to be prepared and deposited by the Registrar-General.

If a road is opened under the ROC Act, the processes prescribed by the ROC Act will need to be followed and compensation is payable to all persons with an interest in the land and is determined in accordance with the Land Acquisition Act 1969 (SA). The compensation payable in accordance with the Land Acquisition Act 1969(SA) is determined on the basis of the highest and best use of the land and generally payable under the following 'heads of compensation':

- the market value of the land;
- injurious affection (for example, if the land was required as part of the landowner's plans to renovate and upgrade the existing service station compensation for loss attributable this may be payable); and
- disturbance (for disturbance suffered by the landowner as result of the acquisition or works to be carried out on the acquired land).

#### 6.2.2 Financial Implications

Design and construct tenders have been received for the upgrade of Riggs Road (Design Option 1 – realignment), which will cost \$1,282,290. The additional \$382,290 capital funding will need to be allocated via Budget Review. No new additional operating funding is required because \$121,000 was already approved in the 2018/19 Annual Business Plan. The original bid submission anticipated a much higher interest rate on borrowings so no additional operating funding is required.

### 6.3 Option 3 Analysis

#### 6.3.1 Analysis & Implications of Option 3

Option Three prioritises the upgrading of Riggs Road (Design Option Two) over Hayman Road and Riggs Road (Design Option One). This option involves the sealing of the existing road alignment and fails to address the known safety concerns, thus the residual risk is not reduced. A summary of the design differences between Riggs Road Option One and Two are outlined below:

Component of Road Upgrade	Option 1 Realignment	Option 2 Existing
Compliant road width	YES	YES
Installation of complying driveway crossovers	YES	YES
Road shoulders	YES	YES
Super-elevation of curves (banking)	YES	YES
Complying cul-de-sac turnaround	YES	YES
Guide post and delineators	YES	YES
Appropriate signage	YES	YES
Improved sight distance, road readability, operating speeds through road realignment	YES	NO
Tree removal	YES	YES
Land acquisition	YES	NO
New safer entrance/exit point to Gawler One Tree Hill Road	YES	NO
New stormwater cross drains and pipes	YES	NO

#### 6.3.2 Financial Implications

Design and construct tenders have been received for the upgrade of Riggs Road (Option 2 – existing alignment), which will cost \$973,477. The additional \$73,477 capital funding will need to be allocated via Budget Review. No new additional operating funding is required because \$121,000 was already approved in the 2018/19 Annual Business Plan. The original bid submission anticipated a much higher interest rate on borrowings so no additional operating funding is required.



# RURAL ROAD SEALING POLICY

[playford.sa.gov.au](http://playford.sa.gov.au)



## Rural Road Sealing Policy

*This policy is set by Council for use by the community and council administration*

**ECM Document Set No.:** 3600474

**Version No.:** 1.0

**Date of Current Version** 24 September 2019

**Responsible Team** Strategy and Policy

**Other Key Internal Stakeholders** City Operations, Assets and Projects

**Initial Date of Adoption** 24 September 2019

**Last Reviewed** 24 September 2019

**Authorised By** Council

**Resolution No.:** 3745

**Legal Requirement** N/A

**Date of Next Review** 30 June 2021

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## 1. Purpose

The Rural Road Sealing Policy provides Council with a framework for decisions regarding sealing of unsealed rural roads and the process for funding works.

## 2. Scope

This Policy applies to all unsealed roads owned and maintained by the City of Playford.

## 3. Legislation and References

Nil.

## 4. Definitions

**Arterial Road** refers to a road that is owned and maintained by the State Government through the Department of Planning, Transport and Infrastructure

**Commercial Vehicles** refers to vehicles 8.8m long or greater with higher axle loads than average cars.

**Growth Areas** refers to areas that are proposed for change in land use to accommodate residential, commercial and/or industrial growth.

**Local Road** refers to a road that is owned and maintained by Council.

**Metropolitan Road** refers to a road that is located within a built up environment.

**Road Stabilisation Treatment** consists of a seal applied to the existing road configuration, with limited need for road drainage, road formation and road pavement reconstruction.

**Rural Road** refers to a road located within a non-built up environment.

**Rural Sealed Road** refers to a road that has a bitumen seal but differentiates from a Metropolitan Sealed Road in that it does not include kerbing, lighting or underground storm water infrastructure.

**Unsealed Road** refers to roads that have been constructed with a high clay or limestone content rubble material to provide an all-weather surface.

