



the bushland shire

creating a living environment

BUSINESS PAPER

WORKSHOP MEETING

**Wednesday, 23 March, 2011
at 6.30pm**

TABLE OF CONTENTS

AGENDA AND SUMMARY OF RECOMMENDATIONS

MAYORAL MINUTES

NOTICES OF MOTION

RESCISSION MOTIONS

ITEMS PASSED BY EXCEPTION / CALL FOR SPEAKERS ON AGENDA ITEMS

GENERAL BUSINESS

General Manager's Division

- Item 1 GM6/11 The Hornsby Shire Community Plan 2010 - 2020, The Resourcing Strategy, The Delivery Program 2011 - 2015 including operational plan and budget 2011 - 2012 and Fees and Charges 2011-2012..... 1

Corporate and Community Division

- Item 2 CC13/11 Westleigh Nursery and Preschool - 10 Eucalyptus Drive, Westleigh - Considerations in Respect of Closure of Child Care Service and Subsequent Sale of the Property 9

Environment Division

Nil

Planning Division

Nil

Works Division

Nil

SUPPLEMENTARY AGENDA

PUBLIC FORUM – NON AGENDA ITEMS

MATTERS OF URGENCY

QUESTIONS OF WHICH NOTICE HAS BEEN GIVEN

QUESTIONS WITHOUT NOTICE

AGENDA AND SUMMARY OF RECOMMENDATIONS

PRESENT

OPENING PRAYER

Rev. Dick Udy of Dural Anglican Church, Dural will be opening the meeting in prayer.

ACKNOWLEDGEMENT OF RELIGIOUS DIVERSITY

Statement by the Chairperson

"We recognise our Shire's rich cultural and religious diversity and we acknowledge and pay respect to the beliefs of all members of our community, regardless of creed or faith."

ABORIGINAL RECOGNITION

Statement by the Chairperson:

"We recognise the traditional inhabitants of the land we are meeting on tonight, the Darug and Guringai Aboriginal people, and respect is paid to their elders and their heritage."

AUDIO RECORDING OF COUNCIL MEETING

Statement by the Chairperson:

"I advise all present that tonight's meeting is being audio recorded for the purposes of providing a record of public comment at the meeting, supporting the democratic process, broadening knowledge and participation in community affairs, and demonstrating Council's commitment to openness and accountability. The recordings will be made available on Council's website once the Minutes have been finalised. All speakers are requested to ensure their comments are relevant to the issue at hand and to refrain from making personal comments or criticisms."

APOLOGIES / LEAVE OF ABSENCE

DECLARATIONS OF INTEREST

Clause 52 of Council's Code of Meeting Practice (Section 451 of the Local Government Act, 1993) requires that a councillor or a member of a Council committee who has a pecuniary interest in a matter which is before the Council or committee and who is present at a meeting of the Council or committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable. The disclosure is also to be submitted in writing (on the form titled "Declaration of Interest").

The Councillor or member of a Council committee must not be present at, or in sight of, the meeting of the Council or committee:

- (a) at any time during which the matter is being considered or discussed by the Council or committee.*

- (b) *at any time during which the Council or committee is voting on any question in relation to the matter.*

Clause 51A of Council's Code of Meeting Practice provides that a Councillor, Council officer, or a member of a Council committee who has a non pecuniary interest in any matter with which the Council is concerned and who is present at a meeting of the Council or committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable. The disclosure is also to be submitted in writing (on the form titled "Declaration of Interest").

If the non-pecuniary interest is significant, the Councillor must:

- a) *remove the source of conflict, by relinquishing or divesting the interest that creates the conflict, or reallocating the conflicting duties to another Council official.*

OR

- b) *have no involvement in the matter by absenting themselves from and not taking part in any debate or voting on the issue as if the provisions of Section 451(2) of the Act apply.*

If the non-pecuniary interest is less than significant, the Councillor must provide an explanation of why they consider that the interest does not require further action in the circumstances.

PETITIONS

MAYORAL MINUTES

NOTICES OF MOTION

RESCISSION MOTIONS

ITEMS PASSED BY EXCEPTION / CALL FOR SPEAKERS ON AGENDA ITEMS

Note:

Persons wishing to address Council on matters which are on the Agenda are permitted to speak, prior to the item being discussed, and their names will be recorded in the Minutes in respect of that particular item.

*Persons wishing to address Council on **non agenda matters**, are permitted to speak after all items on the agenda in respect of which there is a speaker from the public have been finalised by Council. Their names will be recorded in the Minutes under the heading "Public Forum for Non Agenda Items".*

GENERAL BUSINESS

- *Items for which there is a Public Forum Speaker*
- *Public Forum for non agenda items*
- *Balance of General Business items*

GENERAL MANAGER'S DIVISION**Page Number 1****Item 1 GM6/11 THE HORNSBY SHIRE COMMUNITY PLAN 2010 - 2020, THE RESOURCING STRATEGY, THE DELIVERY PROGRAM 2011 - 2015 INCLUDING OPERATIONAL PLAN AND BUDGET 2011 - 2012 AND FEES AND CHARGES 2011-2012****RECOMMENDATION**

THAT following consideration of the submissions received and taking account of the requirements of IPART regarding special rate variations, Council:

1. Adopt the amended Hornsby Shire Community Plan 2010 – 2020, the Resource Strategy, the Delivery Program 2011 - 2015, including the 2011 - 2012 Operational Plan and 2011 - 2012 Fees and Charges, incorporating the amendments recommended in this and the supplementary Reports.
2. Subject to IPART's determination make and levy the Ordinary, Catchments Remediation and Hornsby Quarry Loan Rates for 2011 - 12 based on the preferred 7.8% rate structure outlined in the Delivery Program i.e.
 - Make and levy the Ordinary Rates in accordance with the table shown in this Report.
 - Make and levy the Catchments Remediation Rate on all rateable land in the Shire, in accordance with the table shown in this Report.
 - Make and levy the Hornsby Quarry Loan Rate on all rateable land in the Shire, in accordance with the table shown in this Report.
 - Continue to provide eligible pensioners with a \$10 concession in respect of the Hornsby Quarry Loan Rate, represented by a reduction in the Base amount.
 - Provide eligible pensioners with an additional \$20 concession in respect of the rate variation represented by a reduction in the Base amount.
3. Consider a further Report following the IPART determination, reviewing the Integrated Planning and Reporting Framework documents as necessary.

CORPORATE AND COMMUNITY DIVISION

Page Number 9

Item 2 CC13/11 WESTLEIGH NURSERY AND PRESCHOOL - 10 EUCALYPTUS DRIVE, WESTLEIGH - CONSIDERATIONS IN RESPECT OF CLOSURE OF CHILD CARE SERVICE AND SUBSEQUENT SALE OF THE PROPERTY

RECOMMENDATION

THAT Council

1. Receive and note the contents of Executive Manager's Report No. CC13/11.
2. Note the various alternatives canvassed in Report No. CC13/11 and determine the future use of the Council property at 10 Eucalyptus Drive Westleigh.
3. Determine its preferred closure date of the Westleigh Nursery and Preschool and determine the conditions by which this closing date should be administered (if any).

