



**DRAFT**

# Major Land Transaction Business Plan

PROPOSED LEASE OF PORTION OF TOWN OF MOSMAN PARK DEPOT  
LOT 501 MCCABE STREET, MOSMAN PARK

Pursuant to Section 3.59 (3) of the *Local Government Act 1995*



October 2018

Submissions are invited on this proposal and should be addressed to:

Town of Cottesloe

PO Box 606

COTTESLOE WA 6011

Or

[council@cottesloe.wa.gov.au](mailto:council@cottesloe.wa.gov.au)

To be received by: **XX**

## Contents

<b>1. Introduction .....</b>	<b>3</b>
<b>2. Business Plan and Strategic Community Plan Objectives .....</b>	<b>4</b>
2.1 Business Plan Objectives.....	4
2.2 Strategic Community Plan Underpinning Sustainability Principles .....	4
<b>3. Major Land Transaction Overview .....</b>	<b>4</b>
3.1 Background .....	4
3.2 Site Description .....	5
3.3 Site Land Information .....	6
3.3.1 Land Details.....	6
3.4 Proposal Details .....	7
3.5 Proposed Site Plans.....	8
<b>4. Local Government Act 1995 Requirements .....</b>	<b>12</b>
<b>5. Details of the Major Land Transaction .....</b>	<b>13</b>
<b>6. Expected Effects .....</b>	<b>14</b>
6.1 Provision of facilities and services by the Local Government.....	14
6.2 Other persons providing facilities and services in the district.....	14
6.3 Financial effect on the Local Government.....	14
6.4 Matters referred to in the Local Government’s current plan prepared under section 5.56	15
6.5 Ability of the Local Government to manage the undertaking or the performance of the transaction .....	15
<b>7. Appendix 1 .....</b>	<b>16</b>

### 1. Introduction

This business plan has been prepared with respect to the proposed lease between the Town of Cottesloe and the Town of Mosman Park for a portion of its depot land, on lot 501, McCabe Street, Mosman Park on deposited plan 66462, being Reserve 26549.

This business plan has been prepared to provide specifics of the site concerned, address the issues required in accordance with the Local Government Act 1995, and provides details of how members of the community can take the opportunity to consider this proposal and provide input prior to Council making any formal decision.

The lot in question is home to the Town of Mosman Park's Works Depot [Depot] and includes the buildings and surrounding area bounded by fence on the corner of McCabe Street and Fairbairn Street. The proposal is to lease an underutilised portion of land of approximately 1,375m<sup>2</sup> from the Town of Mosman Park, to use as the Town of Cottesloe's [ToC] depot facility, effectively creating two functioning depots on the one lot, facilitated by the Town of Mosman Park [ToMP]. The term proposed is for 21 years, and will include capital investment by the ToC, comprising of 2 buildings and hardstand / car parking area, as well as limited access to some shared facilities. In exchange, rent will be paid to the ToMP. This arrangement will represent a saving to ToC's existing arrangement and become a revenue stream for the ToMP, benefiting both authorities and their ratepayers.

At the March 2018 Ordinary Council Meeting, the ToC Council resolved:

*That Council authorise the Chief Executive Officer to execute the Heads of Agreement with the Town of Mosman Park.*

In 2018, a heads of agreement was signed outlining the desire to work collaboratively toward a mutually beneficial outcome which would suit both authorities operationally, whilst bringing bottom line value through reduced costs and an additional revenue stream.

The Town of Cottesloe is now seeking public submissions on the proposed acquisition, via lease arrangements, of a portion of Lot 501 McCabe Street, Mosman Park.

A formal consultation period will commence for six (6) weeks. Please send any submissions by email to [Council@cottesloe.wa.gov.au](mailto:Council@cottesloe.wa.gov.au) or by mail to:

Town of Cottesloe  
PO Box 606  
COTTESLOE WA 6011

This Business Plan is available in hard copy for viewing at the Town's administration centre, and online through the Town's website. Public submissions close at 4.00pm on **10 December 2018**.

