

11.1 Confidential - proposed Open Space acquisition - Sturt River Linear Park

This report seeks approval from Council to purchase land at 255 Coromandel Parade, Coromandel Valley in conjunction with the City of Mitcham to form part of the Sturt River Linear Park.

This is a new proposal, concept or issue.

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Attachments: 1. Aerial view of site (1 page)
2. Valuation from Herron Todd White (12 pages)

1 Executive summary

1.1 Topic

This report seeks approval from Council to purchase land at 255 Coromandel Parade, Coromandel Valley in conjunction with the City of Mitcham to form part of the Sturt River Linear Park.

1.2 Context

This report provides information to assist Council make a determination on the proposed acquisition of land to form part of the Sturt River Linear Park. A separate, non-confidential report within this agenda provides relevant background information.

The property is located at 255 Coromandel Parade, Coromandel Valley and is identified within the Sturt River (Coromandel Valley) Linear Park Concept Plan as a priority two acquisition. The land is divided by the Sturt River with access from both the low side of Coromandel Parade (within the City of Mitcham) and a frontage on McNamara Road (within the City of Onkaparinga). Both the City of Onkaparinga and the City of Mitcham were recently invited by the owners to negotiate a possible acquisition of this property for addition to the Sturt River Linear Park.

1.3 Suggested Outcome

The City of Onkaparinga and City of Mitcham purchase the property at 255 Coromandel Parade, Coromandel Valley for consolidation into the Sturt River Linear Park.

Following purchase of the property it is proposed that the land be subdivided into 2 separate allotments either side of the river. The river boundary is consistent with the local government boundary. The portion of land north of the river is to vest as a reserve owned by the City of Mitcham and the portion of the land south of the river is to vest as a reserve owned by the City of Onkaparinga.

It is suggested that Council consider this report in confidence.

If the information is not considered in confidence it could reasonably be expected to confer a commercial advantage on a person with whom the Council is proposing to conduct business, or to prejudice the commercial position of the Council. It is considered appropriate to invoke Section 90 (3)(b)(i)(ii) for Council to consider this matter. It is considered that the commercial nature of this transaction coupled with the potential risk to Council, should Council offer to the vendor be disclosed in the wider public, is justified for the use of the confidentiality provisions.

2 Recommendation(s)

1. That:

- a. under the provisions of Section 90(2) of the Local Government Act 1999 an order be made that the public be excluded from attendance at the meeting in order to consider in confidence this item.**
- b. the Council is satisfied that it is necessary that the public be excluded to enable the Council to consider the report at the meeting on the following grounds:**
Section 90(3)(b) information the disclosure of which -
 - i. could reasonably be expected to confer a commercial advantage on a person with whom the 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. accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.**

2. That Council receive this report.

3. For the property at 255 Coromandel Parade, Coromandel Valley being Allotment 1 in Filed Plan 6578 Certificate of Title Volume 5463 Folio 279 Council:

- a. Approve the acquisition in conjunction with the City of Mitcham for inclusion into the Sturt River Linear Park in accord with the land acquisition priorities identified within the Sturt River Linear Park (Coromandel Valley) Concept Plan.**
- b. Authorise the Chief Executive Officer to negotiate purchase of the land with the City of Mitcham for no more than \$600,000 (excluding GST) plus fees charges and associated costs.**
- c. Fund \$150,000 toward the purchase through a transfer from the Sturt River Linear Park Trust Fund.**
- d. Seek reimbursement from the Department of Planning and Local Government for up to 50% of the purchase price.**
- e. Authorise the Mayor and the Chief Executive Officer to sign and affix the seal to any documentation necessary to purchase the land in partnership with Mitcham Council and the Department of Planning and Local Government**

4. **That following the purchase of 255 Coromandel Parade, Coromandel Valley, Council enter into a Land Division with the City of Mitcham to formally divide the subject land into two (2) separate allotments on separate land titles whereby:**
 - a. **portion of the land north of the river (1280 square metres approx.) will vest as a reserve in the ownership of Mitcham Council**
 - b. **the remaining portion of land south of the river (1063 square metres approx.) will vest as a reserve in the ownership of the City of Onkaparinga.**
5. **That Council authorise the Mayor and the Chief Executive Officer to sign and affix the seal to all documentation required to finalise the above mentioned Land Division.**
6. **That an order be made under the provisions of Section 91(7) and (9) of the Local Government Act 1999 that this document (or part of such document) including the minutes and the report of the Council relating to discussion of the subject matter of that document, having been dealt with on a confidential basis under Section 90 of the Act, should be kept confidential on the grounds of information contained in 90(3)(b)(i)(ii) until settlement has been completed.**

Key Factors

3 Resource Implications

3.1 Financial

3.1.1 Current

An independent valuation of the subject property undertaken by Herron Todd White (SA) Pty Ltd recommends a market value of \$575,000. This valuation has guided negotiations with the property owners who through an exchange of letters have agreed to sell their property for \$600,000.