ENVIRONMENT DIVISION

Nil

PLANNING DIVISION

Nil

WORKS DIVISION

Nil

SUPPLEMENTARY AGENDA

PUBLIC FORUM – NON AGENDA ITEMS

MATTERS OF URGENCY

QUESTIONS OF WHICH NOTICE HAS BEEN GIVEN

QUESTIONS WITHOUT NOTICE

1 THE HORNSBY SHIRE COMMUNITY PLAN 2010 - 2020, THE RESOURCING STRATEGY, THE DELIVERY PROGRAM 2011 - 2015 INCLUDING OPERATIONAL PLAN AND BUDGET 2011 - 2012 AND FEES AND CHARGES 2011-2012

EXECUTIVE SUMMARY

Hornsby Shire Council's strategic planning is aligned to the Division of Local Government's Integrated Planning and Reporting Framework. The framework aims to encourage more effective and integrated planning at the local level.

Council engaged its community in discussing a preferred future for the Shire which resulted in the Hornsby Shire Community Plan 2010 – 2020 adopted by Council in 2010. An amended Community Plan was prepared and exhibited for public comment in order to confirm that the document accurately reflects community expectations.

Council has also prepared and exhibited its Resourcing Strategy and Delivery Program 2011 – 2015 in response to the Community Plan. The Delivery Program translates the Community Plan into tangible actions and initiatives and includes the 2011 - 2012 Operational Plan, which focuses on the 2011 - 2012 Budget and 2011 - 2012 Fees and Charges. Included in these documents is the pursuit of a special variation to general income to fund infrastructure enhancements desired by the community, fund the renewal and upgrade of all significant community infrastructure over the long term and achieve a satisfactory level of financial sustainability for the Shire to deliver services into the future.

The comments and submissions received in respect of the exhibited documents are to be taken into account. A supplementary report will outline the broad community consultation which has occurred in accordance with the community engagement strategy. The report will detail the results of the consultation and the community's preferred approach.

PURPOSE/OBJECTIVE

The purpose of this Report is to provide Council with information and recommendations regarding the submissions received in respect of the public exhibition of the amended Hornsby Shire Community Plan 2010 – 2020, the draft Resourcing Strategy, the draft Delivery Program 2011 - 2015, including the 2011 - 2012 draft Operational Plan and 2011 - 2012 draft Fees and Charges, and the draft Rating Structure for 2011 – 2012 in order that Council can make an informed decision regarding adoption of the documents.

The Report also refers to the final outcome regarding submissions in relation to the proposed special variation to general income (rate increase).

DISCUSSION

Council applied for approval for a special variation to general income (a special rate levy) in April 2010 from the Division of Local Government (DLG). Council's application was for a 'one-off' increase for twenty (20) years, based on Section 508(2) of the Local Government

Act 1993, a valid mechanism for a special variation request at that time, and the option preferred by the community. Council's application was not approved by the DLG primarily because the DLG was of the opinion that Section 508(2) was an inappropriate method of application for a longer term special rate variation.

Councillors, at the strategic planning weekend in August 2010, agreed that one of the major challenges facing the organisation was to ensure Council's ongoing financial sustainability in the face of decreasing income, increasing costs and more cost shifting by other levels of government.

Councillors agreed to initiate a two pronged approach to address this challenge. The first focus was the review of all internal and external services to identify savings. In addition to budget savings and productivity improvements which have been implemented, reviews of internal services are currently nearing completion and the results will be reported to Council shortly. The second focus was again to seek approval for a special variation to general income.

This approach has been confirmed by Council, in particular, at its meeting held on 20 October 2010 when it was resolved that:

- 1. Council agree in principle to seek approval for a special variation to general income in accordance with guidelines to be issued by IPART;*
- 2. The value and extent of the special variation to general income be determined, in due course, by Councillors, taking account of community opinion and Council's Resourcing Strategy; and*
- 3. Council continue to inform, consult and engage with the community regarding planning for the future and the special rate variation.*

Written guidelines have been provided by the Independent Pricing and Regulatory Tribunal (IPART), and the Tribunal has emphasised its intent to base the review of all applications for special variations to general income on the Division of Local Government's (DLG) Integrated Planning and Reporting Framework (IP&R).

Hornsby Shire Council has now fully progressed to the DLG's Integrated Planning and Reporting Framework. At its essence, the Framework encourages councils to undertake longer term thinking and planning based on community aspirations for the future.

The IP&R Framework approaches management planning from the paradigm of community aspirations and preferences. It requires that the community be presented with the key issues and challenges facing the Shire in order that the community can have deliberative input into how Council, other government agencies and the community will respond to those issues and challenges. The aspirations of the various communities that make up the Shire are contained in the ten year Community Strategic Plan. Council's response is documented in the four year Delivery Program and the annual Operational Plan which contains the Budget and financial detail. The Resourcing Strategy documents the approach Council will take to augment and maximise the use of available human, asset and financial resources.

IPART has been advised that the purpose of a special variation application to be submitted by Council is twofold.

- Firstly, to fund the infrastructure enhancements desired by the community in the short term. The enhancements were expressed during the Hornsby Community Plan process and subsequent research.
- Secondly, to fund the renewal and upgrade of significant community infrastructure over the longer term.

Council staff, having reviewed the community research, the projects and enhancements desired by the community and the infrastructure funding required over the medium to long term to deliver that level of community assets, developed two options for a rate increase; a preferred and an alternative preferred option and estimated the proposed increases. IPART was informed of both options, which are predicated on the announced 2.8% rate peg in 2011/12 and an estimated 3% rate peg in following years.

Both options were pursued with the intent of providing Council with a level of financial certainty for the future and sufficient funds to enable a broad range of infrastructure improvements to be undertaken including the Hornsby Aquatic Centre, the George Street pedestrian overbridge, drainage improvements, additional footpaths and improvements to amenities at local ovals and parks.

Council at its Ordinary Meeting held on 16 February 2011 resolved to adopt for public exhibition and make available for public comment from 17 February to 16 March 2011, the amended Hornsby Shire Community Plan 2010 – 2020, draft Resourcing Strategy, draft Delivery Program 2011 – 2015, draft Operational Plan including Budget and Fees and Charges 2011 – 12; copies of which were attached to Executive Manager’s Report No. CC7/11. It also determined to offer a choice to ratepayers and exhibit both rating options for public comment. After consideration of feedback received, Council would then determine the preferred option to be submitted to IPART for approval.

Councillors were aware of the financial burden for pensioners and, therefore, a \$20 rebate per annum for pensioners and others eligible for financial relief in accordance with Council’s Hardship Policy was proposed.

The Guidelines for a Special Variation application from IPART state at **9.3 Council resolution:**

“Sections 532 and 535 of the Local Government Act require a council to make a resolution to adopt a rate or charge, following consideration of any matters concerning the Draft Operational Plan.

If possible, attach a copy of Council’s resolution to adopt its (draft) Community Strategic Plan, Delivery Program and 2011 - 12 Operational Plan following public exhibition, including the special variation (subject to IPART’s determination). If the resolution is not yet made by 25 March 2011, a copy of the resolution must be provided separately to IPART by cob 3 June 2011. In these circumstances, Council should indicate the planned timing of the resolution below.

Note that the assessment of the application cannot be finalised without a copy of this resolution.”