Following close, submissions received in respect to the major land transaction will be considered by Council at the Ordinary Meeting of Council in December 2018 prior to deciding to enter into a lease agreement for the portion of the property.

Mat Humfrey  
**Chief Executive Officer**

## 2. Business Plan and Strategic Community Plan Objectives

### 2.1 Business Plan Objectives

This Business Plan is designed to:

- a. Inform the public with respect to the ToC's proposal to undertake a 'Major Land Transaction' in respect to the acquisition by lease arrangements of a portion of Lot 501 McCabe Street, Mosman Park;
- b. Provide the opportunity for the public to make submissions regarding the Business Plan and the proposed acquisition of this property; and
- c. Satisfy the requirements of Section 3.59 of the *Local Government Act 1995*.

### 2.2 Strategic Community Plan Underpinning Sustainability Principles

Under legislation, Council is required to meet the needs of current and future generations in a sustainable way. In carrying out its functions, the Council is committed to four interconnected principles of sustainability:

#### 1. Sustainable development

To embrace and integrate sustainable development principles including social, economic, environmental and cultural aspects when planning for the district.

#### 2. Community participation

Effective community participation in decisions about the district and its future.

#### 3. Good Governance

Leadership, transparency, accountability, probity, proper management, effective services, equitable access to services, commitment to partnership working and organisational capacity building.

#### 4. Co-operation

The exchange of best practice, support and mutual learning and partnerships with government, neighbouring Councils and other stakeholders to progress the Town.

## 3. Major Land Transaction Overview

### 3.1 Background

The ToC previously owned a depot in Nailsworth street, which was disposed of by sale in March 2015. Since this time, the ToC has been leasing land for use as a depot in Stack Street in Fremantle.

In early 2012, the ToMP and ToC explored the prospect of a shared depot facility on the current ToMP depot site at Lot 501 McCabe Street Mosman Park. Discussion started again late 2016 to explore the prospect of a co-located binary depot on the same site, permitting two distinct depots to operate, as opposed to a shared single facility.

Benefits of this joint arrangement include reducing travel time for the ToC and cost of shared facilities and services.

## MAJOR LAND TRANSACTION BUSINESS PLAN

At the March 2018 Ordinary Council Meeting, Council resolved:

*That Council authorise the Chief Executive Officer to execute the Heads of Agreement with the Town of Mosman Park.*

A heads of agreement was signed in 2018 to work collaboratively toward a mutually beneficial outcome that would suit both authorities operationally, whilst reducing costs and providing an additional revenue stream.

Following negotiations over broad terms, an informal rental amount of approximately \$88,976 [Excluding Goods and Services Tax – GST] per annum, has negotiated and agreed to in principle. This triggers provisions within section 3.59 of the *Local Government Act 1995* for a ‘Major Land Transaction’ that requires a statutory process which will be detailed in part 4 of this Business Plan.

Under the Act, a business plan must be developed and advertised statewide for construction prior to entering into a lease agreement.

### 3.2 Site Description

The Town of Mosman Park depot is located on McCabe Street in Mosman Park, adjacent to the Tom Perrott Reserve to the west and Minim Cove Park to the south. The Town’s main administration office and Council chambers are approximately 1.5 kilometres north of the depot.



## MAJOR LAND TRANSACTION BUSINESS PLAN

The majority of the site is relatively flat, with an upwards slope towards the western edge of the site. There are two main buildings on the site. One is used for truck parking and the other contains the administration functions, staff facilities, workshop and smaller vehicle parking. Surrounding areas include grassed areas and numerous large, mature trees surround the buildings on the site. A large drainage sump is located in the south western corner of the lot.



It is the south-eastern portion of grassed area within the current fence line that will be subject to a proposed lease area and the topic of the Major Land Transaction.