In cases such as these where the property has a strategic value to us it may be considered reasonable to pay a premium above market value to secure the property. The figure of up to 10% above market value is generally accepted by the Valuer-General as a reasonable premium to pay to secure a property with strategic value.

Onkaparinga and Mitcham Councils have been approached by the owners of the property which is identified as a priority purchase as part of the Sturt River Linear Park.

The subject property is divided by the Sturt River and is therefore located in both Local Government Areas.

Given that we are not pursuing compulsory acquisition of this land we need to determine whether an above market purchase price is appropriate. In June 2008 we acquired a property at 384 Main Road, Coromandel Valley as part of the Sturt River Linear Park, which also represented an above valuation purchase price of the assessed value plus 10%.

Consistent with this approach, it is proposed that with the City of Mitcham, we offer \$600,000 for the land being the valuer's assessed value of \$575,000 plus a premium of \$25,000 in order to secure acquisition of the property (Attachment 2).

Department of Planning and Local Government (DPLG - formerly Planning SA) guidelines allow up to 50% funding for land purchases subject to that price not being in excess of 10% above the market valuation. Through ongoing liaison with the DPLG regarding possible land purchases as part of the Sturt River Linear Park in June 2010 we received \$400,000 grant funding toward the acquisition of priority land parcels identified in the Sturt River (Coromandel Valley) Concept Plan. With DPLG approval this funding would be used as a 50% contribution toward this acquisition.

Proposed funding for purchase of 255 Coromandel Parade, Coromandel Valley (Allotment 1 in Filed Plan 6578, CT5463/279)		
Agency	Contribution (%)	Contribution (\$)
DPLG (50% funding)	50%	\$300,000
City of Onkaparinga	25%	\$150,000
City of Mitcham	25%	\$150,000
Total	100%	\$600,000

Our contribution of \$150,000 (plus associated fees) will be funded from the Sturt River Linear Park Trust Fund. This reserve currently holds \$212,574.

The City of Mitcham Council has agreed in principle to continue negotiations to purchase this property based on a 25%, \$150,000 funding contribution.

3.1.2 Future

Costs associated with the future development of the site will be considered as part of future project and capital works funding for the staged development of the Sturt River Linear Park.

4 Discussion

The site for the proposed acquisition is shown as Allotment 1 in Filed Plan 6578 in Certificate of Title Volume 5463 Folio 279. The property contains a total area of approximately 2343 square metres. A two storey dwelling of approximately 173 square metres is located on the City of Mitcham's portion of land and a workshop of approximately 53 square metres is located on the portion of land on the City of Onkaparinga side of the Sturt River.

The property is contained within the following zones:

Mitcham Council portion – Residential (hills)

Onkaparinga Council portion - Residential (F)

The Sturt River (Coromandel Valley) Linear Park Concept Plan identifies this site as a priority two acquisition. Since the last Council report regarding Sturt River property acquisition, the property at 384 Main Road, Coromandel Valley has been purchased and discussions have taken place with most other priority one land owners. Land owners have expressed varying degrees of interest in selling their properties to Council. Negotiations suggest that Council may be in a position to consider purchase of two such properties within the next 12 months.

The whole of the land parcel at 255 Coromandel Parade, Coromandel Valley is required for consolidation into the linear park. It is also a requirement of the DPLG funding that *'the land is preserved and maintained as open space for the recreation, use and enjoyment of the public and/or for conservation purposes'*.

The dwelling is currently occupied by the owners and the City of Mitcham may consider short term lease arrangements allowing the current owner's time to purchase an alternative property, or until such time as the dwelling can be scheduled for demolition. The funding deed requires that any existing structures on the land (both sides of the river) would eventually need to be removed.

DPLG recently provided \$400,000 grant funding for the acquisition of priority land parcels as identified in the Sturt River (Coromandel Valley) Concept Plan. With DPLG agreement these funds would be used as the DPLG's 50% contribution toward the purchase.