

ADELAIDE HILLS COUNCIL MEETING
Tuesday, 25 March 2014
CONFIDENTIAL AGENDA BUSINESS ITEM

Item: 17.1

Responsible Director: Tim Hancock

Subject: AHBTC Master Plan

SP Goal: 2: Sustainable Natural and Built Environs

SP Key Issue: 2.4: Facilities and Built Form

1. AHBTC Master Plan – Exclusion of the Public

**Moved Cr
S/- Cr**

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except:

- CEO, Andrew Aitken**
- Director Engineering & Assets, Tim Hancock**
- Director Strategy & Development, Marc Salver**
- Director Corporate Services, Tim Piper**
- Director Community & Customer Service, David Waters**
- Manager Governance & Risk, Lachlan Miller**
- Minute Secretary, Pam Williams**

be excluded from attendance at the meeting for Agenda Item 17.3: AHBTC Master Plan.

The Council is satisfied that, pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to confer a commercial advantage on a third party because it would disclose Council's potential land disposal options.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.

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 because Council's potential land disposal options may be prejudiced.

2. AHBTC Master Plan – Confidential Item

2.1 SUMMARY

This report follows Council's resolution of 10 December 2013 to proceed with master planning for Adelaide Hills Business & Tourism Centre (AHBTC). This report is intended to provide an update on the methodology used and progress to date on the development of a master plan for the AHBTC site, and to provide some key early recommendations on the process.

All project requirements can be met from existing budget.

Heritage and community considerations have been included within work completed so far and will be progressed further with more detailed studies. Briefings have been held with the AHBTC Advisory Group and the Elected Members.

It is recommended that Council receive this update report and proceed with:

1. obtaining expressions of interest for the sale of the southern buildings property,
2. preparation of a Conservation Management Plan for the heritage listed buildings,
3. preparation of a Heritage Agreement between AHC and the Minister for Sustainability, Environment and Conservation which will be reported back to Council for endorsement, prior to execution of the agreement, and
4. preparation of an engagement strategy to guide future consultation on the Master Plan.

2.2 GOVERNANCE

➤ Strategic Management Plan

SP Goal 2: Sustainable Natural and Built Environs
SP Key Issue 2.4: Facilities and Built Form

➤ Legislation

- Heritage Places Act 1993
- AHC Disposal of Land Policy

➤ Sustainability

- Economic
- Social
- Environmental
- Governance

➤ Budget

All works necessary to finalise the Master Plan can be accommodated within the existing budget. This includes development of:

- master plan layouts including open spaces and internal building layouts
- concept engineering infrastructure capacity checks

- Stage 1 site contamination survey, and
- development of Conservation Management Plans for buildings of heritage significance within the site can be covered from within existing budget allowances for consultancy services.

➤ **Consultation**

A two stage stakeholder and community engagement process has been conducted during August/September 2013. It is proposed to conduct a further stakeholder and community engagement process in order to obtain input on the Master Plan prior to adoption by Council. An engagement strategy will be prepared to guide this process.

2.3 BACKGROUND

This report follows Council's resolution of 10 December 2013 to proceed with master planning for the AHBTC site and provides an update on the methodology used and progress to date in the development of a master plan for the AHBTC site. In addition some key early recommendations are provided pertaining to decisions that need to be made. The two key background documents that have guided council officers are the summary of stakeholder consultation and engagement process and Council's December 2013 resolution.

Council's 10 December 2013 resolution was as follows:

Council staff proceed with a master plan study for AHBTC site which will consider options for the following:

- Investigation of the financial and business implications of sale of significant parts of the site, from which part of the proceeds could be used to fund future site developments, including creation of community use areas.*
- Which parts of the site Council should retain ownership of, including the community areas of the site (e.g. Mill Square)*
- The extent to which Council has a role as a commercial landlord*
- Creation of a versatile, vibrant site that also contributes positively to employment generation*
- The economic sustainability and business development potential*
- Lowering future risks and costs to Council of operating the site*
- The heritage and community significance of the site, including naming parts of the site after historic uses, providing historic explanation plaques, artwork, upgrading Mill Square and developing a versatile community hub*
- Enhancement of the tourism potential of the site, including branding, way finding and signage*
- Development of options for the future layout and management of the AHBTC site*
- Engagement with AHBTC Advisory Group, Council, key stakeholders and community during the master plan study process*

A report to Council is made on progress of the master plan study process by March 2014, including any recommendations that can practicably be made from the master plan study process

A report to Council is made by August 2014 to consider the findings of the master plan study.