### 3.3 Site Land Information

The following information relates to the depot site in its entirety:

#### 3.3.1 Land Details

Lot 501                      Plan 66462                      Volume LR3159                      Folio 425

#### 3.3.2 Land Ownership

The Registered Property as per the Certificate of Title is Crown Land Reserve vested by management order to the Town of Mosman Park of PO Box 3, Mosman Park, WA, Registered 26 August 2008.

## MAJOR LAND TRANSACTION BUSINESS PLAN

### 3.3.3 Encumbrances

The following notations are registered on the Certificate of Title:

1. L372139/K696260 Reserve 26549 For the purpose of depot site municipal registered 12.7.2010 Management order. Contains conditions to be observed. With power to lease for any term not exceeding 21 Years, subject to the consent of the Minister for Lands. Registered 26.8.2008.
2. K547811 Memorial. Contaminated Sites Act 2003 as to portion only registered 28.03.2008.
3. L425603 Notification Contains factors affecting the within land. Lodged 30.09.2010.

The memorials relate to the subject site, Lot 501, previously being two lots, Lot 612 and Lot 560 on plans DP214812 and DP61574 respectively, which were classified under the Contaminated Sites Act 2003 as 'Possibly Contaminated – Investigation Required'.

### 3.3.4 Land Zoning

Under the provisions of the Metropolitan Region Scheme the subject property is zoned 'Parks & Recreation'.

Under the Town of Mosman Park's current Local Planning Scheme No. 3 the subject property is zoned 'Public Purposes'.

### 3.3.5 Current Use

Lot 501 McCabe Street, houses the Town of Mosman Park's works depot and is used by internal operations staff, neighbouring councils and accessed by contractors to facilitate public works and services to the local area.

## 3.4 Proposal Details

The following are the broad terms for the proposal:

Item	Information
Term	21 Years – maximum allowable under title.
Location	Town of Mosman Park Depot – Lot 501 McCabe Street, Mosman Park.
Area	Approximately 1,375m <sup>2</sup> .
Lease Price	\$ 88,976 [Excluding GST] per annum.
Inclusions & Basis of Price	a. Land Area Value; b. Capital Value of Facilities and Infrastructure; c. Site Services Value; and, d. Arrangements Expenses Value.

## MAJOR LAND TRANSACTION BUSINESS PLAN

<b>Exclusions</b>	<p>Utility services including water, sewerage, gas and electrical.</p> <p>Computer infrastructure [data cables and communication].</p> <p>Sale of materials &amp; lease of equipment, and temporary / project storage [subject to fee for service arrangement].</p> <p>Disposal of materials [subject to fee for service arrangement].</p> <p>Other operational site services.</p>
<b>Notes/Special Provisions</b>	<p>Annual value pegged to CPI.</p> <p>5 year review of agreement terms to permit for scope for combined services or opportunities.</p> <p>Requirement for Town of Cottesloe to plant line of trees along Fairbairn and McCabe Streets to buffer site.</p> <p>Constructed assets convert to Town of Mosman Park upon practical completion, with responsibility for maintenance to rest with Town of Cottesloe.</p> <p>Depot operations to be divided by suitable fence, gates and line marking to delineate areas and protect hard assets [head works etc] as well as adjustment of security system at Town of Cottesloe cost.</p> <p>Propose two tiers of payment – one for site possession, proposed to be at land value [\$39,375], second at site operation at full lease value. Both to be pro-rata.</p> <p>Costs to establish lease documentation to be met by Town of Cottesloe with lawyer acceptable to both parties by others.</p> <p>Town of Mosman Park to waive any fees and charges for approvals as part of establishment, except those statutorily required.</p> <p>Fair use conditions upon additional amenity and services related to inclusions.</p> <p>A sunset Clause suitable to both parties.</p>

### 3.5 Proposed Site Plans

The proposal looks to install two facilities – a larger storage shed for plant and equipment and a smaller building for two managers, and other office staff located to the south eastern most corner of the site. Along the McCabe Street side, a car parking facility will be installed and provide staff parking and materials storage. A fence will delineate the boundary between the ToMP facilities. The central access loop will be used during depot open hours to service both councils, and will require adjustment of security systems to allow independent but secure operations after hours.