Details of the rate types and yields, rating categories, base amounts, minimum rates for business properties, ad valorem amounts and other statutory rating information are set out in the draft Delivery Program and Operational Plan documents. The rating information was

based on both the 2.8% rate increase announced by the IPART on 10 December 2010 and the proposed preferred option of the 7.8% rate increase (including the rate peg).

Council's application for a rate increase is required to be expressed as a percentage increase to general income inclusive of the rate peg. General income is defined in the Local Government Act 1993 as income from ordinary rates, special rates and annual charges, excluding annual charges for domestic waste management services. Consequently the increase is expressed as a percentage of all Council's ordinary and special rates but funds generated by the increase to general income will be applied to renew, repair and replace the Shire's infrastructure and contribute towards the long term financial sustainability of Council.

The following tables show the rating information based on both the 2.8% rate increase and the proposed preferred option of the 7.8% rate increase.

Rating structure for 2011 – 2012 (exclusive of rate variation)

2.8% rate peg - Ordinary Rates

Category	Rate in the \$	Minimum Amount \$	Base Amount \$	Base Amount %	Yield \$	% of Total Rate
Residential	0.00151246		413	45	49,198,738	87.5
Farmland	0.00117367		413	28	449,818	0.8
Business	0.0043555	442			3,823,449	6.8
Business- Hornsby CBD	0.00983730	442			2,755,132	4.9
Total					56,227,137	100

2.8% rate peg - Catchments Remediation Rate

(N.B. There are no minimum or base amounts in respect of this rate)

Category	Ad Valorem Rate per \$	Yield \$
Residential	0.00013792	2,457,927
Farmland	0.00008175	22,471
Business	0.00023823	191,012
Business-Hornsby CBD	0.00049365	137,641
Total		2,809,051

2.8% rate peg - Hornsby Quarry Loan Rate

Category	Base Amount \$	Base Amount %	Ad Valorem Rate per \$	Yield \$
Residential	20	41	0.00008564	2,603,444
Farmland	30	39	0.00005298	23,803
Business	48	49	0.00012829	202,318
Business Hornsby CBD	119	42	0.00030222	145,789
Total				2,975,355

Rate reductions for eligible pensioners

1. Eligible pensioners are entitled to a reduction in ordinary rates and domestic waste management services of \$250 per annum (subject to the qualifications set out in Section 575 of the Local Government Act).
2. Pensioners also receive a \$10 reduction on the rate amount applicable to the Hornsby Quarry Loan rate.

Rating structure for 2011 – 2012 (inclusive of proposed preferred rate variation 7.8%)**Ordinary Rates**

Category	Rate in the \$	Minimum Amount \$	Base Amount \$	Base Amount %	Yield \$	% of Total Rate
Residential	0.00158699		435	45	51,711,909	87.5
Farmland	0.00123261		435	28	472,795	0.8
Business	0.00476788	464			4,018,755	6.8
Business- Hornsby CBD	0.01034000	464			2,895,864	4.9
Total					59,099,322	100

Catchments Remediation Rate

(N.B. There are no minimum or base amounts in respect of this rate)

Category	Ad Valorem Rate per \$	Yield \$
Residential	0.00014499	2,583,924
Farmland	0.00008594	23,623
Business	0.00025044	200,802
Business-Hornsby CBD	0.00051896	144,698
Total		2,953,047

Hornsby Quarry Loan Rate

Category	Base Amount \$	Base Amount %	Ad Valorem Rate per \$	Yield \$
Residential	20	41	0.00008564	2,603,444
Farmland	30	39	0.00005298	23,803
Business	48	49	0.00012829	202,318
Business Hornsby CBD	119	42	0.00030222	145,789
Total				2,975,355

Rate reductions for eligible pensioners

1. Eligible pensioners are entitled to a reduction in ordinary rates and domestic waste management services of \$250 per annum (subject to the qualifications set out in Section 575 of the Local Government Act).
2. Pensioners also receive a \$10 reduction on the rate amount applicable to the Hornsby Quarry Loan rate.

3. Pensioners also receive an additional \$20 reduction on the rate amount applicable to the proposed rate variation increase.

Submissions, community comment and feedback regarding the proposed rate variation are being collected and collated during the public exhibition period from 17 February to 16 March 2011 to provide Councillors with valid data reflective of community opinion.

As it has been necessary to prepare this report just prior to the finalisation of the exhibition period a supplementary report will be prepared outlining the broad community consultation which has occurred in accordance with the community engagement strategy. The report will detail the results of the consultation and the community's preferred approach.

BUDGET

The Budget implications are as outlined in this Report and the referenced documents, particularly the Long Term Financial Plan, which have been on public exhibition. The objective of the implementation of a rating structure as proposed in this Report is to:

- Fund infrastructure enhancements desired by the community;
- Fund the renewal and upgrade of all significant community infrastructure over the long term; and
- Achieve a satisfactory level of financial sustainability for the Shire into the future.

POLICY

There are no policy implications from this Report.

CONSULTATION

The amended Hornsby Shire Community Plan 2010 – 2020, the draft Resourcing Strategy, the draft Delivery Program 2011 – 2015, the draft Operational Plan 2011 - 12 including the Fees and Charges 2011 - 12 have been developed after considerable community engagement with many of the communities in the Shire, and detailed discussion with relevant staff, taking into account the key issue for Councillors, together with phaseups/issues nominated by staff and Councillors leading up to and during the Budget meetings.

Broad community consultation has occurred using a variety of methods and multiple technologies. A community engagement strategy has guided all consultations.

The formal exhibition period was undertaken from Thursday 17 February to Wednesday 16 March 2011. During this time Council hosted three community meetings and undertook various activities to seek community opinion about the proposed rate increase. Comments received during the formal exhibition period are now to be considered prior to a determination of a rating proposal and to inform an application to IPART.

A copy of the amended Hornsby Shire Community Plan 2010 – 2020, draft Resourcing Strategy, draft Delivery Program 2011 – 2015, draft Operational Plan including Budget and Fees and Charges 2011 - 12 has been forwarded to various individuals, community groups, progress associations and Chambers of Commerce together with a letter inviting comment.

Council's Corporate Strategy Branch was available to make presentations about the documents to interested community groups.

TRIPLE BOTTOM LINE SUMMARY

Triple Bottom Line is a framework for improving Council decisions by ensuring accountability and transparency on social, environmental and economic factors.

The Hornsby Shire Community Plan 2010 – 2020, draft Delivery Program 2011 – 2015, draft Operational Plan including Budget 2011 - 12 are aligned to Council's strategic themes which are based on triple bottom line principles plus governance.

A Community Strategic Plan and Resourcing Strategy, including a special variation to general income to fund infrastructure improvements, will contribute to community development through the provision of sustainable facilities and services by enhancing the amenity and use of recreation facilities and public open space.

Enabling the community, in collaboration with Councillors, to influence the projects to be funded by a rate increase encourages community pride in the area. This proposal will also have a positive impact on the use of existing infrastructure by upgrading and improving the functionality and public safety of civil assets. The proposed rate increase will also enable Council to maintain its assets in a financially viable manner.

RESPONSIBLE OFFICER

The Manager Financial Services, Glen Magus, and the Manager Corporate Strategy, Julie Williams are responsible for matters relating to the Hornsby Shire Community Plan 2010 – 2020, draft Resourcing Strategy, draft Delivery Program 2011 – 2015, draft Operational Plan including Budget and Fees and Charges 2011 - 12. They can be contacted on 9847-6635 and 9847-6790 respectively.

