

**CITY OF MARION
GENERAL COUNCIL MEETING
12 JUNE 2018**

CONFIDENTIAL REPORT

Originating Officer: Donna Griffiths, Unit Manager Economic Development
Manager: Greg Salmon, Manager City Activation
General Manager: Abby Dickson, General Manager City Development
Subject: Commercial Development in Regional Centre Zone
Report Reference: GC120618F02

If the Council so determines, this matter may be considered in confidence under Section 90(3)(b) and (d) of the *Local Government Act 1999*, on the grounds that the report contains information relating to matters pertaining to commercial operations of a confidential nature, the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information and could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or prejudice the commercial position of the council.

Adrian Skull
Chief Executive Officer

RECOMMENDATION

That pursuant to Section 90(2) and (b) and (d) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: Adrian Skull, Abby Dickson, Tony Lines, Vincent Mifsud, Kate McKenzie, Greg Salmon, Donna Griffiths, Craig Clarke, Ray Barnwell, Jaimie Thwaites and Victoria Moritz, be excluded from the meeting as the Council receives and considers information relating to the report Commercial Development in Regional Centre Zone, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential relating to matters pertaining to commercial operations of a confidential nature, the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information and could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or prejudice the commercial position of the council.

REPORT OBJECTIVES

The objective of this report is for Council to consider the potential development of a hotel on the site currently occupied by the Marion Cultural Centre (287 Diagonal Road, Oaklands Park), given its prominent and strategic location; and to seek endorsement to proceed to an Expression of Interest (EOI) for the site with assistance of a commercial agent.

This report relates to:

- An unsolicited proposal to develop an international standard hotel in the City of Marion following a confidential council resolution of May 2018.
- A proposed open market, competitive EOI process to enable Council to consider alternative proposals for the site

EXECUTIVE SUMMARY

The Marion Cultural Centre (MCC) currently operates from 287 Diagonal Road, Oaklands Park. This site is owned by the City of Marion. This prominent site has been the subject of a recent unsolicited enquiry from a private developer to build an international standard hotel. This is consistent with the types of development envisaged in the Development Plan Amendment (DPA) for this site.

The site is designated Regional Centre Zone. The site was excluded from the Community Land classification under the provisions of Section 193 of the *Local Government Act 1999*. This means that the site can be sold without Ministerial approval.

If Council determines it wishes to pursue a hotel development at the MCC site, it is recommended Council undertake a competitive, open market, EOI with expert advice provided by a commercial agent.

The EOI would be open to proposals for a hotel development that is consistent with the planning policy for Council's Regional Centre Zone and seek to activate the site within the spirit that was intended. The EOI will seek proposals for a hotel which are complementary to the precinct and will deliver community as well as economic benefits.

As with any significant project there are accompanying risks and these are detailed in full for Council's consideration including mitigation strategies. The risks are heightened by the limited time leading up to caretaker period. To address this a two staged process is recommended to Council should it endorse proceeding with the project. Alternatively, should Council have interest in the project but be concerned with the timing the option exists to progress after the November local government elections. If Council decides to defer the project, there is a risk that the current developer interest may cease.

A requirement of the EOI will be the due consideration to retaining existing community and cultural functions including a café, theatre, library and art gallery. A developer may envisage this as part of the construction of a new building or retaining part or all of the existing MCC and developing as an extension. Council may also consider continuing these services from alternative sites.

The EOI will seek to achieve or complement Council's vision for the MCC Plaza as a vibrant and activated town square for the City.

RECOMMENDATIONS

DUE DATES

That Council:

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| 1. Notes that it has received an unsolicited proposal for a hotel at 287 Diagonal Road, Oaklands Park that incorporates the existing community facilities. | 12 June 2018 |
| 2. Authorises a call for an Expression of Interest for the development of 287 Diagonal Road, Oaklands Park (Certificate of Title Volume 5880 Folio 722) as a hotel. | 12 June 2018 |
| 3. Approves the allocation of up to \$30,000 to be funded in 2018/19 from identified cash savings following the completion of the 2017/18 audited Annual Financial Statements process to fund the engagement of a commercial agent to assist the Expression of Interest process. | 12 June 2018 |
| 4. Notes the opportunities and risks in undertaking this Expression of Interest Process and how the risks will be mitigated. | 12 June 2018 |
| 5. Endorses the following principles pertaining to the Expression of Interest which will guide the assessment criteria: | 12 June 2018 |
| <ul style="list-style-type: none"> • Alignment to Council's strategic objectives • how the proposal will deliver the best outcomes for the community • Due consideration given to retaining the community functions already at the site (in full or partially); and/or delivering them from alternative locations • The proposal's fit with the vision for the precinct • Complements the existing facilities within the Precinct • value for money proposition from the proposal for council • if the proposal is technically, legally and financially viable and sustainable • the proposed delivery method and timeframes • Demonstrated experience and capability of proponent to deliver the proposed project • number of jobs to be created during construction and operation | |
| 6. Requests Administration bring a report back to Council detailing the outcomes and recommendations resulting from the expression of interest in August/September 2018. | September 2018 |
| 7. Notes that Consultation requirements arising under applicable enterprise agreements are undertaken prior to the confirming of any decision that will impact on employees. | 12 June 2018 |

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| 8. Notes that Council retains the right to cease the process at any stage after commencing the Expression of Interest | 12 June 2018 |
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| 9. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that the minutes, Commercial Development within Regional Centre Zone, having been considered in confidence under Section 90(2) and (3)(b and d) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection until the close of business on 14 June 2018; and that the report and appendices, Commercial Development within Regional Centre Zone, having been considered in confidence under Section 90(2) and (3)(b and d) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2018. | December 2018 |

BACKGROUND

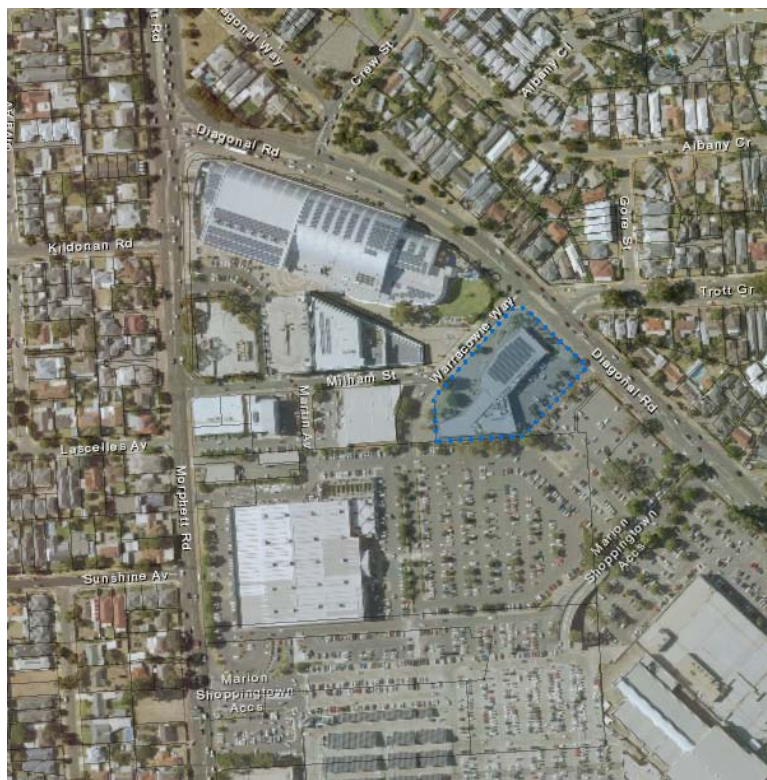
An unsolicited proposal was received by Council to build a hotel at 287 Diagonal Road, Oaklands Park. Council considered this proposal in confidence at the 8 May 2018 General Council meeting and resolved the following:

1. *Authorises the Chief Executive Officer to proceed with an investigation into the feasibility of a hotel/commercial development located within the Marion Cultural Centre Precinct.*
2. *Notes a further report will be brought back to Council after further investigations are conducted and a proposed process has been developed for Council's consideration in June 2018.*

Council also resolved to keep the report and accompanying minutes confidential (GC080518F01).

The Existing Site:

The site proposed for the EOI is Lot 3 in DP59367 and comprised in Certificate of Title Volume 5880 Folio 722, located at 287 Diagonal Road, Oaklands Park (the site), which is owned by the City of Marion. See below in blue:



The site is currently occupied by the Marion Cultural Centre and includes:

- Library
- Gallery M - Art Gallery
- Next Chapter Café
- Theatre and meeting rooms
- Plaza – open space
- Car parking

Completed in 2001, the Marion Cultural Centre is a vibrant centre that attracts approximately 250,000 visits per annum.

The value of the site is estimated between \$8M-\$12M, according to the Valuer General and [REDACTED] (Council's insurance value).

The site was excluded from the Community Land classification under the provisions of Section 193 of the *Local Government Act 1999*. This means that the site can be sold without Ministerial approval. The sale of the site will be subject to the Disposal of Land and Assets Policy. This policy requires Council to obtain a valuation from a suitably qualified Valuer.

Further details about the site's zoning is contained in attachment one.