2.4 DISCUSSION

A team comprising of Council officers from the property, engineering, planning, sustainability and finance departments have proceeded with in-house development of a concept Master Plan for potential future land uses within the AHBTC site. The following tasks have been undertaken to date:

Economic and business performance of the site

In relation to item a) of Council's resolution on 10 December 2013 a review of the past financial records for the whole site has been undertaken, including all costs, direct and indirect overheads and revenues, etc. using a full cost attribution methodology. This review extended back to 2003 and scenarios for the whole site have been developed to predict performance forward to 2020. Further investigation into these scenarios will be undertaken and incorporated into the final report.

The general findings from the financial scenarios developed so far is that the Southern buildings property is more attractive to potential purchasers, and that the Northern area of the property (as a whole) is less attractive to purchase due to the heritage listing issues, ongoing maintenance and renewal of the buildings and further scenarios will need to be examined to verify the future financial performance of the Northern area more thoroughly.

The following options relate to the property ownership issue:

Option 1 – do nothing

Council would continue to own and operate 100% of the site as a landlord. This will lead to an increasing financial liability to Council which will potentially increase the level of borrowings required to support it.

Option 2 – obtain expressions of interest for purchase of the Southern buildings property

This will reduce Council's overall future financial liability and will enable use of net proceeds to fund delivery of the six themes developed during the 2013 stakeholder engagement.

Council should therefore consider sale of the Southern portion of the site now. Specific portions of the Northern area of the site could be considered for sale in the future subject to more detailed financial scenarios providing that it is favourable to do so. This will, however, require a community title land division to occur in order to sell parts of or entire buildings.

Prior to the August 2014 report to Council a review of the financial and business operations of the entire site will be completed. To date a study of the Southern buildings within the overall context of the site has been undertaken.

Property management issues

In relation to b), c), d), e) and f) items in Council's resolution on 10 December 2013 Council officers are currently seeking confirmation from State Government regarding any restriction that can be placed on the use by Council of any net proceeds of sale of property outside of the AHBTC site. We can confirm, in accordance with original terms of transfer for the site, that any property sale proceeds can be reinvested in the site.

Council officers have so far been unable to obtain a full copy of the Deed of Transfer from the Department for Manufacturing, Innovation, Trade, Resources and Energy. Legal advice will be sought following receipt of the above information to ensure that Council is aware of and manages all risks appropriately.

Further investigations will be undertaken in relation to the resolution items in particular c), d), e) and f) in further studies into financial and business implications.

Meeting with State Heritage representatives

In relation to item g) in Council's resolution on 10 December 2013 a meeting was held with representatives of the State Heritage Unit in order to establish the requirements, constraints and opportunities created by the provisional listing of the majority of the AHBTC site on the northern side of Adelaide-Lobethal Road as a place of State Heritage significance. The main outcomes of the meeting were that Council officers now have a clear understanding of the key areas that State Heritage are focussed on and how they recommend Council should proceed with their future management of the site. Staff are drafting a response to the provisional listing with a view to lodging with State Heritage by the required date of 7 April 2014.

In order to avoid the requirement for all modification work at AHBTC to be approved by the Minister for Sustainability, Environment and Conservation (the Minister) Council needs enter into a Heritage Agreement between Council and the Minister. In order to establish the Heritage Agreement it will be necessary to complete a Conservation Management Plan for all the buildings that are of State Heritage significance and to ultimately establish along with a master plan. The intent of the Heritage Agreement is to set up parameters for certain types of work to minimise the number of Development Applications referred to the Minister for comment and to therefore reduce red tape for agreed types of work.