The following pages demonstrate the site and the overall views from the adjoining roadways. The red line around the site signifies the proposed lease area boundary.



MAJOR LAND TRANSACTION BUSINESS PLAN



MAJOR LAND TRANSACTION BUSINESS PLAN



PERSPECTIVE - VIEW A



PERSPECTIVE - VIEW B



COTTESLOE WORK DEPOT  
PERSPECTIVE VIEW OF PROPOSED NEW DEPOT BUILDINGS

LINC 16-01-02  
 REV: 8  
 DATE: 02-03-18  
 THIS DRAWING CAN ONLY BE USED AS A REFERENCE TO THE PROJECT. IT IS NOT TO BE USED FOR CONSTRUCTION. ANY CHANGES TO THE DRAWING MUST BE APPROVED BY THE DESIGNER.

MAJOR LAND TRANSACTION BUSINESS PLAN



PERSPECTIVE - VIEW C



PERSPECTIVE - VIEW D



**COTTESLOE WORK DEPOT**  
PERSPECTIVE VIEW OF PROPOSED NEW DEPOT BUILDINGS



#### 4. **Local Government Act 1995 Requirements**

This business plan has been prepared to comply with the provisions of Section 3.59 of the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996*.

In accordance with the ToC Council's resolution of 23 October 2018, this business plan will be advertised in the West Australian, inviting public submissions on the proposal detailed in the business plan for a period of six weeks. Additionally, a public notice will be included in The Post and The Western Suburbs Weekly. For the duration of the consultation period, the business plan will be available online at [www.cottesloe.wa.gov.au](http://www.cottesloe.wa.gov.au).

Following the final day for submissions, Council will consider any submissions made during the advertising period and may resolve by Absolute Majority to proceed with the transaction as proposed.

In the event that Council makes significant changes to the proposal, a further six week advertising period will take place.

The notice to be used for this proposal is provided as Attachment No. 1.

Please send any submissions by email to [Council@cottesloe.wa.gov.au](mailto:Council@cottesloe.wa.gov.au) or by mail to:

Town of Cottesloe

PO Box 606

COTTESLOE WA 6011

Further enquiries should be directed to the Manager of Engineering Services on (08) 9285 5000 or by email to [Council@cottesloe.wa.gov.au](mailto:Council@cottesloe.wa.gov.au).

## 5. Details of the Major Land Transaction

The Town of Mosman Park is considering leasing a portion of its depot land to the Town of Cottesloe, on lot 501 McCabe Street on deposited plan 66462, being Reserve 26549 (Land). Care, control and management of the Land is vested in the Town for the purpose of Depot Site Municipal.

Under the *Local Government Act 1995*, Section 3.59:

**major land transaction** means a land transaction other than an exempt land transaction if the total value of -

- (a) the consideration under the transaction; and
- (b) anything done by the local government for achieving the purpose of the transaction,

is more, or is worth more, than the amount prescribed for the purposes of this definition;

Reg. 8A of the *Local Government (Functions and General) Regulations 1996* provides:

- (1) The amount prescribed for the purposes of the definition of **major land transaction** in section 3.59 (1) of the Act is -
  - (a) if the land transaction is entered into by a local government the district of which is in the metropolitan area or a major regional centre, the amount that is the lesser of
    - (i) \$10,000,000; or
    - (ii) 10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year.

The proposed consideration is \$88,976, based on a valuation of the land undertaken in May 2017, the proposed use, and both Town's requirements.

Over a 21 year lease, the total lease cost is \$1,868,496 plus capital works for the construction of the depot (workshops and associated hardstand areas), approximately \$500,000.

10% of the Town of Cottesloe's operating expenditure in the last financial year is \$1,291,300, therefore, this proposal constitutes a major land transaction.