Existing Services

In considering a hotel development, Council needs to consider the existing services offered from the site and the impact of the proposed development. The following section provides a summary of the existing services:

Library

The Cultural Centre Library was opened in November 2001, following the closure of the Sturt Road branch and redevelopment of the local area. It is the busiest of Council's three library sites. Membership hovers around 20,000, generating 303,410 loans and 211,367 visitors in 2016/2017. It is open seven days and three evenings per week.

The co-location of a Library and a hotel within the one precinct has the potential to see increased utilisation of library services where patrons of the hotel may access facilities within the library including wi-fi and internet services, print and online collections and access to programs.

Theatre and meeting room

The Domain Theatre is an intimate performance space with unobstructed viewing for the audience. Its flexibility makes it ideal for all types of performing including theatre, cabaret, comedy and dance. The Theatre has seating capacity in various configurations tailorable to each function with a maximum seated capacity of 280 people. The Domain Theatre hosts regular theatre productions, musical performances, product launches, banquets/functions, film screenings, seminars, meetings, conferences and more.

The Sturt Room and Green Room are hired for workshops, training sessions, presentations and seminars. The café, foyer and Gallery M are hired for banquets/functions, expo's, markets and can also be set up flexibly to accommodate events and functions of various styles.

Average attendances from MCC / Domain Theatre programming and via external hires totals approximately 30,000 per year.

The City of Marion presents an annual performance program within the Domain Theatre, including matinee and cabaret shows, school holiday performances, youth music events, films, national touring shows, participation within State and National Festivals ie Fringe Festival, Cabaret Festival, NAIDOC Week, Reconciliation Week, Youth Week, ZEST Fest etc and support the cultural development of residents through skill development opportunities. This suite of initiatives totals approximately 65 individual performances/sessions annually. This annual program generated more than 5,800 ticket sales in 2016-/7 and attracts on average attendances of 130 people per performance, resulting in the theatre operating at 61 per cent capacity.

Gallery

Council currently has a three year management agreement with the Red House Group for the management and operation of Gallery M. The current agreement expires on 30 June 2018. A new agreement is currently in negotiation until 2021. The Red House Group is a not-for-profit, artist run organisation which has managed the Gallery for the past 17 years. The current Gallery provides an opportunity for local artists to exhibit their work and support the local creative economy through sales from exhibitions and a small retail outlet. Council contributes an annual subsidy towards the Gallery in the order \$152k per annum and the current agreement expires on 30 June 2021.

Should Council endorse the EOI, the impact on the Red House Agreement will need to be fully considered. This will be presented to Council at the conclusion of the first stage of the EOI when proposals have been assessed. The development of a hotel on site has the potential to build the financial sustainability of the Gallery and a different management model may be required.

Café

A lease with the Next Chapter Café is currently in operation. The lease is for three years commencing on 17 November 2017 and expiring at midnight on 16 November 2020. There is one right of renewal of two years.

Subject to the recommendation by Council, further legal advice will need to be obtained on options regarding the termination of the current lease agreement.

The proposed development has the opportunity to introduce a range of restaurant and café facilities into the precinct. The increased footfall within the site would create an economically viable environment for restaurants and cafes to operate within.

DISCUSSION

Strategic Alignment

For over 20 years the City of Marion has been pursuing an integrated Regional Centre serving as the principal public, community, cultural, retail and recreational space of Marion, southern Adelaide and the region. Oaklands Hub is the 'heart' of the City of Marion. Oaklands Hub is part of a residential and retail precinct straddling the Adelaide to Seaford Rail line at the Oaklands Rail Station. It abuts the Marion Central precinct, which includes the Marion Cultural Centre and library, GP Plus, SA Aquatic and Leisure Centre and Westfield Marion Shopping Centre. The precinct is about to undergo further development with the \$174M Oaklands rail crossing project where improved public transport, vehicle, pedestrian and cycling movement will further activate the site.

It is a significant centre for the City which has the potential to maximise place activation and achieve urban economic uplift. The future Hub will be a place for the local community and an iconic destination for broader Adelaide. It will connect and provide an attractive link to the South Australian Aquatic and Leisure Centre, Marion Cultural Centre and Westfield Marion.

The development of a hotel within the site is aligned to the following strategies within Council's 10 year Strategic plan:

- P1: We will ensure that our development regulation and interaction with businesses allows for a thriving economy, increased visitation and vibrant atmosphere
- P4: We will seek to activate our City through quality streetscapes and placemaking initiatives to deliver vibrant and prosperous business precincts
- L1: We will make our services, facilities and open spaces more accessible
- L4: We will celebrate our rich cultural diversity and heritage through artistic, cultural and community activities and vibrant destinations

This opportunity relates to two Southern Adelaide Economic Development Board Priorities:

- Priority One – develop key mixed use precincts across the City of Marion, linked by the Seaford / Tonsley electric rail lines and the north-south corridor.
- Priority Two – Regional approach to the visitor and lifestyle economy. Work as a region to maximise the visitor experience and position Southern Adelaide as the 'destination of choice' for domestic and international visitors.

Hotel Accommodation in the City of Marion

Council has received an unsolicited expression of interest from [REDACTED] to develop an international standard hotel at the Marion Cultural Centre site. The proposed mixed-use development would serve Southern Adelaide and adjacent parts of the east and west metropolitan area. The opportunity presented includes:

- A four star international hotel under the [REDACTED] brand with 250 rooms
- 11 storey mixed-use facility
- Retention of the community functions of café, theatre, library and Art Gallery
- Attraction of a restaurant / bar / microbrewery tenancy for the bottom floor
- Two floors of office space
- One level of undercroft parking

The Development Plan advises this land is within a Regional Centre Zone. The site is located within Precinct 9 Northern Fringe Marion. The uses proposed by the prospective developer accords with the permitted uses under the Regional Centre Zone.

The City of Marion does not currently have an international standard hotel and has limited restaurant facilities. Visitors to the City often stay at hotels located in adjacent Councils and the CBD. This is an opportunity to attract a significant investment into the City of Marion, create new jobs and realise the vision for the space.

Current accommodation suppliers in the City of Marion include:

Marion Motel and Apartments (155 beds)

Don Oakley
Marion Motel and Apartments
540 Marion Road, Plympton Park, SA 5038
08 8371 2899
www.adelaidemotel.com.au
Marion Motel info@adelaidemotel.com.au

Tonsley Hotel (no of beds not provided)

<http://www.tonsleyhotel.com.au/>
1274 South Road, Clovelly Park 8276 8099
info@tonsleyhotel.com.au;
Sam McInnes (key contact for Tonsley and Marion Hotels)
General Manager, Hurley Hotel Group
P: 08 8338 1100 F: 08 8338 4158
M: 0411 750 205 sam@hurleyhotelgroup.com.au

Marion Hotel (12 beds)

www.marionhotel.com.au
Address: 849 Marion Road, Mitchell Park South Australia 5043
Phone: 08 8276 8888

Marion Holiday Park (211 beds)

<http://www.marionhp.com.au/>
info@marionhp.com.au
Call 8276 6695
323 Sturt Road, Bedford Park, SA, 5042
nick@marionhp.com.au;

Morphett Arms Hotel (no of beds not provided)

<http://morphettarms.com.au/>
138 Morphett Road, Glengowrie South Australia 5044 ·
08 8295 8371
office@morphettarms.com.au
Contact Greg Flinn @ gflinn@morphettarms.com.au re MA

The Warradale (34 beds)

<http://www.warradalehotel.com.au/>
Address: 234 Diagonal Road, Warradale South Australia 5046
Phone: 08 8296 1019
tfrench@warradalehotel.com.au;

Opportunities and Benefits

The opportunities and benefits of testing the market for a hotel development are summarised below:

Opportunities and Benefits
<p>Maximise community and economic use of the site</p>
<p>Job creation during construction</p> <p>Example REMPLAN Analysis based on Southern Adelaide data and assuming a \$50M build:</p> <p><i>From a direct investment of \$50M into a non-residential building, the corresponding creation of direct jobs is estimated at 66 jobs. From this direct expansion in the economy, flow-on supply-chain effects in terms of local purchases of goods and services are anticipated, and it is estimated that these indirect impacts would result in the gain of a further 157 jobs.</i></p> <p><i>The increase in direct and indirect output and the corresponding creation of jobs in the economy are expected to result in an increase in the wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are estimated to further boost employment by 62 jobs.</i></p> <p><i>Total employment, including all direct, supply-chain and consumption effects is estimated to increase by up to 285 jobs.</i></p>
<p>Job creation during operation</p> <p>Example REMPLAN Analysis based on Southern Adelaide data and assuming a \$50m build:</p> <p><i>From a direct increase in output of \$50M the corresponding creation of direct jobs is estimated at 433 jobs. From this direct expansion in the economy, flow-on supply-chain effects in terms of local purchases of goods and services are anticipated, and it is estimated that these indirect impacts would result in the gain of a further 65 jobs.</i></p> <p><i>The increase in direct and indirect output and the corresponding creation of jobs in the economy are expected to result in an increase in the wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are estimated to further boost employment by 76 jobs.</i></p> <p><i>Total employment, including all direct, supply-chain and consumption effects is estimated to increase by up to 574 jobs.</i></p>
<p>Tourism Impact in the Local Economy</p> <p>Example REMPLAN Analysis based on Marion data and assuming 250 people per day (one person per room) for 365 days per year:</p> <p><i>Under this scenario Gross Regional Product is estimated to increase by \$19.109 million (0.56%) to \$3,440.532 million. Contributing to this is a direct increase in output of \$23.028 million, 144 additional jobs, \$6.788 million more in wages and salaries and a boost in value-added of \$10.870 million.</i></p>