Master Plan Objectives

In relation to h) and i) items in Council's resolution on 10 December 2013 a concept Master Plan using internal resources has been developed which outlines potential future land use for the site. This includes potential growth of commercial, shop-front and open space uses within the site. This concept Master Plan will need to be incorporated into stakeholder engagement (community, Advisory Group and EMs) as part of the development of a more detailed Master Plan using external resources. Heritage considerations will also need to be included in the Master Plan process for the development of infrastructure such as a Heritage Trail.

The key objectives of the master planning process are to achieve the optimum balance between the six themes developed during the community and stakeholder consultation process in Aug/Sep 2013, namely; tourism, economic, business, infrastructure, community and heritage. In order to achieve this optimum balance, it will be necessary to examine a number of options for the layout within specific, key sub areas of the site. Council may also need to consider other factors such as the strategic plan, financial and resource constraints, etc.

Key considerations in the development of the proposed concept master plan were:

- Enhancement and further development of the land uses currently occurring within the site is seen as a low risk way to migrate to a future model. Another way to think of this is "playing to the strengths" of the site.

- The diversity of current land uses within the site is considered to provide sufficient sustainability / resilience to ensure no single point of business failure exists.
- Reorganisation of the leased and/or privately owned space within the site is recommended to minimise conflict between incompatible land uses.
- Segregation between business/manufacturing operations and members of the public is a fundamental objective.
- Heritage trails featuring heritage displays, named buildings and lanes, plaques, etc. are seen as the most appropriate way to ensure the story of the Onkaparinga Woollen Mill is permanently engrained into the site.
- Enhancement of existing and development of new open space areas is considered.
- Focus the community activities into a consolidated “hub” area and consider a multi-use building to accommodate both commercial and community activity.
- Development of a branding, marketing, signage and tourism plan for the site is required using external expertise.
- Development of more detailed options for the specific layout of the key areas of the site, including shop frontage areas, open space, community and commercial building layouts are required using external expertise.
- Establishment of a Heritage Agreement with the Minister to ensure effective management of routine asset operations within the site.
- The economic sustainability of the portion of the site that Council retains.
- Storage requirements currently being provided within the site will require further study to ensure the various requirements are understood and allowed for in the future where appropriate.
- Sale of the Southern buildings property is the most viable means of obtaining capital to fund the physical changes required by the above concepts. A process of obtaining expressions of interest for the subject property is a viable way to commence this process.

The future land use concept master plan, shop front concept plan and access concept plan are visually described on figures 1, 2 and 3 in the Appendix.

Stakeholder engagement

In relation to item j) in Council’s resolution on 10 December 2013 workshops have been held in early March 2014 with the Executive Leadership Team (CEO and Directors), Elected Members and the AHBTC Advisory Group. An engagement strategy is required for the next stage of consultation.

2.5 RECOMMENDATION

It is recommended that Council receive this update report and proceed with:

- 1. Obtaining, by invitation to specific parties, expressions of interest for the sale of the Southern buildings property**
- 2. Preparation of a Conservation Management Plan for the heritage listed buildings**
- 3. Preparation of a Heritage Agreement between AHC and the Minister for Sustainability, Environment and Conservation which will be reported back to Council for endorsement, prior to execution of the agreement**
- 4. Preparation of an engagement strategy to guide future consultation on the Master Plan process.**

