

<b>ITEM NO:</b>	2.2
<b>MEETING DATE:</b>	14 July 2016
<b>SUBJECT:</b>	Council Commercial Operations – <b>CONFIDENTIAL</b>
<b>RECORD NUMBER:</b>	R16/6171
<b>AUTHOR:</b>	Acting Manager, District Services, Robyn Nottle
<b>ATTACHMENT (S):</b>	<ol style="list-style-type: none"> <li>1. Current comparison of scenarios Graph (cash)</li> <li>2. CRE Brokers – Opinion (R16/5728)</li> <li>3. Resort Brokers Australia – Opinion (R16/4433)</li> <li>4. Dale Wood Business Sales Consultancy – Opinion (R16/6115)</li> <li>5. Park Australia Business Consultants – Opinion (14-001618-1)</li> <li>6. Maloney Field Services – Opinion (15-005473)</li> </ol>

**THIS REPORT IMPACTS ON:**

Asset Management	X	Long term financial plan	X
Budget/Annual Business Plan		Financial Key Performance Indicators	
Legal/Statutory/Policies		Community engagement	X
Risk analysis/management	X	Service standards	X
Environment		Legal advice	
Economic growth	X	Social	

**BACKGROUND:**

Committee members received a report that included the Business Plan for the Future Direction of Streaky Bay Foreshore Tourist Park at the February Caravan Park and Camping Committee Meeting. Staff were requested at that meeting to approach business brokers and gain their opinion on a lease value and annual market rental for a 21 year lease over the current land the Caravan Park is situated on.

Requests for opinion were sent out to three brokers Dale Wood Business Sales Consultancy, CRE Brokers and Resort Brokers Australia. See summary of their responses and the two previously received responses received from Park Australia Business Consultants and independent non brokers Maloney Field Services

<b><u>Company</u></b>	<b><u>Lease figure</u></b>	<b><u>Annual Market</u></b>	<b><u>Attachment</u></b>
CRE Brokers	\$2.5-2.7 million	\$350,000 per annum	1
Resort Brokers Australia	\$1.73 million	\$320,000 per annum	2
Park Australia	\$2.3-2.45 million	\$295,000 per annum	3
Maloney Field Services	\$2.1 million	\$210,000 per annum	4
Dale Wood Business Sales Consultancy	\$1.2 million	\$120,000 per annum	5
Average Scenario	\$2.036	\$259,000 per annum	average

Of the five options above only Maloney Field Services, Dale Wood Business Sales Consultancy and Park Australia have visited the park in person to provide their opinions. Maloney Field Services in December 2015, Park Australia in April 2014, and Dale Wood Business Sales Consultancy this month.

Discussions held with other brokers on the phone have also projected a concern in relation to the timeframe for sale of the lease. They have stressed that when Council decide to lease the opinion they have given is variable and dependant on a follow up site visit. They were offered the opportunity to visit the park but they refused the offers preferring to wait until Council had made a decision.

Current timeframes are getting tighter, should Council decide to pursue the lease option there is a risk that the park will not be managed come 30 June 2017; see table below of proposed timeframes.

### **TIMEFRAME TO LEASE**

<b><u>Item No</u></b>	<b><u>Detail</u></b>	<b><u>Dates (proposed)</u></b>
1	Decision made to lease park	This month
2	Notify current Managers and beginning of public consultation process	July/August (preparation + 21 days) 2016
3	Council consider consultation results	August Council Meeting 2016
4	Preparation of a lease agreement – in consultation with Council and Council Lawyers	September / October / November (maybe longer) 2016
5	Adoption of lease by Council	November/December 2016
6	Draft Lease given to Department of Environment, Water and Natural resources for approval (Crown lands)	December 2016 / January / February 2017 (dependant on item 4)
7	Expression of Interest via brokers	As soon as the Department of Environment, Water and Natural resources (Crown Lands) approve draft lease
8	Sale of Lease and authorisation by Council	April 2017
9	Signed lease back to crown land for approval	Would need to happen start of May 2017 – could take up to 6 weeks minimum
10	Existing managers leave	30 June 2017
11	New leases take over	1 July 2017

## **TIME FRAME NEW MANAGEMENT AGREEMENT**

<b><u>Item No</u></b>	<b><u>Detail</u></b>	<b><u>Dates (proposed)</u></b>
A	Decision made by Council to continue with Management Agreement	This Month
B	Notify Current Managers of future direction	July 2016
C	Development of agreement – Staff or consultant	August / September 2016
D	Legal Review of agreement	October 2016
E	Endorsement by Council of Agreement	October / November 2016
F	Expression Of Interest / Tender for agreement	December 2016 / January 2017
G	Council to approve contract	February 2017
H	Notification to current and successful tenderer	March 2017
I	Signing of contract	March / April 2017
J	New Managers	July 2017

Attachment 1 is a current comparison of the scenarios originally included in the Business Plan provided in February with the best business consultants opinion, replacing independent figures of Maloney Field Services.

### **OPTIONS:**

1. Council retain the management of the park as it currently is with a renewed management agreement and development of the park.
2. Council pursue the leasing of the park and notify the current managers and community of its intentions through the public consultation process.
3. Council Decision

### **Recommendation**

That the Council resolve:

- (a) Pursuant to Section 90(2) of the Local Government Act, 1999, the Council orders that all persons with the exception of the MJ Hentschke (Chief Executive Officer), K Clark (Manager, Corporate Services), JL Brewis (Manager, Regulatory Services) NC Nottle (Acting Manager, District Services), and JA Childs (Executive Assistant & Governance Officer/Minute Taker) to be excluded from attendance at the meeting for agenda item 2.2, relating to "Council Commercial Operations".
- (b) The Council is satisfied pursuant to Section 90 (3)(b) of the Act, the information the disclosure of which (i) could reasonably be expected to confer a commercial advantage on a person with whom council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and (ii) would, on balance, be contrary to the public interest".
- (c) The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances.

### **Recommendation**

That Council, having considered Report No 2.2, Council Commercial Operations, 14 July 2016 Council retain the management of the park as it currently is with a renewed management agreement and development of the park.

### **Recommendation**

That having considered the agenda item relating to 'Council Commercial Operations' in confidence under Section 90(2) and (3)(b) of the Local Government Act, Council pursuant to Section 91(7) of the Act orders that the minutes considered and discussed in relation to agenda item 2.2 be retained in confidence and not be available for public inspection until after the 17 July 2017