<i>From this direct expansion in the economy, flow-on supply-chain effects in terms of local purchases of goods and services are anticipated, and it is estimated that these indirect impacts would result in a further increase to output valued at \$9.252 million, 35 more jobs, \$2.438 million more paid in wages and salaries, and a gain of \$4.143 million in terms of value-added.</i>
<p>City Activation:</p> <ul style="list-style-type: none"> • increased tourism to the City of Marion • increased exposure and revenue to the businesses within the precinct • Increased visitor economy
Increased community outcomes: opportunity for expansion of existing services or new activity to the City.
New development to be complementary to the existing site and services with potential to retain the existing community functions of the site
Strong strategic alignment within Council' s Strategic Plan 2017-2027 and Southern Adelaide Economic Development Board vision
Increase patronage to the site resulting in increased patronage of community facilities (Gallery, MCC, Library and Café)
Realises Council vision for an activated plaza and town square within this precinct
Complements and supports existing and future development within the Precinct ie. State Aquatic Centre, retail and hospitality outlets, Oaklands Rail Crossing project and future commercial development alongside rail corridor
<p>Example rates from a \$50M mixed use hotel precinct</p> <p>It is estimated \$326,974.00 rates will be payable in the current year on a commercial property with a capital value of \$50M</p>
The City of Marion is strengthened as a destination for visitors. This will support the 18 million visitors we attract per annum.

The table below summarises the key risks and how they will be mitigated:

Risk	Mitigation
Skillsets of internal staff: specialist expertise is sought in supporting the process and providing advice to Council	<ul style="list-style-type: none"> Engagement of a commercial agent to provide specialist advice and undertake negotiations where necessary
Political: timing of the upcoming election may result in the EOI and the potential development becoming a campaign issue	<ul style="list-style-type: none"> Communication with the community to promote the benefits of activating the site.
Political: Perceived poor governance in making a significant decision close to caretaker period	<ul style="list-style-type: none"> Second stage of Tender is undertaken by incoming Council and they are not bound to the continuing the process
Reputational: Opposition from key stakeholders and the wider community. Perception of loss of key community services	<ul style="list-style-type: none"> Communication with the community and media to minimise the risk of negative publicity.
Reputational: Process is not open and transparent	<ul style="list-style-type: none"> EOI is an open competitive process and all applicants receive the same information
Lost Opportunity to generate greater economic activity from the site: No Action by City of Marion.	<ul style="list-style-type: none"> Call of Expression of Interest demonstrates Council's commitment to seeking development which will maximise community and economic benefits
Potential Demolishment of an Asset: Building has been highly regarded for architectural merit and may be demolished before reaching end of useful life.	<ul style="list-style-type: none"> Communicate the benefits of a potential new development in enhancing the precinct
Industrial: Staff concern of job security or changes to their role: Announcement of EOI may cause staff concern about future job loss or significant change to working conditions	<ul style="list-style-type: none"> City Activation and General Manager City Development to meet with staff on 14 June to advise of EOI HR involved in discussions to staff support Staff will continue to be informed of the progress of the EOI and next stages Union briefed
*Contractual: Council may be liable for compensation to be paid to the existing café operator due to early lease termination <i>*Note: Level of risk is dependent on proposal and level of change to site</i>	<ul style="list-style-type: none"> Seek to negotiate a mutually agreeable early lease termination

A detailed risk assessment is contained in attachment two.

Industrial Relation Considerations

Staff working at the Cultural Centre Library and the MCC will potentially be impacted should a hotel development proceed on the site. The extent of the change is unknown until a preferred development is endorsed. Consultation with staff and the union will occur in line with Council's Enterprise Agreement consultation requirements.

Due Diligence

To meet its due diligence responsibilities in both considering an unsolicited proposal and progressing to test the market for a hotel development at the site the following will be undertaken:

- Assessment of projects strategic alignment
- Council considers the matter in full before progressing the project
- Open market, transparent, competitive process seeking proposals from private developers
- Adherence to City of Marion Procurement and Contractor Policy
- Process is conducted in two stages to ensure the incoming Council has the opportunity to fully assess business case of the preferred proposal. Incoming Council has the right to cease the process
- Section 48 Prudential management report is developed for preferred proposal and considered by the Finance and Audit Committee and Council
- Full risk assessment and implementation of risk controls
- Community and stakeholder engagement
- Council meets all relevant policy and legislative requirements
- The economic and social benefits are fully assessed
- The proposal represents value for money

This align with Council's draft Unsolicited Proposal Policy.

Rates Analysis

Should a hotel development proceed on the site, it would be levied at the Commercial rate in the dollar. This rate is subject to change on a yearly basis. The calculation is to multiply the current rate in the dollar (0.00644293) by the capital value. This will give general rates levied.

For example: assume capital value of \$50,000,000 x 0.00644293 = \$322,146.50 general rates levied.

The Natural Resource Management Levy would also need to be calculated. The City of Marion collects this on behalf of the State Government. The rate in the dollar is also subject to change on a yearly basis. Council has no jurisdiction over the amount of NRM Levy we must collect.

For example: \$50,000,000 x 0.00009655 = \$4,827.50 NRM levy

Thus, \$322,146.50 + \$4,827.50 = \$326,974.00 rates payable in the current year on a commercial property with a capital value of \$50 M.

Proposed EOI Process

Should Council be supportive of a hotel development on the site then a competitive EOI process is recommended to test the market.

Proponents will be required to provide Council with a high-level overview of their proposal that will enable the evaluation panel to assess:

- Alignment to Council's strategic objectives
- How the proposal will deliver the best outcome for the community
- Due consideration given to retaining the community functions already at the site
- Proposal's fit with the vision for the precinct
- Complements the existing facilities within the Precinct
- Value for money proposition from the proposal for council
- If the proposal is technically, legally and financially viable and sustainable
- The proposed delivery method and timeframes
- Demonstrated experience and capability of proponent to deliver the proposed project
- Number of jobs to be created during construction and operation

A summary of the process and indicative timeframes is provided below.

#	Proposed Step	Proposed Lead	Proposed Outcome Sought	Indicative Key Date
1	Council to consider whether to endorse the EOI process.	<ul style="list-style-type: none"> • City Activation 	Council direction regarding the proposed EOI process.	12 June 2018
2	Stakeholder engagement and Media Release.	<ul style="list-style-type: none"> • City Activation and Communications 	Key stakeholders are advised in a timely and respectful manner	Within 48 hours should Council approve to progress
3	Direct appointment of a Commercial Agent. When the EOI opens market the opportunity to all the major (ie 4 star) hotel companies operating in Australia.	<ul style="list-style-type: none"> • City Activation • Contracts 	Commercial Agent will provide input and advice, have wider reach / networks to ensure best community outcome	24 June 2018
4	Refine the Expression of Interest and evaluation criteria	<ul style="list-style-type: none"> • City Activation • Contracts 	Documentation is ready to go to market	24 June 2018
5	EOI Go to market with the opportunity with an eight week open	<ul style="list-style-type: none"> • City Activation • Contracts 	Seek best outcome for community and widest reach	26 June 2018 – 21 August 2018
6	City of Marion evaluation panel will assess the applications in line with the vision and criteria and develop report	<ul style="list-style-type: none"> • City Activation • Contracts 	The preferred Proponent(s) / Proposal(s) is identified	21 August – 4 September 2018

#	Proposed Step	Proposed Lead	Proposed Outcome Sought	Indicative Key Date
7	Report to General Council Meeting	<ul style="list-style-type: none"> City Activation Unit Manager, Economic Development 	Council consideration of EOIs received and direction of whether to proceed with one or more proposals to a full business case.	11 September 2018
Council elections (caretaker period to polling day)				18 September 2018 to 10 November 2018
8	Report to General Council Meeting	<ul style="list-style-type: none"> City Activation Unit Manager, Economic Development 	Seek decision from incoming Council whether to continue project.	TBC
9	Full Business Case	<ul style="list-style-type: none"> CoM Contracts Commercial Agent (input) Unit Manager, Economic Development Finance Manager 	Detailed consideration of the feasibility of the proposal(s) is carried out.	TBC
10	Provide a section 48 Prudential management report to be developed and considered by FAC and Council	<ul style="list-style-type: none"> City Activation Manager Unit Manager, Economic Development 	Fully appreciate the value proposition of the business case	TBC
11	Report to General Council detailing terms and conditions of the commercial proposal and seek approval to proceed with the project	<ul style="list-style-type: none"> City Activation Manager Unit Manager, Economic Development 	Scope of project is detailed for consideration.	TBC
12	Contract Negotiation	<ul style="list-style-type: none"> Finance Manager Contract Manager Unit Manager, Economic Development 	Final legal and commercial terms are agreed	TBC

The above process allows the incoming Council to fully consider the potential development and exercise due diligence in regards to a significant change in use. The shortlisted respondent(s) will be fully informed that the incoming Council has the option to cease progressing with the project.