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## 5. Policy

### 5.1 Background

Council's Rural Road Sealing Program was established in 1999 with the intention of sealing unsealed roads across the horticultural areas of Virginia. Over time the program was expanded to include all rural roads across the city, except for roads located in designated Growth Areas. Since the inception of the Rural Road Sealing Program approximately 95km of unsealed road has been sealed across the city.

For context the below table details the length of Council's road network:

	Length (km)
Total Local Road Network	887
Metropolitan Road Network	578
Rural Road Network	309
Unsealed Rural Road Network (Non-Growth Areas)	40
Unsealed Rural Road Network (Growth Areas)	25
Sealed Rural Road Network	244

The aim of the Rural Road Sealing Program has been to improve safety and comfort for road users, provide transport connections, and reduce noise and dust production. The reduction in dust production can provide a positive economic impact across the horticultural areas, especially where fruit, vegetables and flowers are grown above ground adjacent an unsealed road.

The sealing of an unsealed road represents an increase in service level, with funding for projects (road upgrades) allocated on a annual basis through the Annual Business Planning process.

### 5.2 Rural Road Sealing Prioritisation Criteria

Unsealed Rural Roads are prioritised for sealing by Council's Administration using the following criteria: (each criterion has an equal weighting)

#### Road Safety

Road Safety takes into account the road gradient (its steepness), road geometry (road curve), and safety improvements required (signage, guardrail etc.)

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#### Traffic Volumes

Traffic Volumes takes into account the estimated volume of traffic using the road per day.

#### Road Maintenance

Road Maintenance takes into account the amount of road maintenance undertaken, and the annual cost to Council.

#### Crop Sensitivity

Crop Sensitivity takes into account the types of crops grown adjacent the road. Crops grown adjacent to roads that are dust sensitive are given a higher priority.

#### Housing Density

Housing Density takes into account the number of houses or dwellings per kilometre along an unsealed road.

As per 4.3.6 in the Policy Statement below, all private roads that are gifted to Council will be prioritised last on the Rural Road Sealing Priority List.

### **5.3 Policy Statement**

5.3.1 Council is committed to providing a safe, fit for purpose rural road network that facilitates improved transport connections, prevents crop damage and facilitates economic development.

5.3.2 Individual road upgrade projects will be considered for funding via the Annual Business Plan. Consideration will only be given following a staff assessment process which will include the following detail:

- Estimated capital cost of constructing the road including the cost of any rectification or improvements required prior to sealing, such as:
  - Drainage improvements
  - Adequate pavement thickness and material quality (road base)
  - Changes to geometrics and pavement shape
  - Existing (unsealed) and future (sealed) maintenance costs
- Native vegetation impact of upgrading the road, including the recommended approach to implementing Council's Native Vegetation Mitigation Hierarchy. This will include any Significant Environment Benefit (SEB) offset payment requirements
- Number of residents and road users expected to benefit from the road upgrade

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- 5.3.3 The above information will be compiled to form a business case for the road upgrade project. The business case will be submitted to Council for consideration prior to funding being allocated to detailed design and construction through the Annual Business Plan.
- 5.3.4 Council may not seal roads that require significant removal of native vegetation and significant trees. In the hills area, the offset payment for native vegetation and trees may be substantial and becomes cost prohibitive.
- 5.3.5 Rural Unsealed Roads in the Growth Areas will be excluded from the Rural Road Sealing Priority List. It is considered the Developer's responsibility to upgrade the specific road to the required standards due to significant traffic demand resulting from the development. If the unsealed roads are currently not within the urban development horizon of 20 years and beyond, Council will consider upgrading the road on a priority and merit basis.
- 5.3.6 Council will not seal private roads. The maintenance and upgrade of a private road is the responsibility of affected land owner(s). All private roads that are gifted to Council will be prioritised last on the Rural Road Sealing Priority List.
- 5.3.7 Where relevant, Council will seek a funding contribution from the relevant adjoining Council(s) if the maintenance responsibility of the road is shared with another Council.
- 5.3.8 Council will have regard for community feedback when determining whether to proceed with proposed road sealing. Community feedback will be considered against other factors relating to broader community needs
- 5.3.9 If the sealing of an unsealed road is not supported by Council following a staff assessment process, Council may choose to implement a road stabilisation treatment. This approach will be considered by Council following the staff assessment described in 4.3.2.
- 5.3.10 Council may seek external funding contributions through the Special Local Roads Program and Heavy Vehicle Safety and Productivity Program to

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supplement the cost of road upgrades.