RECOMMENDATION

THAT following consideration of the submissions received and taking account of the requirements of IPART regarding special rate variations, Council:

1. Adopt the amended Hornsby Shire Community Plan 2010 – 2020, the Resource Strategy, the Delivery Program 2011 - 2015, including the 2011 - 2012 Operational Plan and 2011 - 2012 Fees and Charges, incorporating the amendments recommended in this and the supplementary Reports.
2. Subject to IPART's determination make and levy the Ordinary, Catchments Remediation and Hornsby Quarry Loan Rates for 2011 - 12 based on the preferred 7.8% rate structure outlined in the Delivery Program i.e.
 - Make and levy the Ordinary Rates in accordance with the table shown in this Report.
 - Make and levy the Catchments Remediation Rate on all rateable land in the Shire, in accordance with the table shown in this Report.
 - Make and levy the Hornsby Quarry Loan Rate on all rateable land in the Shire, in accordance with the table shown in this Report.

- Continue to provide eligible pensioners with a \$10 concession in respect of the Hornsby Quarry Loan Rate, represented by a reduction in the Base amount.
 - Provide eligible pensioners with an additional \$20 concession in respect of the rate variation represented by a reduction in the Base amount.
3. Consider a further Report following the IPART determination, reviewing the Integrated Planning and Reporting Framework documents as necessary.

ROBERT BALL
General Manager
General Manager Division

Attachments:

There are no attachments for this report.

File Reference: F2010/00460
Document Number: D01621598

**2 WESTLEIGH NURSERY AND PRESCHOOL - 10 EUCALYPTUS DRIVE,
WESTLEIGH - CONSIDERATIONS IN RESPECT OF CLOSURE OF CHILD
CARE SERVICE AND SUBSEQUENT SALE OF THE PROPERTY**

EXECUTIVE SUMMARY

At its 20 October 2010 Ordinary Meeting, Council considered Report No. CC67/10 and decided to implement a strategic de-escalation of its commitment to child care over the next five years; to provide in principle support for the closure of the Westleigh Nursery and Preschool from January 2012; and to commence formal investigations regarding the potential sale of 10 Eucalyptus Drive, Westleigh.

The first part of the Report provides details to support a Council decision in relation to the future of the Westleigh Nursery and Preschool Centre. Given Council's decision to operate a single, larger, more efficiently designed child care facility in each of the southern, central and northern parts of the Shire, and Council's previous in principle decision to close the Westleigh service in January 2012, it appears appropriate that Council now formally resolve to cease its operation of the Westleigh Nursery and Preschool Centre. The challenge for Council in making this decision is to provide certainty with respect to the availability of child care for parents for the remainder of the year without the Centre incurring a large operational deficit.

The second part of the Report provides Council with options for the future use of the property at 10 Eucalyptus Drive, Westleigh. The options are discussed generally and in terms of relative returns that each is likely to provide. This approach has been taken in order to ensure that community input into decision making can occur as much as possible without adversely affecting Council's commercial position. The five options are to lease the property to a child care provider; lease the property on a commercial basis; sell the property with vacant possession; sell the property with development consent in place (consistent with current zoning); and/or retain the property for community purposes.

Whilst the options may appear to be mutually exclusive, capacity does exist to progress two or three options simultaneously thereby maintaining a greater diversity of options for the future. To assist in the process of Council formulating an appropriate resolution to suit its preferred option, suggested resolutions are provided.

PURPOSE/OBJECTIVE

The purpose of this Report is to respond to points 7 and 8 of the resolution emanating from Council's consideration of Report No. CC67/10 at the 20 October 2010 Ordinary Meeting. Points 7 and 8 dealt with the potential for closure of the Westleigh Nursery and Preschool and the subsequent sale of the property at 10 Eucalyptus Drive, Westleigh.

DISCUSSION

At the 20 October 2010 Ordinary Meeting, Council considered Report No. CC67/10 – Review of Services and Potential Sale of Property, and resolved that:

1. *The contents of Executive Manager's Report No. CC67/10 be received and noted.*
2. *Council affect a strategic de-escalation of its commitment to child care over the next five years with the view to implementing a three centre model (one centre in each Ward)*
3. *Council investigate the provision of additional child care spaces in C Ward in order to provide an equal spread of service provision across the Shire*
4. *Council operate the Asquith Nursery and Preschool and Westleigh Nursery and Preschool as 29 place pre-school centres from January 2011 (excluding baby places) and place the proposed new service fees (\$75 per day for 2-5 year olds) on public exhibition in accordance with the requirements of the Local Government Act 1993*
5. *Investigations commence regarding the redevelopment of Hornsby Nursery and Preschool as the site of Council's A Ward child care centre noting that planning for the Storey Park redevelopment will continue to include a commitment to child care until the potential of the Hornsby Nursery and Preschool site is understood*
6. *Investigations associated with Hornsby Nursery and Preschool be treated as an adjunct to the Storey Park investigations and use of the same funding source (i.e. Section 94 Contributions)*
7. *Council provide in principle support for the closure of the Westleigh Nursery and Preschool from January 2012 noting that a further report will be provided on this subject in early 2011 where a final decision on the future of the site can be made*
8. *Formal investigations commence regarding the potential sale of 10 Eucalyptus Drive Westleigh (Westleigh Nursery and Preschool) and a further report be provided to Council on the matter when the investigations are completed.*

The first part of this Report responds to point 7 of the above resolution and seeks a Council decision in relation to its ongoing commitment to the operation of the Westleigh Nursery and Preschool. In this regard, it is noted that in considering Report No. CC67/10, Council took the strategic decision to de-escalate its commitment to the provision of child care services in the Shire over the next five years and to provide "in principle support" to cease operating the Westleigh Nursery and Preschool service from January 2012. It is noted that a decision to cease operating the Westleigh Nursery and Preschool would be consistent with previous Council decisions on child care related issues.

The second part of this Report responds to point 8 of the above resolution and, assuming that Council decides to cease operating the Westleigh Nursery and Preschool, provides Council with options for the future use of the property at 10 Eucalyptus Drive, Westleigh. It is noted that there is a degree of urgency with respect to deciding on the future use of the site as making a decision to lease the site to a private child care provider may remove the necessity for current clients of Council's child care service to make other arrangements for child care in 2012. Similarly, if a decision is made to sell or lease the property commercially, early notice to current child care customers is vital in order to given them the best chance of securing child care elsewhere in 2012.

Council should be aware that clients of the Westleigh Nursery and Preschool Centre were informed in the week commencing 28 February 2011 that this Report would be considered by Council at its 23 March 2011 Workshop Meeting. This information was provided through the

provision of written correspondence to each family, signage in the Centre and through verbal advice to the families from staff.