Political and Reputational Risks

It should be noted Council will be considering the EOI evaluation very close to the commencement of caretaker period on 18 September 2018. Should Council endorse to proceed with the EOI, this will have a significant impact on the existing cultural centre facilities. There are political and reputational risks associated with this decision within an election year. Council would seek to mitigate these risks through effective stakeholder and community engagement with communications which clearly outlines the economic and community benefits of the development.

Alternatively, Council may wish to defer this project until after the November 2018 Council elections. The advantage of this is Council would have more time to consider the project and there is not a risk that the project becomes over politicised. The risk in deferring the EOI is that the developer submitting the unsolicited proposal chooses to seek alternative investment opportunities.

Stakeholder Engagement

An engagement plan has been developed to inform key stakeholders and the community about the EOI for the site (refer to attachment three). The key message is to inform stakeholders that a proposal was received to build a hotel at the site incorporating all of the existing community functions and Council would like to test the market.

Prior to the release of the EOI to the market, a media release and briefings will be provided to the following key stakeholders before 14 June 2018:

- [REDACTED] (re unsolicited proposal)
- Marion Cultural Centre staff
- Gallery M staff and Redhouse group
- Next Chapter Café Operators
- Precinct stakeholders
- Residents in Warracowie Ward and wider community
- Community users of MCC
- Media

Elected Members and Customer Service will be provided with talking points about the process.

CONCLUSION

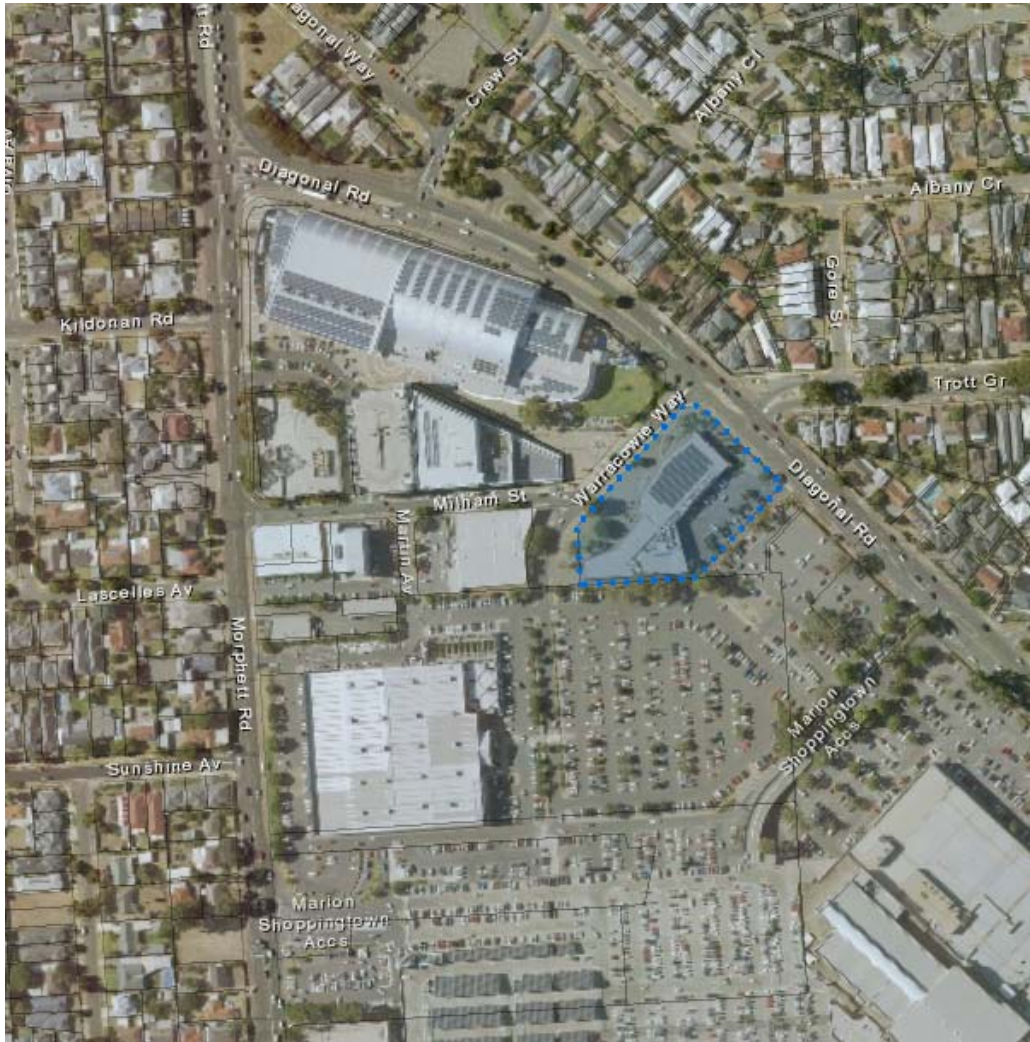
Council has received an unsolicited proposal for a hotel at 287 Diagonal Road, Oaklands Park. The proposed EOI seeks to maximise the community outcomes from the site through a competitive open market process. Preferred respondents will be tabled prior to the caretaker period.

Attachments:

- Attachment One – The Site
- Attachment Two – Draft Risk Assessment
- Attachment Three – Draft Community Engagement Plan

ATTACHMENT ONE – THE SITE

The site proposed for the Expression of Interest (EOI) is Lot 3 in DP59367 and comprised in Certificate of Title Volume 5880 Folio 722, located at 287 Diagonal Road, Oaklands Park (the site), which is owned by the City of Marion. See site map below:



The site is zoned Regional Centre Zone. The size of the site is 7213 square metres. The site currently includes:

- Library
- Gallery M – Art Gallery
- Next Chapter Café
- Theatre
- Plaza – open space

The site contains the one major public open space as a feature within the Regional Centre that is to be available for use by the public at all times.

Easements

Certificate of Title Volume 5880 Folio 722 for the MCC is subject to:

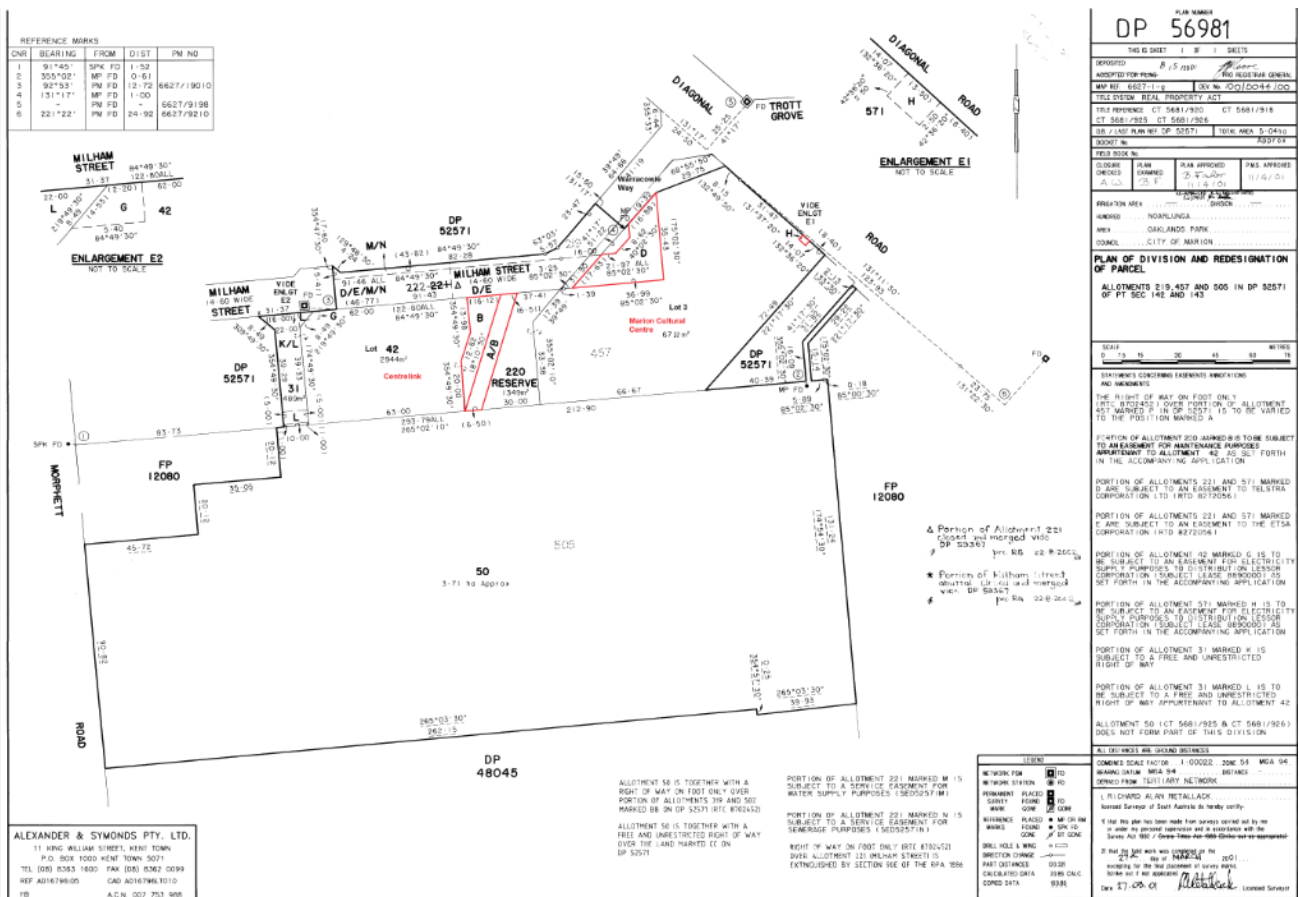
- Easement/s over the land marked D to Telstra Corporation Ltd
- Easements over the land marked H to Distribution Lessor Corporation (SA Power Networks)
- Easements over the land marked D to the SA Power Networks

The adjacent Council owned land in Certificate of Title Volume 5848 Folio 469 (Lot 220 Reserve) is subject to:

- an easement for maintenance purposes over the land marked B
- a right of way on foot over the land marked A

for the benefit of Lot 42 which is occupied by Centrelink.