5.3.11 Designs for road upgrade projects will aim to conform to Austroad Standards and Guidelines, however exceptions may be made due to site constraints and limitations.

## 6. Responsibilities

Role	Function
Transport Planner	Forward planning and concept design
Manager Assets and Projects	Detailed design and construction
Manager Environment and Waste	Native vegetation and tree impact assessment
Manager Roads and Stormwater	Rural road maintenance

Strategy & Policy are responsible for the management of this policy.

## 7. Relevance to Strategic Plan

The Policy supports the Council's Strategic Plan 2016-2020 with the following key aspects:

### Smart Living

- Infrastructure to meet the City's needs.
- Supports on-going development of the City.

## 8. Accessibility

This policy is available on Council's website.

## 9. Feedback

We invite your feedback on this policy which can be directed to Council's Transport Planner at [playford@playford.sa.gov.au](mailto:playford@playford.sa.gov.au).

## 10. Approval and Change History

Version	Approval Date	Approval by	Change
1	24 September 2019	Council Resolution No. 3745	New Policy

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**City of Playford Rural Road Sealing Priority List (Reviewed September 2020)**

Road Name	Suburb	Length (km)	Priority Score	Comments
Glenburnie Rd	Yattalunga	3.23	54	
Riggs Rd	Yattalunga	2.79	54	
Hayman Rd	Penfield Gardens	1.31	43	
Argent Road	Penfield	0.95	40	
Hannaford Hump Rd	Sampson Flat	4.80	38	
Karwin Rd	Humbug Scrub	1.45	37	
Hannaford Hump Rd	Sampson Flat	0.27	36	
McGilp Rd	One Tree Hill	0.45	34	
Vokes Rd	Virginia	0.15	30	
Harvey Rd	Sampson Flat	0.50	30	
Winnifred Rd	Virginia	0.55	29	
Johnson Road	One Tree Hill	1.80	29	
Starrs Gully Rd	Yattalunga	2.10	29	
Robinson Road	Virginia	0.71	27	
McGee Rd	Penfield Gardens	1.01	27	
Burt Rd	Virginia	0.43	27	
Laxton Road	McDonald Park	0.41	27	
Nash Rd	Virginia	1.09	27	
Kelly Hill Rd	Humbug Scrub	1.40	25	
Short Rd	Penfield	1.06	24	
Brooks Rd	Buckland Park	1.90	22	
Eagles Nest Rd	Bibaringa	0.41	21	
Precolumb Rd	One Tree Hill	0.40	21	
Brooks Rd	Buckland Park	1.20	20	
Brooks Rd	Buckland Park	1.17	20	
Taylor Rd	Humbug Scrub	0.90	18	
Blencowe Rd	One Tree Hill	0.60	18	
Tozer Rd	Buckland Park	1.15	17	
Berno Rd	Waterloo Corner	0.55	10	
Rutland Rd	Sampson Flat	0.70	8	
Casson Rd	Waterloo Corner	0.30	7	
Clements Rd	Virginia	0.90	7	
James Rd	Virginia	0.46	7	
Alpha Court	Waterloo Corner	0.45	5	
Bassnet Rd	Humbug Scrub	2.90	42	Council resolved not to seal (resolution 3745)



**C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 17.4 IS TO BE KEPT IN CONFIDENCE****Purpose**

To resolve how long agenda item 17.4 is to be kept confidential.

**STAFF RECOMMENDATION**

Pursuant to Section 91(7) of the Local Government Act 1999, the Committee orders that the following aspects of Item 17.4 be kept confidential in accordance with Committee's reasons to deal with this item in confidence pursuant to Section 90 (3) (k) of the Local Government Act 1999:

- Report for Item 17.4
- Attachment(s) for Item 17.4
- Minutes for Item 17.4

This order shall operate until both tender process have been completed, 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.

**COMMITTEE RESOLUTION****4353**

Pursuant to Section 91(7) of the Local Government Act 1999, the Committee orders that the following aspects of Item 8.2 be kept confidential in accordance with Committee's reasons to deal with this item in confidence pursuant to Section 90 (3) (k) of the Local Government Act 1999:

- Report for Item 8.2
- Attachment(s) for Item 8.2
- Minutes for Item 8.2

This order shall operate until both tender process have been completed, 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.