Part 1 – Proposed Closure of the Westleigh Nursery and Preschool

Report No. CC67/10 advised Council of the concerns that staff had in respect of waiting lists (or lack thereof) which existed for places at the Westleigh Nursery and Preschool Centre in 2011 and the impact that a substantial drop in utilisation of the Centre would have on operational budgets. The Report forecast a revenue deficit of approximately \$100,000, on the basis that the Centre only had enough children enrolled for 2011 to fill 29 of the 39 places on offer. This deficit was forecast because Council was committed to pay enough staff to operate a 39 place centre (regardless of the revenue that the Centre generated). It is noted that Council's child care centres operate as business units under National Competition Policy and, as such, the concept of competitive neutrality is required to be maintained i.e. government owned businesses should have no advantage over their privately-owned competitors because of their public ownership.

Given the forecast utilisation figures for the Centre in 2011, Council made a strategic decision in relation to the size of the child care centres that it operates at both Westleigh and Asquith. In this regard, Council supported the recommendations of staff to operate 29 place centres on each of the two sites and to not offer places for babies under the age of two years. Staffing levels at the Asquith and Westleigh Centre were adjusted accordingly and some staff were redeployed to other Council child care centres.

The small number of families impacted by the decision to not provide care to children under the age of two in 2011, were offered, and in many cases accepted, places at Council's other child care centres. At the time this decision was made, Council was aware that the three other centres at Somerville Park, Greenway Park and Hornsby Nursery and Preschools were experiencing solid demand for care in all age groups with substantial waiting lists in place. It is noted that this operational trend has continued through early 2011.

When Council made its decision to operate a 29 place centre at Westleigh Nursery and Preschool in 2011, the staffing level was decreased to match the number of children enrolled and a break even budget position was achievable. Unfortunately, since the decision was made, in principle, to close the Westleigh Nursery and Preschool in January 2012, approximately one third of families enrolled in the centre for 2011 have withdrawn their enrolments and the Centre is again forecast to incur a \$100,000 revenue shortfall for the period between January to June 2011. On average, 19 children are currently enrolled each day and the Centre is staffed for 29 children. Based on current enrolments, this deficit forecast will likely be repeated in the first half of the 2011/12 financial year. Therefore, with the current utilisation levels, the Westleigh Nursery and Preschool is estimated to operate at a deficit of \$200,000 for the 2011 calendar year. This estimate assumes that no further enrolments are withdrawn from the Centre throughout the year - although at the time of writing, enrolment withdrawals continue to take place.

Staff understand that parents are seeking certainty with regards to ongoing care arrangements for their children beyond 2011 and, due to the current uncertainty associated with the Westleigh Centre, have taken up child care places elsewhere when they have become available. This approach is completely understandable as the availability of child care plays a large role in the capacity of a family to earn a sufficient income to meet cost of living expenses. Regardless of this, the withdrawal of children from care does impact on the financial viability of the Centre and subsequently the value of the Centre if it were to be sold

or leased as a child care centre in the future. Given Council's implied commitment in Report No. CC67/10 to not close the centre prior to January 2012, staff will endeavour to minimise expenditure and maximise revenue as best as possible at the Westleigh Centre throughout 2011.

There is no doubt that Council taking an in principle decision in October 2010 to close the Westleigh Nursery and Preschool in January 2012 has impacted upon utilisation of the service in 2011 and, therefore, the financial viability of the service in the longer term. However, the priority issue in flagging a decision in October 2010 to close the service in January 2012 was to give parents and families the maximum amount of notice of Council's intention to close the Centre such that families could make alternate child care arrangements for 2012. This notice has been already been taken advantage of by a number of families and, although costly to Council, is the reason that such a lengthy notice period was given.

Whilst approximately one third of families have taken advantage of this early notice given by Council, at the time of writing, two thirds of families enrolled at the centre in 2011 continue to utilise the service. As such, it is important for Council to understand the scale of the impact that a closure of this service will have on those families in 2012. Taking into account the age of the 45 children still enrolled at the Centre (over five days), 18 children are likely to be going to school in 2012 and 27 will be likely to require child care in 2012. With adequate notice in respect of a service closure, these families have improved chances of securing child care elsewhere in 2012.

Based on the above, and given Council's decision to operate a single, larger, more efficiently designed child care facility in each of the southern, central and northern parts of the Shire, and the previous in principle decision to close the Westleigh service in January 2012, it appears appropriate that Council formally resolve to cease its operation of the Westleigh Nursery and Preschool Centre. As a priority, Council is encouraged to make a decision in respect of its commitment to operating a service on the site in 2012. A decision may be deferred with respect to another child care provider operating a service on the site until later in the year if necessary, although this approach will delay the provision of certainty regarding the availability of child care on the site.

The challenge for Council in making this decision is to provide certainty with respect to the availability of child care for parents for the remainder of the year without the Centre incurring a large operational deficit. Based on current utilisation (i.e. an average of 19 children are enrolled on any given day and the centre is staffed for 29), the Centre is approximately \$4,100 per week short on budgeted revenue figures. Whilst expenditure at the Centre can also be reduced to some degree, it is not possible to proportionally reduce it whilst still meeting the ratio requirements of the Children's Services Regulation. As such, depending upon the staff to child ratio on any given day, it is difficult to predict operational deficits with any certainty. Given this fact, an averaging approach is taken to describe the financial predictions for the Centre when considering a Centre closure date.

In terms of a date for service closure, three main options are available.

The first option (Option 1) is to close the service on Christmas Eve 2011 and not re-open the service in 2012. This Option would save approximately \$20,000 by not operating the service on low utilisation for an additional month. Option 1 would also be workable if Council decided to lease the site to a new child care operator in 2012. With respect to this Option, a commitment to not close the Centre before Christmas Eve, which could be considered by some families to be an early closure based on Council's previous resolution, is offered as a

possible trade off in terms of Council assuring that child care would be available for the remainder of the year.

A second option (Option 2) would be to close the service on 28 January 2012. This would allow children to attend child care right up until the week before some of them commence primary school. It is noted that other child care centres (preschools in particular) would also re-open at this time. This approach is considered, however, to be the more expensive option. Under Option 2, Council could commit to keeping the Centre open until 28 January 2012 contingent upon the numbers of enrolled children at the Centre remaining at certain levels. In this regard, the critical operational level for the business unit would be 11 children enrolled per day. If the Westleigh Centre were to drop to less than 11 children per day, Council could offer these places at the Asquith Centre, noting that at this Centre there was also a reduction from 39 to 29 places earlier in the year and this could be increased again at minimal expense if necessary. Under this scenario, child care could continue to be provided on a cost recovery basis at Asquith and avoid substantial losses at Westleigh. An issue with Option 2 is that it would involve parents dropping their children off at Asquith Nursery and Preschool if the numbers enrolled at Westleigh dropped below 11 on any day. On days when numbers enrolled at Westleigh are above 10, the service could continue to be operated from that site.

Under a third option (Option 3), Council could continue to operate the Westleigh Centre until 28 January 2012 regardless of enrolment numbers. At the time of writing, the Centre is losing an estimated \$825 per day based on an average of 19 children enrolled per day. If that figure drops to 9 children enrolled per day, the Centre will lose an average of \$1,650 per day. With figures such as these, it can be appreciated why the issue of agreeing on a closing date is so critical.

It is expected that Option 1 (i.e. a Christmas Eve closure) may not suit parents because they would have to arrange other care for January 2012. It would, however, save ratepayers approximately \$20,000. In the event of a Christmas Eve closure date being preferred, the older children (i.e. those going to school in 2012) should be eligible for vacation care services and this would lead to a need for the younger children (estimated to be 27) to have other care arrangements made for them in January 2012. It is noted that a Christmas Eve closure may also be preferable if Council resolves to lease the site to a child care provider.