Please see the map below.



Land Management Agreement

A Land Management Agreement (LMA) is registered on the Certificates of Title for the State Aquatic Centre and GP Plus Healthcare Centre. The LMA relates to the development, management, preservation or conservation of that land.

Heritage Listing

A search of the State Heritage Listing shows this facility is not State Heritage listed.

A search of the Local Heritage Listing within Council's Development Plan shows this facility is not Local Heritage listed.

Public Transport Connections

The existing bus interchange located immediately adjacent to the shopping centre off Sturt Rd provides public transport users convenient access to the shopping centre without having to navigate road crossings and car parking areas. In the future as substantial development occurs in Precinct 9 Northern Fringe Marion and Precinct 11 Retail Support Marion, the interchange should move further north towards the centre of the zone to one of the two locations shown on *Concept Plan Map Mar/5 – Marion Regional Centre*. Either potential location would be immediately adjacent and directly accessible to the existing shopping centre and thereby provide the greatest convenience in the longer term to the largest number of centre users, and to others who are likely to access public transport such as users of the cinemas, entertainment facilities, library and educational facilities.

In addition, the Oaklands Train Station development will provide a significant public transportation hub whilst easing traffic congestion and improving pedestrian and cycling connectivity within the precinct.

Marion Council Development Plan

The site is located within Precinct 9 – Northern Fringe Marion of the Regional Centre Zone.

A hotel is neither a Complying Development nor a Non-complying Development within the Regional Centre Zone and would therefore be a Consent on Merit form of development.

The zone provisions are provided below:

Regional Centre Zone

Refer to the [Map Reference Tables](#) for a list of the maps that relate to this zone.

OBJECTIVES

- 1 A centre representing the primary focus for business and commercial services for the region, outside the central business district of Adelaide, providing a full range of shopping, administrative, cultural, community, entertainment, education, religious and recreational facilities, and public and private office development.
- 2 A centre providing a focus for public transport interchanges and networks.
- 3 Development of a visually and functionally cohesive and integrated regional centre.
- 4 A centre accommodating high density residential development in conjunction with non-residential development.
- 5 Development that contributes to the desired character of the zone.

DESIRED CHARACTER

Economic Development and Land Use

The State Government's Planning Strategy for Metropolitan Adelaide envisages the Marion Regional Centre as the major regional centre serving the inner southern suburbs of metropolitan Adelaide.

To meet this objective, the existing regional centre must expand and diversify the activities within it to provide a central focus for a range of facilities that can be conveniently accessed by the surrounding population. It is necessary therefore to encourage and provide for a range of additional activities including health, community, recreation and entertainment, offices and a wider range of retail activities, and to extend usage of the regional centre beyond normal working hours. Some of these will be new facilities to the area, others will be relocated from elsewhere within the region. The future diversity and mixture of activities will transform the regional centre to become the community focus and heart of Marion and the inner southern metropolitan region.

To accommodate new facilities, the existing regional centre must be allowed to intensify within the already developed areas and expand to incorporate new areas. The designated area for expansion of the regional centre is to the north of the existing major shopping centre encompassing all of the land within the triangle bounded by Morphett, Diagonal and Sturt Roads.

Within this area it is envisaged major expansion of the existing shopping complex will occur, complemented by a mix of bulky good outlets, smaller and lower order retail establishments, offices, community and leisure facilities. To ensure opportunities are available for a range of commercial and non-commercial developments, expansion of core retail facilities, is to be allowed within and generally limited to **Precinct 10 Retail Core Marion**.

The remainder of the triangle is to be primarily developed for a mix of secondary and non-core retail uses and a range of community, entertainment and recreation uses that will complement, but not unnecessarily duplicate the core retail facilities to the south. Higher order retail establishments such as large supermarkets, discount department stores and department stores are therefore not favoured outside of **Precinct 10 Retail Core Marion**. Further opportunity for community and other related development is provided in **Precinct 9 Northern Fringe Marion**.

Built Form and Appearance

Further development within the triangle north of Sturt Road is expected through the redevelopment and/or expansion of the existing shopping centre complex (Westfield), or as separate developments not directly linked to the main shopping centre. It is desirable that new buildings and spaces within the regional centre develop a human scale and outwardly orientated character in areas of high pedestrian activity and focus (such as at entrances to buildings and malls, and along highly visible facades (such as those directly facing roads or pedestrian thoroughfares). This can be achieved through the sensitive design (attractive frontages with articulated facades) and location of facilities at pedestrian focal points in any expansion and redevelopment of the main shopping complex, and elsewhere through the development of smaller and more intimate scale buildings (although some large buildings will be appropriate at key locations), and smaller, less expansive car parking areas at ground level.

Buildings will generally be sited and designed to front and address the streets or vehicle/pedestrian network to be established in the zone to create a more traditional urban streetscape rather than the more suburban shopping centre character of large isolated buildings setback from main roads and surrounded by car parking. In particular, the built form of corner buildings and associated development at the intersections of Sturt, Diagonal and Morphett Roads, and adjacent the major access points from these roads to the centre, will create an attractive entry statement that provides an appropriate introduction and gateway to the regional centre.

It envisaged that buildings will be sufficiently setback from road boundaries to accommodate substantial landscape buffers which will soften the appearance of the buildings, particularly form residential development directly opposite the centre on Sturt, Diagonal and Morphett Roads.

A future variety of public and private, open and enclosed spaces provided throughout the centre will provide increased amenity and enhance the form and appearance of the centre. Pedestrian and/or shared pedestrian, bicycle and vehicular paths should be landscaped and become dominant elements in the built-form of the regional centre and provide the primary functional and visual linkage between developments and pedestrian spaces.

At least one major public open space should be developed as a feature within the regional centre to be available for use by the public at all times.

Development south of Sturt Road in **Precinct 8 Community Services Marion** should continue to develop a distinctive civic and community built-form that incorporates formal car parking areas, public open space and pedestrian linkages, all within a pleasantly landscaped setting.

Development along the boundaries of the zone which are opposite or adjoining residential areas should provide a transition in bulk, scale and appearance from that within the centre of the zone, in recognition of the scale, character and amenity of the residential development.

Amenity

The regional centre should develop as a user friendly, people orientated centre with a high emphasis on providing a comprehensive and convenient pedestrian circulation and access network providing linkages between individual development. Visitor facilities and amenities should be provided, particularly along the pedestrian network in the form of paved footpaths with separation from vehicular areas, covered walkways to provide shade and shelter, outdoor eating and meeting spaces, seating, public toilets, litter bins and where appropriate child minding facilities. These facilities should be provided through a combination of private and public works designed to compliment each other and to meet the objectives for the zone.

Landscaping of development will also be important in providing a comfortable, pleasant and attractive centre and existing vegetation should be retained and protected wherever possible and incorporated into new landscaped spaces.

All service areas and car parking should be screened from the surrounding roads by appropriate landscaping.

The centre should incorporate features of artwork as an integral element of buildings and public spaces.

Environment

The regional centre should develop as a user friendly and environmentally friendly people orientated centre. New building and spaces within the centre, and landscaping, should incorporate features compatible with biodiversity, water management criteria, and optimisation of energy use.

Access and Movement

The regional centre should develop an integrated, safe and convenient movement system for vehicles, pedestrians and cyclists with as little reliance as possible on the use of the surrounding arterial roads for intra-centre movement of vehicles.

This should be achieved through the co-ordination and integration of access and parking areas for individual developments to contribute to and gradually build up an integrated circulation system.

Main vehicle access points from the surrounding arterial roads should be limited, and main entrance points may become signalised in the future.

The existing bus interchange, located immediately adjacent to the shopping centre, provides an essential facility and service by enabling public transport users convenient access to the shopping centre without having to cross major traffic flows or walk through large car parking areas. In the future, as substantial development occurs in **Precinct 9 Northern Fringe Marion** and **Precinct 11 Retail Support Marion**, the interchange should move further north towards the centre of the zone to one of the two locations shown on [Concept Plan Map Mar/5 - Marion Regional Centre](#) as the main public transport destination. Either potential location would be immediately adjacent and directly accessible to the existing shopping centre and thereby provide the greatest convenience in the longer term to the largest number of centre users, and to others who are likely to access public transport such as users of the cinemas, entertainment facilities, library and educational facilities.