Before entering into a Major Land Transaction, the Town is required to prepare a Business Plan that includes an overall assessment of the land transaction including:

- Expected effect on the provision of services and facilities by the Town;
- Expected effect on other persons providing services and facilities in the region;
- Expected financial effect on the Town;
- Expected effect on the Town's Plan for the Future;
- The ability of the Town to manage the performance of the transaction; and
- Any other matter prescribed for the purposes of this subsection.

This Business Plan has been written so as to comply with the requirements of Section 3.59 'Commercial Enterprises by Local Governments' of the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996* Part 3 and to provide members

of the public with sufficient information so as to make an informed submission in respect to this proposal.

### **6. Expected Effects**

#### **6.1 Provision of facilities and services by the Local Government**

The Town of Cottesloe will construct two workshops, and associated hardstand area within the lease area, to the value of approximately \$500,000. This will be handed over to the Town of Mosman Park at the end of the lease period, unless the lease is extended.

A reduction in leasing costs, as detailed below, will result in the Town of Cottesloe to redirect funding elsewhere, and provide improved facilities and services throughout the Town.

It is anticipated that the close operation of the two organisations from the one overall site area, will create opportunities for improvements and efficiencies in services offered by both Local Government Authorities, which is a strategic objective of the Town.

#### **6.2 Other persons providing facilities and services in the district**

The Town of Mosman Park will benefit from this due to the Town of Cottesloe utilising previously unutilised space within their depot site, and earning an income from this. By sharing facilities and services, the two Towns can look to reduce both of their overall expenditures, thereby improving expenditure of ratepayer funds.

#### **6.3 Financial effect on the Local Government**

The proposed annual rent for the site is approximately \$88,976 over a 21 year period. As part of this, capital works will be required by the Town of Cottesloe which will revert to the Town of Mosman Park's ownership upon practical completion and be depreciated over the term of the lease.

Over a 21 year lease, the total lease cost is \$1,868,496 plus capital works for the construction of the depot (workshops and associated hardstand areas), of approximately \$500,000.

This is substantially less than the current rent paid for the rent of the Stack Street depot, which was approximately \$166,000 in the 2017/18 financial year.

Leasing a portion of the Mosman Park depot facility will result in a saving to the Council of approximately \$77,000 per year.

The cost of drafting all legal documents rests with the Lessee [ToC] and advertising through a statutory process will be split 50/50 between the Lessee and Lessor [ToMP].

Both Councils will negotiate with the Department for Lands to waive their typical contribution for a lease of crown land, on the basis that this is a genuine attempt by two local government authorities working together to achieve cost savings and revenue increase that does not directly affect ratepayers.

**6.4 Matters referred to in the Local Government’s current plan prepared under section 5.56**

Section 5.56 of the *Local Government Act 1995* requires that a local government plan for the future. As part of complying with this section, the Town of Cottesloe has developed a Strategic Plan 2013 – 2023. This plan encompasses values and principles that address the desires of the Cottesloe community both currently and for the future. The proposed plan meets the sustainable development principle, as well as the co-operation with neighbouring Councils principle.

**6.5 Ability of the Local Government to manage the undertaking or the performance of the transaction**

The current rent paid for the rent of the Stack Street depot was approximately \$166,000 in the 2017/18 financial year. Leasing a portion of the Mosman Park depot facility will result in a saving to the Council of approximately \$77,000 per year.

The Town of Cottesloe ordinarily administers large-scale financial undertakings in its day-to-day business as a Local Government entity, with the assistance of suitably qualified professionals and specialist advisors as required.

The Town of Cottesloe has the capability and capacity to implement the proposed transaction as set out in the business plan.

Development of the site will be subject to normal planning and building approval processes administered by the Town of Mosman Park. The management of this disposal is within the resources and capacity of the Town of Cottesloe.

It is not considered that the management of the lease of this area will have any adverse impacts on the delivery of essential services and facilities to the community or the district.

7. **Appendix 1**

Insert draft advert here