



Town of Cottesloe

COUNCIL MEETING

28 July 2014

10.1.1 BUSINESS PLAN FOR THE DEVELOPMENT / SALE OF LOTS 2, 4, 6 AND 8 STATION STREET COTTESLOE

ATTACHMENT

Amended Business Plan

Business Plan

Sale of Lots 2, 4, 6 and 8 Station Street Cottesloe

Section 3.59(2) of the Local Government Act 1995 requires that before a local government enters into a major land transaction it is to prepare a business plan that complies with the requirements of 3.59(3) and any associated Regulations.

As a part of the preparation of the business plan, the local government is required to undertake an advertising period of not less than 6 weeks, during which it will receive submissions on the business plan. At the close of the advertising period, any submissions received need to be considered before the business plan can be adopted.

Regulation 8A (Local Government (Functions and General) Regulations 1996) provides the amount at which a land transaction becomes a major land transaction. The Regulation provides the amount is the lesser of \$10,000,000 or 10% of the operating expenditure incurred by the local government in the previous financial year. For the Town of Cottesloe the amount at which a land transaction becomes a major land transaction is therefore \$1,400,000.

The Proposal

The site (lots 2, 4, 6, and 8 Station Street Cottesloe) will be disposed of by the Town of Cottesloe to enable the development of the land as a mixed use commercial/residential development. The benefits of such a transaction are envisaged to be;

1. The realisation of a significant asset that will provide funds for capital improvements within the Town that would otherwise not be able to be considered;
2. The paying down of a significant portion of debt, reducing the interest burden on the Town's finances; and
3. The development of the site to provide a diversity of uses including residential uses within the Town Centre.

The Site

The site in question is currently used as a car park (Car Park 11 – Station Street). The four lots together are used as a public parking station, with 53 bays having a 4 hour limit. There is no paid parking within the carpark, with the only revenue from the carpark being any infringements issued. As the carpark currently has a 4 hour limit, very little revenue is generated from the carpark itself.

The Town has also recently completed a 48 bay carpark at the opposite end of Station Street. This carpark is largely under-utilised.

The Town of Cottesloe is solely responsible for any and all maintenance required at this site. In its current state, some form of refurbishment will be required in the short to medium term. The cost of the refurbishment will be met solely by the Town as no further funding is available.

Assessment as required by 3.59(3) of Local Government Act

A) Expected effect on the provision of facilities and services by the local government.

The overall effect of the sale of this land is expected to have little to no effect on the provision of services, by the local government due to the following:

- i. The site itself generates only a negligible amount of revenue, through the collection of infringements. It is anticipated that any revenue lost by the closure and sale of the carpark would be made up by infringements collected in other locations
- ii. The Town has recently completed another carpark in close proximity on the same street. While the closure and sale of the carpark would reduce the number of available parking bays by 53, the Town has recently added 48 bays in close proximity.

The minor impact on services mentioned above could be more than offset by the following actions.

- i. A portion of the proceeds from the sale (12.5%) could be allocated to the parking and parking facilities reserve for the purpose of expanding or upgrading comparable facilities **within the Town Centre**.
- ii. Improvements and enhancements made to remaining parking facilities within the Town Centre to **ensure the overall number of bays for customers and clients remains unchanged**.

B) Expected effect on other persons providing facilities and services within the district

There are two main areas that would be affected by the closure and sale of the carpark, being the nearby business proprietors and the Public Transport Authority of WA.

- i. Nearby business proprietors are only expected to be minimally impacted by the closure and sale of the carpark as **enhancements and improvements will be undertaken to provide the same number of bays within the Town Centre for customers and clients (approximately 20 bays) with suitable arrangements for staff and proprietors (approximately 30 bays)**.
- ii. There is the potential positive impact from residential and commercial development on the same nearby businesses as any development attracts new customers.
- iii. There is a potential impact on the Public Transport Authority as parking becomes scarcer in the Town Centre – although any potential impact is thought to be extremely minor **as this carpark is not intended for PTA commuters**.
- iv. **In order to provide a more positive shopping and business environment within the area known as the Town Centre, 50% of the sale proceeds shall be set aside to provide in a reserve known as the Town Centre Improvement Reserve:**
 - a) **Enhancements to the western end of the Town Centre to provide a more aesthetically pleasing entrance to the Town Centre**

- b) Provide public ablutions at the western end of the Town Centre
- c) Undertake other infrastructure upgrades and improvements within the Town Centre as required.

The potential negative impacts mentioned above can be addressed by the provision of new parking facilities or the improvement of existing parking facilities nearby. Such works would be made possible using the proceeds from the sale of the site, **and should be in place before the site is made unavailable for its current use.**

C. Expected Financial Impact on the Local Government

The proceeds from the sale of the depot are expected to provide a significant windfall gain to the Town of Cottesloe. As well as the windfall gain, the other expected financial benefits include:

- i. The removal of all maintenance costs associated with the site
- ii. The replacement of parking facilities with more modern facilities which will in turn have a lower maintenance costs.
- iii. The ability to pay out existing infrastructure loans that will greatly reduce the interest burdens currently imposed on the Town.

D. Expected effect on matters referred to in the local government's current plan prepared under section 5.56 of the Local Government Act 1995

As the site is not an integral part of the Town's ability to deliver any aspect of the Strategic Community Plan or Corporate Business Plan, there are only positive effects from the sale of this site, particularly with regards to:

- i. The Town will have a significantly increased ability to deliver large infrastructure improvement and regeneration projects from the proceeds of the sale
- ii. Any associated reduction in interest payments on existing loans will increase the Town's ability to service infrastructure requirements in the future

E. The ability of the local government to manage the undertaking or performance of the transaction

The transaction involved would be a standard real-estate transaction and as such there is little risk associated with it. In order to reduce any risk that may arise the Town would engage a suitable qualified legal professional to undertake the settlement of the property on the Town's behalf.

At this stage the Town has not made the final decision as to what process would be used to form the contract of sale for this property. The Local Government Act 1995 (as S3.58) provides that the only methods that may be used are;

- 1. Sale by Tender
- 2. Sale by public auction
- 3. Sale by private treaty.

The option of sale by private treaty has a compulsory advertising period and requirements to ensure the sale is transparent. If the sale is to proceed by tender, the tender documentation shall be reviewed by the Town's solicitors before it is released. If the sale proceeds by Auction, a suitably qualified auctioneer will be engaged to advise the Town and undertake the auction.