2.6 APPENDIX

- (1) AHBTC Master Plan**

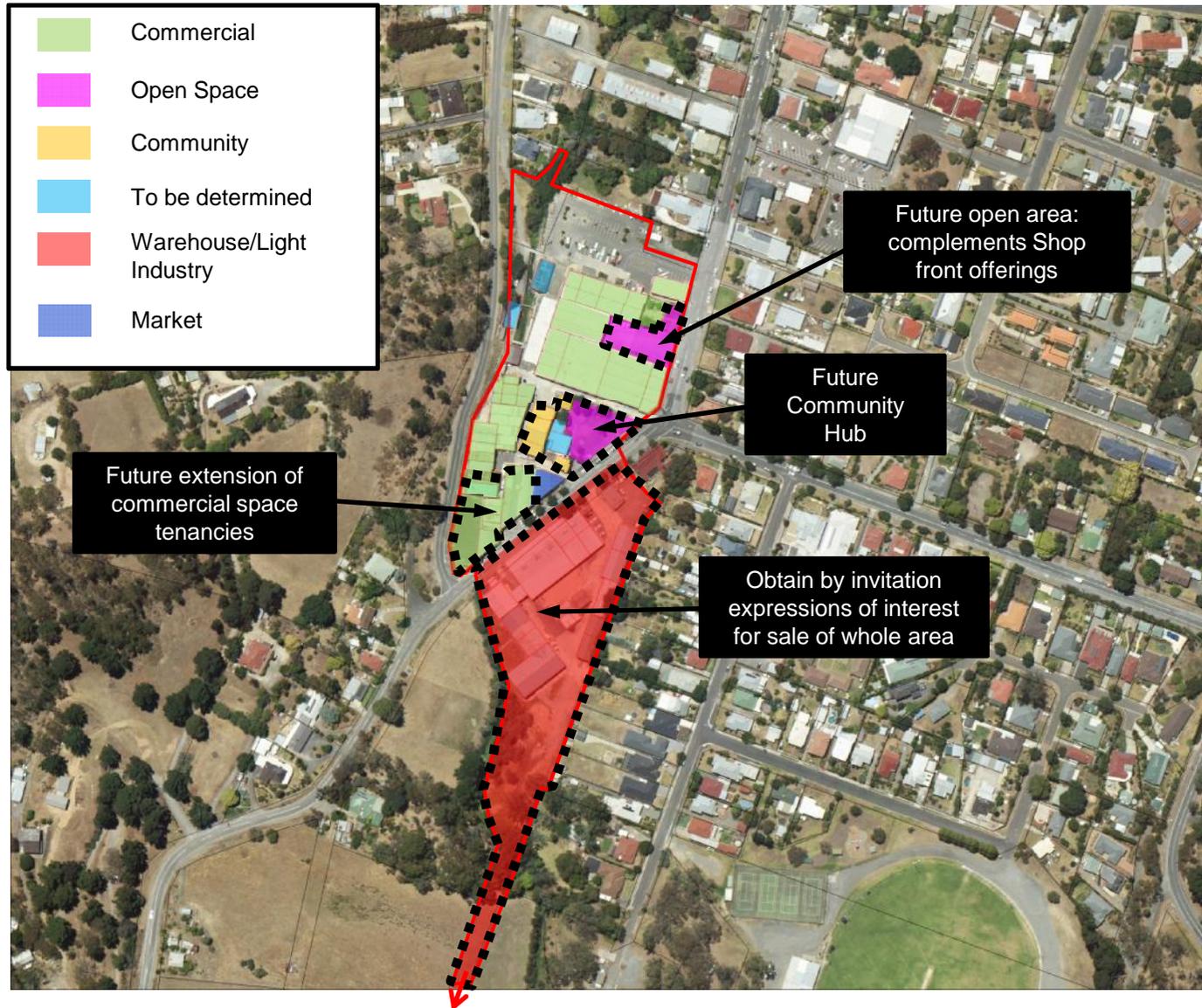
Appendix 1

AHBTC Master Plan



Land Use Concept Master Plan

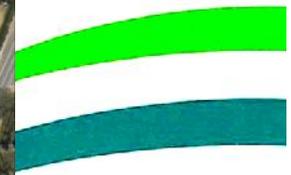
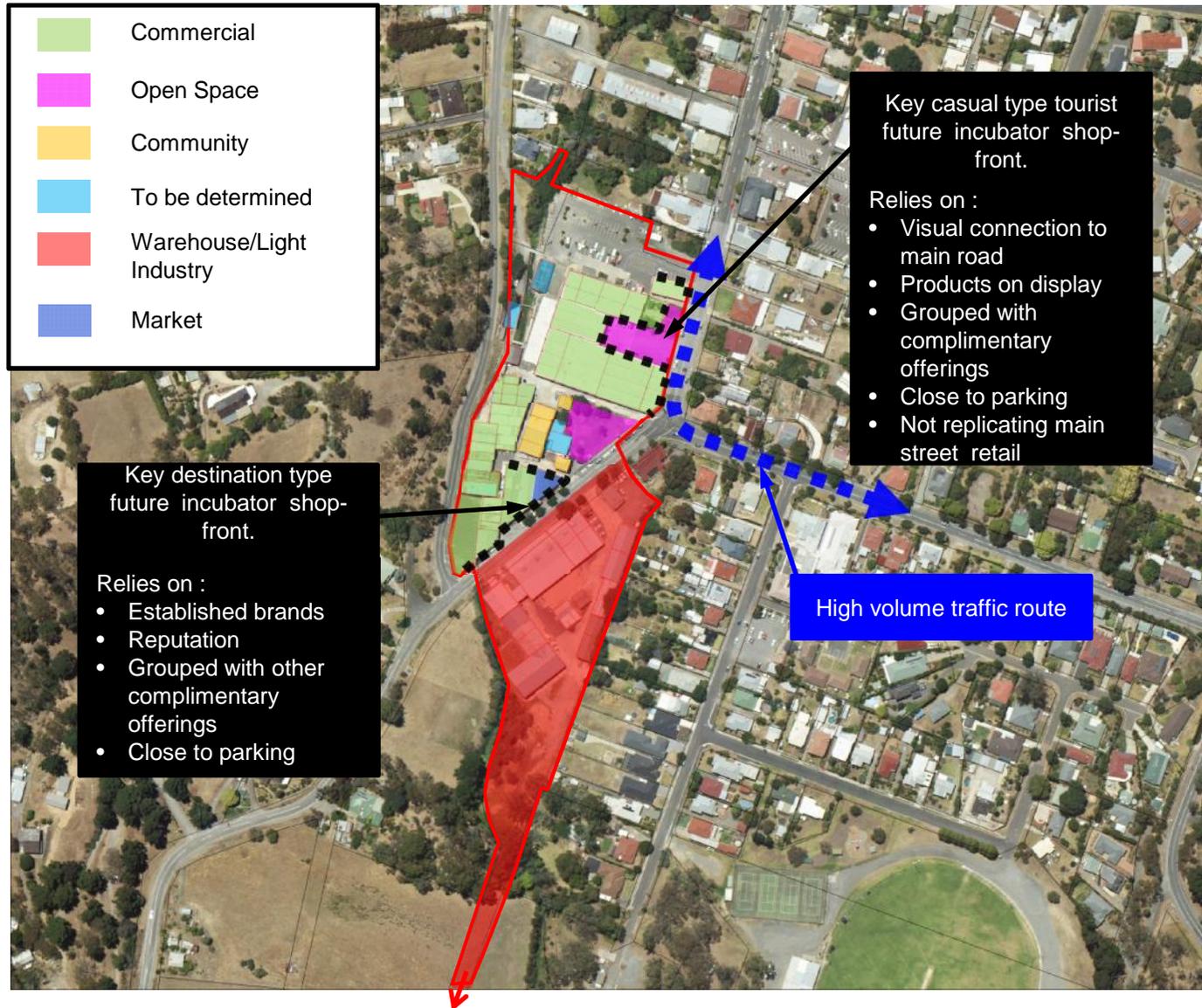
(subject to Planning consent)





Future Opportunities Concept Plan

(subject to Planning consent)





Future Access Concept Plan



3. AHBTC Master Plan – Period of Confidentiality

**Moved Cr
S/- Cr**

That having considered Agenda Item 17.3 in confidence under section 90(2) and 90 (3)(d) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act, orders that the documents, reports and minutes pertaining to this matter, including discussions and considerations, be retained in confidence until 23 September 2014, pursuant to section 91(9).