Development should provide, and the design of buildings and open spaces should promote, pedestrian linkages that form an integrated network for safe and convenient movement within and between the policy areas in the zone, and in particular to form links between the civic centre, the main shopping complex, the major public open space and towards the Oaklands Railway Station.

The council will promote and encourage access and facilities for cyclists to and within the regional centre in accordance with the City of Marion Local Area Bike Plan.

PRINCIPLES OF DEVELOPMENT CONTROL

Land Use

- 1 The following forms of development are envisaged in the zone:
 - affordable housing
 - bank
 - child care centre
 - civic centre
 - community health centre
 - consulting room
 - department store
 - dwelling in conjunction with non-residential development
 - educational establishment
 - emergency services facility
 - entertainment facility
 - hospital
 - hotel
 - indoor games centre
 - library
 - motel
 - motor repair station
 - office
 - place of worship
 - playing field
 - pre-school
 - residential flat building in conjunction with non-residential development
 - restaurant
 - shop
 - supermarket
 - swimming pool.
- 2 Development listed as non-complying is generally inappropriate.
- 3 High-density residential development, including affordable housing, and development comprising a variety of residential and non-residential uses may be undertaken provided such development does not prejudice the operation of existing or future retail activity within the zone.

Form and Character

- 4 Development should not be undertaken unless it is consistent with the desired character for the zone.
- 5 Development should be designed and sited to promote linkages between the various developments within the centre and adjoining main roads.
- 6 Facilities within the centre should be sited and designed with a view to promoting after-hours use to reinforce the centre as the focus of social activity in the region.
- 7 Dwellings should only be located at upper levels of buildings and in conjunction with an envisaged non-residential use located at ground level.
- 8 Medium density development that achieves gross densities of between 23 and 45 dwellings per hectare (which translates to net densities of between 40 and 67 dwellings per hectare) should typically be in the form of 2 to 4 storey buildings.
- 9 High density development that achieves gross densities of more than 45 dwellings per hectare (which translates to net densities of more than 67 dwellings per hectare) should typically be in the form of over 4 storey buildings.

- 10 Development outside of **Precinct 10 Retail Core Marion** should comprise new regional centre facilities that complement but do not duplicate that precinct's function as the focus for major retailing activities.
- 11 Development should be carried out in accordance with [Concept Plan Map Mar/5 - Marion Regional Centre](#).
- 12 The major public open space shown conceptually on [Concept Plan Map Mar/5 - Marion Regional Centre](#) should be developed to a high standard of design and amenity to create a major focus within the regional centre and designed to accommodate:
- (a) a mixture of outdoor leisure, community and entertainment activities
 - (b) formal and informal spaces
 - (c) paved areas in the nature of a square or piazza
 - (d) variety of landscape/planting treatments with a cohesive thematic tree planting and edge treatment
 - (e) pedestrian shelters and structures such as gazebos, rotundas, pavilions, pergolas and colonnades
 - (f) clearly defined safe and attractive pedestrian paths providing access to its facilities and adjacent development and connections between adjacent and surrounding development.
- 13 Within **Precinct 10 Retail Core Marion**, the height and setback of buildings should satisfy the following parameters:

Road	Height of building (metres)	Minimum setback from road boundary (metres)
Diagonal Road	up to 11	20
Diagonal Road	over 11	30
Morphett Road	up to 8	8
Morphett Road	between 8 and 11	20
Sturt Road	up to 11	Nil provided the building addresses Sturt Road and are designed to present an attractive frontage
Sturt Road	over 11	8

- 14 Outside of **Precinct 10 Retail Core Marion**, the height and setback of buildings should achieve a transition from the largest and tallest buildings located well within the zone boundaries and satisfy the following parameters:

Road	Maximum building height (metres)	Setback from road boundary (metres)
Diagonal, Morphett and Sturt Roads	N/a	No building should be located within 8 metres of the road boundary
Diagonal, Morphett and Sturt Roads	8	8 to 20
Diagonal, Morphett and Sturt Roads	11	20 to 30
Diagonal, Morphett and Sturt Roads	23	more than 30

Vehicle Parking

- 15 Vehicle parking should be provided in accordance with the rates set out in [Table Mar/2 - Off Street Vehicle Parking Requirements](#) or [Table Mar/2A - Off Street Vehicle Parking Requirements for Designated Areas](#) (whichever applies).

Land Division

- 16 Land division in the zone is appropriate provided new allotments are of a size and configuration to ensure the objectives of the zone can be achieved.

PRECINCT SPECIFIC PROVISIONS

Refer to the [Map Reference Tables](#) for a list of the maps that relate to the following precincts.

Precinct 8 Community Services Marion

- 17 The following forms of development are envisaged in the precinct:
- civic centre
 - community administration facilities
 - public health facilities
 - welfare services.
- 18 Consulting rooms and offices should only be developed ancillary to and in association with the provision of civic and community services.
- 19 Development should not have vehicular access from Lindsay Street.
- 20 Development should be sympathetic to and not detrimentally impact upon adjacent and nearby residential properties with respect to:
- (a) over shadowing
 - (b) loss of privacy
 - (c) undue noise.

Precinct 9 Northern Fringe Marion

21 The following forms of development are envisaged in the precinct:

- cafes
- community and human services facilities
- concession stalls and open air markets developed along main pedestrian and/or vehicle linkages
- consulting rooms
- library
- licensed premises
- offices
- public halls
- recreation and entertainment activities
- restaurants
- small-scale specialty shops.

Precinct 10 Retail Core Marion

22 The precinct should contain an extensive range and diversity of regional centre facilities related to its function as the core retail area for the region.

23 Major expansion of the existing shopping centre complex should occur primarily in a northerly direction to facilitate integration of the existing complex in respect to function, access, car parking, built-form and landscaping with other development (existing or proposed) in **Precinct 9 Northern Fringe Marion** and **Precinct 11 Retail Support Marion** to the north.

Precinct 11 Retail Support Marion

24 The following forms of development are envisaged in the precinct:

- bulky goods outlet
- concession stalls and open air markets developed along main pedestrian and/or vehicle linkages
- offices
- recreation and entertainment activities
- restaurants
- small-scale specialty shops
- taverns.

25 Concession stalls and open air markets should only occur on weekends and public holidays.

PROCEDURAL MATTERS

Complying Development

Complying developments are prescribed in schedule 4 of the *Development Regulations 2008*.

In addition, the following forms of development (except where the development is non-complying) are complying:

A change of use to a shop, office, consulting room or any combination of these uses where all of the following are achieved:

- (a) the area to be occupied by the proposed development is located in an existing building and is currently used as a shop, office, consulting room or any combination of these uses
- (b) the development is not located inside any of the following area(s):
 - **Precinct 8 Community Services Marion**
- (c) the building is not a State heritage place
- (d) it will not involve any alterations or additions to the external appearance of a local heritage place as viewed from a public road or public space
- (e) if the proposed change of use is for a shop that primarily involves the handling and sale of foodstuffs, it achieves either (i) or (ii):
 - (i) all of the following:
 - (A) areas used for the storage and collection of refuse are sited at least 10 metres from any Residential Zone boundary or a dwelling (other than a dwelling directly associated with the proposed shop)
 - (B) if the shop involves the heating and cooking of foodstuffs in a commercial kitchen and is within 30 metres of any Residential Zone boundary or a dwelling (other than a dwelling directly associated with the proposed shop), an exhaust duct and stack (chimney) exists or is capable of being installed for discharging exhaust emissions
 - (ii) the development is the same or substantially the same as a development, which has previously been granted development approval under the *Development Act 1993* or any subsequent Act and Regulations, and the development is to be undertaken and operated in accordance with the conditions attached to the previously approved development
- (f) if the change in use is for a shop with a gross leasable floor area greater than 250 square metres and has direct frontage to an arterial road, it achieves either (i) or (ii):
 - (i) the primary vehicle access (being the access where the majority of vehicles access / egress the site of the proposed development) is from a road that is not an arterial road
 - (ii) the development is located on a site that operates as an integrated complex containing two or more tenancies (and which may comprise more than one building) where facilities for off-street vehicle parking, vehicle loading and unloading, and the storage and collection of refuse are shared
- (g) off-street vehicular parking is provided in accordance with the rate(s) specified in [Table Mar/2 - Off Street Vehicle Parking Requirements](#) or the desired minimum rate in [Table Mar/2A - Off Street Vehicle Parking Requirements for Designated Areas](#) (whichever table applies) to the nearest whole number, except in any one or more of the following circumstances:

- (i) the building is a local heritage place
- (ii) the development is the same or substantially the same as a development, which has previously been granted development approval under the *Development Act 1993* or any subsequent Act and Regulations, and the number and location of parking spaces is the same or substantially the same as that which was previously approved
- (iii) the development is located on a site that operates as an integrated complex containing two or more tenancies (and which may comprise more than one building) where facilities for off-street vehicle parking, vehicle loading and unloading, and the storage and collection of refuse are shared.