Option 2 (i.e. a 28 January 2012 closure with conditions) allows Council to guarantee care places up until a time that is as convenient as possible for clients. The requirement to possibly provide that care from another site (Asquith) is suggested as a possible trade off for this certainty. This approach, however, would require cooperation and agreement from parents. It is noted that it will be the parents who are unable to find care elsewhere sooner that will be those most disadvantaged by this approach.

Option 3 (i.e. a 28 January 2012 closure with no conditions) would allow Council to guarantee the provision of care places but it would do so at a potential substantial cost to ratepayers.

Ultimately, there is no perfect service closure date that will suit all parties (Council included). The date chosen to close the service will depend upon Council's intentions with respect to the future use of the site (which is discussed in the second half of this Report) and also the priority that Council puts on minimising the operational losses for the service that are forecast.

Part 2 – Options for the Future Use of 10 Eucalyptus Drive, Westleigh

Investigations have been undertaken regarding the potential sale of 10 Eucalyptus Drive, Westleigh and/or the child care business operating from the site and formal valuations have been received. A Property Valuation Report is attached and should be treated as confidential under Section 10A (2) (c) of the Local Government Act. The detailed information contained in this and other confidential attachments may confer a commercial advantage upon a person with whom Council proposes to conduct business. On balance, it would be contrary to the public interest to deal with this information in a full open session because release of the information could prejudice Council's ability to negotiate a favourable outcome.

Based on the above, options for the future use of the site are discussed generally and in terms of relative financial and social returns that each is likely to provide. This approach has been taken in order to ensure that community input into decision making can occur as much as possible without adversely affecting Council's commercial position.

The following five options for the property have been developed by staff, noting that they were discussed with Councillors at an informal briefing held on 9 February 2011:

- Lease of the property to a child care provider.
- Lease of the property on a commercial basis
- Sell the property with vacant possession
- Sell the property with development consent in place (consistent with current zoning)
- Retain the property for community purposes

In respect of those options, a separate confidential attachment is provided which compares leasing options with disposal options using net present value (NPV) calculations.

Option 1 – Lease of the property to a child care provider.

Community Services and Financial Services Branch staff have undertaken financial modelling associated with the operation of a variety of child care service types on the Westleigh site in order to determine the **most likely** service model that would be offered by the industry if the site were offered for lease for the purposes of providing child care. Whilst this process was occurring, Council met with the Chief Executive Officer, General Manager and Business Development Manager from KU Children's Services who offered to undertake a similar financial modelling exercise. Both agencies undertook financial modelling of long day care and preschool services of varying sizes and service types on the site. This approach was taken to see if similar results were obtained.

The results of the modelling exercises undertaken by each agency pointed to a **strong likelihood** of a pre-school being the child care service that would be operated on the site. This result was reached primarily due to the physical design of the centre and financial advantages of operating a preschool as opposed to a long day care service. It is noted that preschools have shorter operating hours each day and tend to only be open during school terms.

Whilst this result does not preclude a long day care service being operated on the site, the exercise was undertaken to provide a “best guess” of what service would be likely to be operated in the event that Council chose to lease the property as a child care facility.

KU Children’s Services reached some interesting conclusions with their modelling. These conclusions were supported by Council’s independent financial modelling and industry investigation. The conclusions were:

- Due to the unavailability of State Government funding for pre-school places in the area, any pre-school operated out of the Westleigh site would be expensive to operate (compared to neighbouring services). This is because the service would not receive the State Government subsidy. This additional cost would be passed onto service users and would result in the fee charged for the service being high and in the top quartile of preschool fees charged in the local area.
- A pre-school may become financially sustainable in the medium term contingent upon Council waiving the rental fee, gifting the equipment currently in the Centre to the new operator and the operator not spending funds on capital expenditure on the site over a ten year period.
- A pre-school is more financially viable operation as compared to a long day care service. Both KU Children’s Services and Council officers suggested that a private operator, with lower operational overheads, may be able to make a long day care service work on the site.

The above comments are made on the basis that both KU Children’s Services and Hornsby Shire Council are large organisations, with considerable corporate support available “behind the scenes”, which are able to support licensing and accreditation and the financial and human resource components of child care service delivery. Fee rates charged by the organisations reflect this additional support. It is noted that a small private operator or not for profit organisation may produce different viability results. As a consequence, a small private operator may be willing to operate a long day care centre on the site.

If Council is desirous of a child care facility continuing to be operated on the site, it is recommended that an expression of interest (EOI) process be urgently implemented to determine the take up of the offer. If an EOI process is progressed, Council may wish to consider targeting that EOI to services wishing to run a long day care centre. This approach is recommended as it is reasonable to assume that a privately run preschool could operate efficiently on the site but that it should be excluded from the process because this service model is not consistent with community feedback on their preferred service model on the site. In this regard, Council will recall that it exhibited fees for the operation of a preschool service on the site in mid 2010 and 99% of parent feedback indicated a desire for a long day care service rather than a preschool service.

Option 1 - Summary and Comments

- Leasing the site for use as a long day care centre would probably rank highest as the preferred option for parents and the local community. This position was articulated by Westleigh parent representatives at Mayoral Interviews on the subject.
- Staff believe that the most likely service model to be operated on the site if Council sought expressions of interest would be a preschool service which offers shorter opening hours compared to a long day care service.

- Council offered to operate a preschool service at the site in 2011 and consulted with the existing users on the viability of this option. Clients overwhelmingly supported the continued operation of a long day care service.
- Regardless of the organisation that would operate a child care centre from the site, the financial return that Council could expect from the site is the lowest of all of the future use options described above by a considerable margin. Depending upon the model of operation, leasing the site as a child care facility will cost Council money over the next 20 years i.e. maintenance costs for the facility would not be met by rental returns.
- Council could consider calling for expressions of interest for organisations to operate long day care on the site, however, this would delay a definitive decision being made on the availability of child care on the site. This delay may be warranted if community feedback is strong enough.

Option 2 – Lease of the property on a commercial basis

Given the zoning of the property (i.e. Business A), the following uses are allowable on the site with development consent:

Advertisements; bulky goods retailing establishments; business premises; bus stations; car parks; child care centres; commercial home catering; communications facilities; community facilities; convenience stores; demolition; dwellings; educational establishments; entertainment facilities; group homes; home occupations; hospitals; hotels; housing for aged or differently abled persons; medical centres; motels; multi-unit housing; office premises; passenger transport terminals; places of worship; plant and equipment hire premises, public buildings; recreation areas; recreation facilities; registered clubs; restaurants; retail plant nurseries; service stations; shops; utility installations; veterinary hospitals.

The objectives of land zoned Business A are:

- (a) to encourage economic growth and employment opportunities.*
- (b) to accommodate the retail, commercial and social needs of the community.*
- (c) to encourage development that improves the health, vitality, cultural environment and social environment within the area.*

Leasing the facility in a manner consistent with its zoning is likely to provide Council with a return as outlined in the attached confidential NPV Table and Valuation.

Option 2 - Summary and Comments

- The financial return likely to be received by leasing the facility in this manner is significantly greater than the return likely to be realised if the facility is leased as a child care centre under Council's current Leasing Policy.
- Leasing the facility commercially will provide a regular income stream for Council that will ensure that the maintenance requirements for the site are met. Funds exceeding maintenance requirements could be allocated to other asset maintenance/management issues associated with community facilities.

- Leasing the facility commercially has an estimated NPV commensurate with, but marginally less than, Option 3 (discussed below) over the next 20 years.
- Leasing the facility commercially results in Council retaining ownership of the facility in the longer term.
- Leasing the facility commercially allows the strategic intent of the Business Zoning of the site to be maintained which is consistent with Council's desire to support local employment as evidenced in the Draft Comprehensive Local Environment Plan.
- Post Global Financial Crisis, comments from a number of Council's contracted valuers has suggested that the demand for commercial premises to lease is currently depressed. This may or may not be the case at this site.

Option 3 – Sell the property with vacant possession

Council has the option of selling the site currently occupied by the Westleigh Nursery and Preschool. The details associated with the likely returns that Council would achieve if the site was sold as is with vacant possession are outlined in the attached confidential Valuation Report.

It should be noted that in the forthcoming months, the State Government is likely to "make" the Comprehensive Local Environment Plan (CLEP) for the Shire. Once this event takes place, the development potential for the site is somewhat diminished. Specifically, the current zoning (Business A) allows for multi unit housing. Under the uncertified Draft CLEP, the land is to be rezoned as a Local Centre and the multi unit housing provision is replaced with provisions for Residential Flat Buildings but only as part of a mixed use (commercial and residential) development. Advice received from Council's Consultant Valuer suggests that this change in zoning will decrease the value of the site if sold at a later date.

Option 3 - Summary and Comments

- Selling the site "as is" is likely to produce a return slightly higher than Option 2 when comparing NPVs. However, this depends upon the use of the proceeds from the sale. If the proceeds from the sale are used to reduce borrowing elsewhere in the organisation over the medium term (say, three years), the rate of return from the sale can be increased by approximately 21%.
- Selling the site does not guarantee that the site will be retained exclusively for business purposes as the new owner may choose to develop the site consistent with the provisions of the CLEP. Specifically, this could be a mixed use development or "shop top" housing.
- Selling the site now means that it is not available for sale in the future when values may be higher or when community need may have changed in the Westleigh area. A delayed sale needs to balance maintenance costs over the period of time until the site is sold. These costs are reflected in the relative NPV comparison table.
- The site is considered not to be of strategic importance in and of itself, even though the zoning of the land is considered to be of importance in supporting local business activity.

Option 4 – Sell the property with development consent in place (consistent with current zoning)

Given the above described issues with the CLEP, the fourth option for Council to consider for the site is to provide for the preparation and lodgement of a development application for the site under the current Local Environment Plan. Advice received from Council's Property

Development Manager and Consultant Valuer suggests that development consent for townhouses on the site would “add value” and provide the highest financial return in the event that Council resolved to dispose of the site. The estimated value of this option is outlined in the attached confidential Valuer’s Report.

Option 4 - Summary and Comments

- Sale with development consent for townhouses in place provides the highest financial return by a significant margin as compared to the other options discussed above.
- If the proceeds from a sale in this manner are used to reduce borrowing elsewhere, the rate of return from the sale can be increased by approximately 21% but on a larger base amount than in Option 3.
- Such an approach to the disposal of the property does not necessarily support Council’s articulated approach of supporting small business through the provision of appropriately zoned lands (use would be exclusively residential) but is allowable under the current zoning.
- Arguably, the sale of the site with consent for a townhouse development MAY produce a better built form (environmental) outcome as compared to the redevelopment of the site under the forthcoming CLEP which may produce a development with substantially more bulk (mixed use development or shop top housing).

Option 5 – Retain the property for community purposes

The final option for Council to consider for the site is to lease the site to a community service group or groups to operate/occupy. Historically, when facilities such as this have been leased to the community, a significantly subsidised rent has been able to be negotiated by the community group. In many cases, the rental income received from Council premises leased to community groups does not cover costs associated with asset maintenance. Whilst these rental subsidies are given in exchange for the community service offered by the community group occupying the property, the long term capacity for Council to continue to offer facilities for hire/lease is compromised by not recovering a greater proportion of maintenance costs in the form of rent. Over time, community facilities degrade in their standard and serviceability and replacement costs in the long term far exceed the costs of appropriately funded asset management practices in the short term. As such, Option 5 is considered to be the least financially beneficial for Council and less sustainable for the community in the longer term.

Option 5 – Summary and Comments

- Leasing the property to a community group is likely to provide the lowest financial return of all options, in fact it is likely to cost Council money. Given this situation and the relative lack of certainty about the rental amount that would be charged, NPV figures have not been calculated for this option.
- Option 5 is likely to be a favoured option by the local community. In this regard, Council receives numerous requests for accommodation from community groups each year.
- The site is forecast to cost, on average, \$18,700 per year to maintain over the next 20 years. Substantial maintenance is forecast for the facility in 2017 as major renewal work is scheduled. The amount forecast to be expended in 2017 is approximately \$110,000. It should be noted that currently Council only budgets \$10,200 per annum

(on average) for maintenance of this site. This will lead to the gradual decline of the quality of the facility over time.

- In terms of Council's asset management plans for the site, the facility currently rates 4 out of 5 for visual appearance in Council's asset management system (lower scores correlate to a better appearance). A score of 4 constitutes a poor rating with surfaces rated as clean and bright with no major damage but with imperfections and problems to most surfaces. The facility rates as 3 out of 5 (satisfactory) for functionality which means that it is considered to be within 5% of the required specification. The current level of service rating is 3.5 out of 5 (again with a lower score a higher level of service) with a target level of service of 2. This means that there is a funding gap for the maintenance of the facility. To bring the rating of the asset up to the target level of service, approximately \$120,000 is required to be spent. This would involve upgrades to the kitchen, toilets and entry pergola. In addition to this, \$30,000 is required to be spent on sewer replacement at the site. Ratings such as these are not unusual for a child care centre that has had 39 children in it five days a week, 51 weeks of the year for the last 26 years.
- If Option 5 is the preferred option, Council is encouraged to call for expressions of interest from community groups to lease the site and consider the results of this process through a further report.

Moving Forward

Whilst the above options may appear to be mutually exclusive, capacity does exist to progress two or three options simultaneously thereby maintaining a greater diversity of options for the future. For example, a situation may arise whereby the site is offered for lease (either as a child care centre and/or commercially) and the lease offer is not subsequently taken up by the market. If Council's next preferred option is, for example, Option 4 (sale with development consent for town house development in place), this option would be lost if it was not progressed simultaneously.

As such, Council could choose to both offer the property for lease and progress the development application process thereby not missing an opportunity with respect to the option that is forecast to provide the highest financial return. In this regard, the development application would need to be lodged under the current LEP.

Given staff comments on the likely low levels of demand for premises to accommodate a long day care service (although there may be a demand for a preschool service) and reduced demand for leasable commercial premises, it is recommended that Council consider progressing multiple options simultaneously so as not to exclude the most financially advantageous option whilst exploring potentially higher preference options that may have a high degree of uncertainty surrounding them.