Non-complying Development

Development (including building work, a change in the use of land, or division of an allotment) for the following is non-complying:

Form of Development	Exceptions
Caravan park	
Dwelling	Except where in conjunction with a non-residential development.
Horticulture	
Fuel depot	
Industry	Except where it is in the form of a service industry.
Major public service depot	
Road transport terminal	
Service trade premises	
Stock sales yard	
Stock slaughter works	
Store	
Wrecking yard	

Public Notification

Categories of public notification are prescribed in Schedule 9 of the *Development Regulations 2008*.

ATTACHMENT TWO - RISK ASSESSMENT

Commercial Development within Regional Centre Risk Assessment & Treatment Plan

**Details:**

Assessed Area:	Commercial Development within Regional Centre	Date Assessed:	7/5/18
Area Description:	Expression of Interest to be sought for a hotel development within the Regional Centre on land known as Marion Cultural Centre		
Risk Raised:	Commercial Agent/ Political Risk/ Industrial Implications/ Existing Agreements with MCC Operators/ Site Suitability/ Loss of Community Facility/ Lack of demand and Feasibility of Proposals		
Relevant Information:			

Risk <i>[What action will fail/ cause issue/impact...]</i>	Risk Cause/ Source	Potential Consequences	Current Controls	Current Risk Assessment			Risk Treatment Plan	Residual Risk Assessment		
				L	C	RR		L	C	RR
Staff do not have the commercial expertise to manage EOI	<ul style="list-style-type: none"> - Inadequate internal skills to provide specialist advice in seeking interest for commercial development on the site. - Lack of contacts with the commercial industry to attract interested parties 	<ul style="list-style-type: none"> - Damaged reputation if the correct process is not followed or expertise sought. - Full potential of development opportunity not recognised. 	<ul style="list-style-type: none"> ▪ Recognising the skills shortage within the Council and seeking the approval to engage an agent with the expertise and industry knowledge ▪ Contracts and Economic Development developing the project brief that will outline the role, responsibilities and expectations/ deliverables of the commercial agent. 	Unlikely	Major	MEDIUM	<ul style="list-style-type: none"> ▪ Engagement of a commercial agent to provide specialist advice and undertake negotiations ▪ Formal contract with the Agent that will clearly spell out the extent of the agent's authority to seek EOI and negotiate a contract ▪ KPIs within the contract will outline within the contract to ensure the Agent performs and achieves the deliverables set out. 	Rare	Minor	Low
Risks of Using a Commercial Agent	<ul style="list-style-type: none"> - Controlling the agent - Responsibility for the agent's activities. We are bound by the agent's actions if they are acting within the authority we have given. - Underperforming agents 	<ul style="list-style-type: none"> - Too much control can inadvertently create an employment relationship with the agent - Agent misleading proponents - Council does not receive proposals within the vision for the site 	<ul style="list-style-type: none"> ▪ Contracts and Economic Development developing the project brief that will outline the role, responsibilities and expectations/ deliverables of the commercial agent. ▪ Council to work with the Agent to develop the EOI documentation and outcomes to be achieved by EOI. ▪ Agent to disclose any conflicts of interest 	Unlikely	Minor	Low	<ul style="list-style-type: none"> ▪ Formal contract with the Agent that will clearly spell out the extent of the agent's authority to seek EOI and negotiate a contract ▪ KPIs within the contract will outlined within the contract to ensure the Agent performs and achieves the deliverables set out. ▪ Council will meet regularly with the Agent to be informed with the process. ▪ Agent not be a member of the evaluation panel and will be sign a confidentiality agreement with Council to not disclose any information. 	Rare	Minor	Low

Risk <i>[What action will fail/ cause issue/impact...]</i>	Risk Cause/ Source	Potential Consequences	Current Controls	Current Risk Assessment			Risk Treatment Plan	Residual Risk Assessment		
				L	C	RR		L	C	RR
Political Risk - Timing of the upcoming election may result in the EOI and the potential development becoming a campaign issue	- Community concerns about the potential loss of the MCC - Member of the public making the EOI election campaign platform	- Damaged reputation and negative publicity - Political motivations impacting election result - Miscommunication about project	<ul style="list-style-type: none"> Community engagement strategy has been developed should Council approve proceeding to EOI 	Possible	Moderate	MEDIUM	<ul style="list-style-type: none"> Communication with the community and media to promote the benefits of activating the site to minimise the risk of negative publicity Media announcements and meetings with staff and members of the community scheduled post Council meeting should EOI be approved 	Possible	Moderate	MEDIUM
Reputational: Perceived poor governance in making a significant decision close to caretaker period	Seeking an EOI for the development of MCC close to commencement of caretaker period	- Damaged reputation and negative publicity	<ul style="list-style-type: none"> Council report to clearly document risks of proceeding with EOI EOI to provide a transparent approach in seeking submissions to redevelop the site. 	Possible	Moderate	MEDIUM	<ul style="list-style-type: none"> First stage of Tender is only to seek EOI, not full business case from proponents Tender documents to clearly outline Council's ability to not proceed and cease the process Second stage of Tender is undertaken by incoming Council and they are not bound to continuing the process 	Possible	Moderate	MEDIUM
Staff concern of job security changes to role	Announcement of EOI may cause staff concern about future job loss or significant change to working conditions	- Poor staff morale - Staff disengagement - Increased anxiety -	<ul style="list-style-type: none"> Staff engagement strategy has been developed should Council approve proceeding to EOI 	Likely	Moderate	HIGH	<ul style="list-style-type: none"> City Activation and General Manager City Development to meet with staff on 13 June to advise of EOI HR involved in discussions staff support Staff will continue to be informed of the progress of the EOI and next stages Union briefed 	Possible	Moderate	MEDIUM

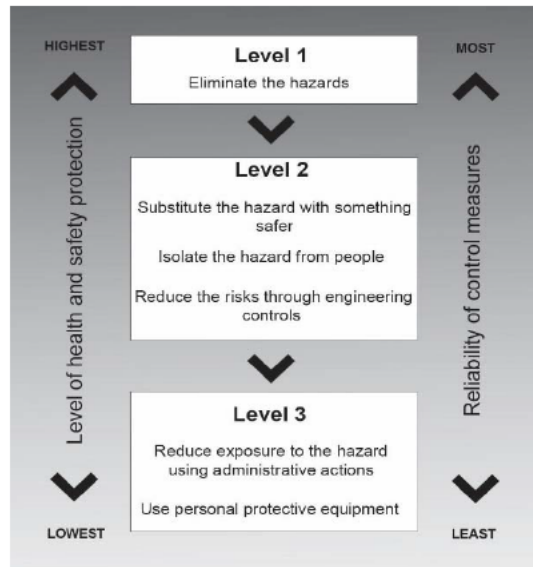
Risk <i>[What action will fail/ cause issue/impact...]</i>	Risk Cause/ Source	Potential Consequences	Current Controls	Current Risk Assessment			Risk Treatment Plan	Residual Risk Assessment		
				L	C	RR		L	C	RR
Council exposed to liabilities with existing Agreements with Next Chapter Café,	Council proceeding with the redevelopment and terminating agreements	- Compensation to existing café operators for loss of revenue Damaged reputation and negative publicity -	▪ EOI to require due consideration for existing community functions within MCC	Likely	Moderate	HIGH	<ul style="list-style-type: none"> Legal advice sought about the possibility to terminate the lease should Council elect to proceed with development of the site. Ending the lease early will require a mutually agreeable negotiation with the operator. 	Likely	Moderate	HIGH
Public perception of loss of community facility and associated services	Announcement of EOI causing community concerns about the potential loss of the MCC	- Damaged reputation and negative publicity - Community objection about loss of facilities	▪ EOI will require due consideration from developers to retaining existing community and cultural functions including a café, theatre, library and Art Gallery	Possible	Moderate	MEDIUM	<ul style="list-style-type: none"> Communication with the community and media to promote the benefits of activating the site to minimise the risk of negative publicity. Media announcements to inform the community that the intention is to retain capacity to continue existing functions should a development proceed on the site. Other sites to be considered should the outcome of the EOI be to only build a hotel 	Possible	Moderate	MEDIUM
Demolition of a highly regarded architectural merit building and demolished before end of useful life	Council agreement for the development of a hotel on the site	- Public and Architectural discipline objection to the demolition of the building - Loss of asset and not realising the full depreciation	▪ Community engagement strategy has been developed should Council approve proceeding to EOI	Possible	Moderate	MEDIUM	<ul style="list-style-type: none"> Communication with the community and media to promote the benefits of activating the site to minimise the risk of negative publicity. New development will result in an increase in jobs, activation and income (rates) to the City of Marion Communication with Architects 	Possible	Minor	LOW