Suggested resolutions depending upon the future use option chosen

It is noted that there is significant complexity in the above options and in particular with the resolutions that may accompany a particular decision. To assist in the process of Council formulating an appropriate resolution that will suit its preferred option, suggestions are offered below. It is assumed that, given point 7 of the resolution emanating from Council's consideration of Report No. CC67/10 and the further information provided earlier in this Report, Council will resolve to cease operating the Westleigh Nursery and Preschool from Christmas Eve 2011, from 28 January 2012 or from some other date. The date chosen will be

dependant on the future use option preferred and the relative importance placed on minimising the forecast financial losses of the service.

The options are shown in bold below and are followed by draft resolutions that Council may consider in respect of that option.

Option 1 – Lease of the property to a child care provider.

1. Council receive and note the contents of Executive Manager's Report No. CC13/11.
2. Council call for expressions of interest for the operation of a long day care centre at the former Westleigh Nursery and Preschool site from 1 January 2012.
3. Following receipt of the expressions of interest referred to in 2. above, a report be prepared for Council's consideration detailing the outcomes of the process.
4. Council cease its operation of the Westleigh Nursery and Preschool on Christmas Eve 2011.

Option 2 – Lease of the property on a commercial basis

1. Council receive and note the contents of Executive Manager's Report No. CC13/11.
2. Council officers seek a commercial tenant for the former Westleigh Nursery and Preschool site using its normal letting processes i.e. public advertising/tender/use of agents and consistent with the Lease/License of Council Land Policy. The commercial lease be offered to commence from 1 February 2012.
3. A report be prepared for Council's consideration detailing the outcomes of the process referred to in 2. above.
4. Council determine its preferred closure date of the Westleigh Nursery and Preschool and determine the conditions by which this closing date should be administered (if any).

Option 3 – Sell the property

1. Council receive and note the contents of Executive Manager's Report No. CC13/11.
2. Council approve the marketing and sale of 10 Eucalyptus Drive, Westleigh after the "making" of the Comprehensive Local Environment Plan and subject to the minimum prices stated within the confidential attachment to Report No. CC13/11.
3. Council agree to suspend the 'Use of Funds Generated by Land Property Sales' Policy for this matter and provide for the use of the net proceeds of the sale to the child care component of the Storey Park Community Facility Redevelopment (the Northern Child Care Centre).
4. The General Manager be authorised to determine the most appropriate method of sale, reserve and asking prices subject to the minimum prices stated within the confidential attachments to Report No. CC13/11 and negotiate finer details of the sales agreement, if required.

5. The General Manager be authorised to execute any legal documents in relation to this matter deemed appropriate by Council's legal advisors.
6. If required by the absence of the General Manager or by legal statute, Council authorise the use of Council's seal on any legal documents in relation to this matter deemed appropriate by Council's legal advisors, subject to review and authorisation by an Executive Manager of Council.
7. The conditions of sale are to include that the facility continues to be available for Council to operate a child care centre until 1 February 2012.
8. Council determine its preferred closure date of the Westleigh Nursery and Preschool and determine the conditions by which this closing date should be administered (if any).

Option 4 – Sell the property with development consent in place (consistent with current zoning)

1. Council receive and note the contents of Executive Manager's Report No. CC13/11.
2. Council officers lodge a development application for the property at 10 Eucalyptus Drive, Westleigh such that the development potential of the site is maximised.
3. Funding associated with the above activity be derived from the proceeds of the sale of the property.
4. Subject to 2 above, a further report be provided for Council's consideration recommending the sale of the said property
5. Council determine its preferred closure date of the Westleigh Nursery and Preschool and determine the conditions by which this closing date should be administered (if any).

Option 5 – Retain the property for community purposes

1. Council receive and note the contents of Executive Manager's Report No. CC13/11.
2. Council call for expressions of interest from community groups for the use of the former Westleigh Nursery and Preschool.
3. Following receipt of the expressions of interest referred to in 2. above, a report be prepared for Council's consideration detailing the outcomes of the process.
4. Council determine its preferred closure date of the Westleigh Nursery and Preschool and determine the conditions by which this closing date should be administered (if any).

If Council believes it is appropriate to progress multiple options simultaneously so as to not exclude the most financially advantageous, then a potential resolution could be:

1. Council receive and note the contents of Executive Manager's Report No. CC13/11.

2. Council call for expressions of interest for the operation of a long day care centre at the former Westleigh Nursery and Preschool site from 1 January 2012.
3. Council officers seek a commercial tenant for the former Westleigh Nursery and Preschool site using its normal letting processes i.e. public advertising/tender/use of agents and consistent with the Lease/Licence of Council Land Policy. The commercial lease should not commence prior to 1 February 2012.
4. Concurrently with the above, and prior to the making of the Comprehensive Local Environment Plan, Council officers lodge a development application for the property at 10 Eucalyptus Drive, Westleigh such that the development potential of the site is maximised.
5. Following receipt of the expressions of interest and offers referred to in 2. and 3. above, a further report be prepared for Council's consideration.
6. Council determine its preferred closure date of the Westleigh Nursery and Preschool and determine the conditions by which this closing date should be administered (if any).

BUDGET

The budget implications of this Report are dependant on the options chosen and the decisions made. These have been described in the body of the Report and in the confidential attachments.

POLICY

The relevant policies are the Disposal of Land Policy; the Use of Funds Generated by Land Property Sales Policy; the Code for the Lease/Licence of Council Land and Buildings to Community Groups; and the Use of Council Buildings by Kindergartens.

CONSULTATION

There has been consultation in the preparation of this Report with the Executive Manager, Planning Division; Senior Principal Town Planner; Manager, Property Development; Manager, Commercial Property; staff from KU Children's Services; and staff from the Financial Services Branch. Statements made by parent representatives at Mayoral Interviews have also been taken into consideration in the drafting of this Report.

TRIPLE BOTTOM LINE SUMMARY

Triple Bottom Line is a framework for improving Council decisions by ensuring accountability and transparency on social, environmental and economic factors. It does this by reporting upon Triple Bottom Line Councils strategic themes.

This Report discusses the potential sale of a Council asset in order to realise the maximum financial return for the asset. It also discusses the potential of reinvesting the proceeds from this sale into a like facility. The social and environmental aspects of this assessment were discussed in previous reports on the subject.

RESPONSIBLE OFFICER

The officer responsible for the preparation of this Report is the Manager, Community Services Branch, Mr David Johnston. He can be contacted on 9847-6800.

RECOMMENDATION

THAT Council

1. Receive and note the contents of Executive Manager's Report No. CC13/11.
2. Note the various alternatives canvassed in Report No. CC13/11 and determine the future use of the Council property at 10 Eucalyptus Drive Westleigh.
3. Determine its preferred closure date of the Westleigh Nursery and Preschool and determine the conditions by which this closing date should be administered (if any).

DAVID JOHNSTON
Manager - Community Services
Corporate and Community Division

GARY BENSLEY
Executive Manager
Corporate and Community Division

Attachments:

1. Valuation Report - *This attachment should be dealt with in confidential session, under Section 10A (2) (c) of the Local Government Act, 1993. This report contains information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.*
2. Westleigh Options Report - *This attachment should be dealt with in confidential session, under Section 10A (2) (c) of the Local Government Act, 1993. This report contains information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.*

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