Risk <i>[What action will fail/ cause issue/impact...]</i>	Risk Cause/ Source	Potential Consequences	Current Controls	Current Risk Assessment			Risk Treatment Plan	Residual Risk Assessment		
				L	C	RR		L	C	RR
Non-compliance to Land Management Agreement (LMA) with the State Government	<ul style="list-style-type: none"> - Potential loss of public open space and onsite car parking - Breach of Agreement with State Government 	<ul style="list-style-type: none"> - Lack of open space and car parking - Potential negotiations with the State Government 	<ul style="list-style-type: none"> ▪ EOI tenders documents to specify the requirements under the LMA 	Unlikely	Moderate	MEDIUM	<ul style="list-style-type: none"> ▪ EOI will outline the requirements of the LMA with proposals to address their conformance. ▪ An evaluation criteria will include an assessment of how the development will address the LMA. Non-conformance will result low to poor score of proposal. ▪ See legal advice if there any amendments to the LMA to be negotiated 	Unlikely	Minor	LOW
Site not suitable for a Hotel development	<ul style="list-style-type: none"> - Proposal non-compliant with the Development Act - Location of existing easements 	<ul style="list-style-type: none"> - Development onsite cannot proceed - Easements do not allow for construction of hotel on a portion of land 	<ul style="list-style-type: none"> ▪ Existing zoning regulations allow for a commercial development ▪ Unsolicited Proposal demonstrated willingness for a hotel development on the site ▪ Existing accommodation providers claim their operating at capacity ▪ Plan of easements to be provided with EOI 	Unlikely	Minor	LOW	<ul style="list-style-type: none"> ▪ EOI tender documents will outline the planning regulations for the site to inform the proponents. ▪ Proponents required to provide concept plans and site layout as part of EOI ▪ Future development will be subject to planning approval ▪ Due diligence to be undertaken by Council and proponents to ensure the viability of the site for a hotel redevelopment 	Unlikely	Minor	LOW
Lack of demand for accommodation within the City of Marion	<ul style="list-style-type: none"> - Too many suppliers in the market - Hotel has high vacancies 	<ul style="list-style-type: none"> - Reputation loss for hotel chain and poor publicity for the City of Marion - Negative community perception of the hotel 	<ul style="list-style-type: none"> ▪ Local demand identifies that there is a need for a hotel within the City of Marion ▪ Interest from a prominent hotel chain to develop a hotel within the City. 	Possible	Minor	LOW	<ul style="list-style-type: none"> ▪ Response to EOI will demonstrate the demand for a commercial development ▪ Council considers full business case for preferred proposal which clearly demonstrates variability and financial sustainability 	Unlikely	Minor	LOW

Risk <i>[What action will fail/ cause issue/impact...]</i>	Risk Cause/ Source	Potential Consequences	Current Controls	Current Risk Assessment			Risk Treatment Plan	Residual Risk Assessment		
				L	C	RR		L	C	RR
Feasibility of the proposals presented to Council	Poor tender documentation and evaluation process established not allowing adequate assessment of proposals.	- Council selecting a proposal that is not feasible or financially viable	<ul style="list-style-type: none"> EOI documentation and Evaluation Plan developed clearly outlining the criteria for which submissions will be assessed. Evaluation criteria will require 	Unlikely	Major	MEDIUM	<ul style="list-style-type: none"> Evaluation criteria will require proponents to provide audited financial statements and demonstrate their previous experience in the development of a hotel and its successful operation. Council will undertake their own due diligence of the preferred proponents to ensure viability prior to recommending to proceed. Independent assessment for commercial agent Section 48 Report to be prepared for Finance and Audit Committee prior to finalising negotiations with the proponent 	Unlikely	Minor	LOW
Stakeholders within the Precinct not supportive of a hotel development	Poor communication from Council and not understanding the outcome of EOI	<ul style="list-style-type: none"> Damaged reputation and negative publicity Public objection about loss of facilities 	<ul style="list-style-type: none"> Community engagement strategy has been developed should Council approve proceeding to EOI 	Unlikely	Minor	LOW	<ul style="list-style-type: none"> Communication with the stakeholders to promote the benefits of activating the site to minimise the risk of negative publicity. City Activation will continue inform stakeholders of the process of EOI 	Unlikely	Minor	LOW
Disconnected from Oaklands Hub	Poor planning of the hotel development and communication from Council about the vision for the Precinct.	- Lack of walkability and connectivity within the Precinct	<ul style="list-style-type: none"> City of Marion has a developed a vision and objective for the Oaklands Hub that will guide the future development of the Precinct. 	Possible	Moderate	MEDIUM	<ul style="list-style-type: none"> Ensure connections are a high priority throughout the process EOI responses must demonstrate the links 	Unlikely	Minor	LOW

Risk <i>[What action will fail/ cause issue/impact...]</i>	Risk Cause/ Source	Potential Consequences	Current Controls	Current Risk Assessment			Risk Treatment Plan	Residual Risk Assessment		
				L	C	RR		L	C	RR
Loss opportunity of generating greater economic activity on the site	Council decides to not progress with an EOI	- Loss of potential revenue and activation on the site.	▪ Seeking Council approval to proceed with an EOI for a hotel development	Possible	Moderate	MEDIUM	▪ Calling an EOI demonstrates Council's commitment to seeking development which will maximise community and economic benefits	Unlikely	Minor	LOW

The Hierarchy of Risk Control



Risk Assessment Matrix – determine the Level of Risk

Potential Hazards for Identification, Assessment & Control

Hazard	Potential harm examples
Manual tasks	Overexertion or repetitive movement can cause muscular skeletal sprains or strains
Gravity	Falling objects, falls, slips and trips of people can cause fractures, bruises, lacerations, dislocations, concussion, permanent injuries or death
Electricity	Potential ignition source. Exposure to live electrical wires can cause shock, burns or death from electrocution
Machinery and equipment	Being hit by moving vehicles, or being caught by moving parts of machinery can cause fractures, bruises, lacerations, dislocations, permanent injuries or death
Hazardous chemicals	Chemicals (such as acids, hydrocarbons, heavy metals) and dusts (such as asbestos and silica) can cause respiratory illnesses, cancers or dermatitis
Extreme temperatures	Heat can cause burns, heat stroke or fatigue Cold can cause hypothermia or frost bite
Noise	Exposure to loud noise can cause permanent hearing damage
Radiation	Ultra violet, welding arc flashes, micro waves and lasers can cause burns, cancer or blindness
Biological	Micro-organisms can cause hepatitis, legionnaires' disease, Q fever, HIV/AIDS or allergies
Psychosocial hazards	Effects of work-related stress, bullying, violence and work-related fatigue

Likelihood of Occurrence	Consequence of Occurrence				
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	MEDIUM	HIGH	HIGH	EXTREME	EXTREME
Likely	LOW	MEDIUM	HIGH	HIGH	EXTREME
Possible	LOW	MEDIUM	MEDIUM	HIGH	HIGH
Unlikely	LOW	LOW	MEDIUM	MEDIUM	HIGH
Rare	LOW	LOW	LOW	MEDIUM	MEDIUM

Likelihood Criteria	
Almost Certain	The event is occurring now or is almost certain to occur. (Probability >75%)
Likely	The event is likely to occur. (Probability 50- <75%)
Possible	The event may possibly occur. (Probability 25 - < 50%)
Unlikely	The event is unlikely to occur. (Probability 1 - < 25%)
Rare	The event will only occur in exceptional circumstances. (Probability close to 0)

Consequence Criteria (Summarised)	
Insignificant	Physical or other injury requiring First Aid. No impact on wellbeing*. Minor local disruption.
Minor	Physical or other injury resulting or requiring medical attention. Minor temporary impact on wellbeing*.
Moderate	Physical or other injury resulting in brief hospitalization / medical treatment (1 day). Significant/medium term wellbeing* or morale morale issues
Major	Serious injury requiring hospitalisation (2 days or more or re-admission)/ extensive rehabilitation. Long term wellbeing* impact.
Severe	Death or critical injury. Wellbeing* of majority of workforce affected. Loss of a majority of the workforce.

	Insignificant	Minor	Moderate	Major	Severe
People / OHS	Physical or other injury requiring First Aid. No impact on wellbeing. Minor local workforce disruption. Loss of continuity of staff knowledge.	Physical or other injury resulting in time lost (1 day) or requiring medical attention. Minor temporary impact on wellbeing. Local and temporary poor morale. Temporary loss of some staff of an individual Unit's workforce. Loss of staff continuity requiring recruitment.	Physical or other injury resulting in brief hospitalization / medical treatment (1 day). Significant/medium term wellbeing impact or a whole CoM worksite affected. Widespread morale issues. Temporary loss of staff across a number of Units. Loss of key staff with specific knowledge and skills. Impact on recruitment capacity as an Employer of Choice.	Serious injury requiring hospitalisation (2 days or more or re-admission)/ extensive rehabilitation. Long term wellbeing impact or more than one CoM worksite affected. Entrenched severe morale problems. Inability to recruit with necessary skills. High employee turnover.	Death or critical injury. Wellbeing of majority of workforce affected. Loss of a majority of the workforce. Inability to replace critical services.
Social/ Cultural	Resident (household) experiences minor wellbeing impact, disempowered, inconvenience or disadvantage. Household impact <\$50.	A group of residents within a suburb or identified cultural or community group experiences ongoing minor wellbeing impact or are disempowered, inconvenienced or disadvantaged. Household financial impact <\$200.	A number of neighbourhoods (up to 25% of residents) or cultural groups experience wellbeing impact, are disempowered, inconvenienced or disadvantaged. Household financial impact <\$1,000.	Up to 50% of residents are disadvantaged, inconvenienced, disempowered or may experience wellbeing harm. Cultural group or community offended, unable to practice recognised traditions. Household financial impact <\$10,000.	Majority of CoM residents are disadvantaged, inconvenienced, disempowered or may experience wellbeing harm. Household financial impact >\$10,000.
Business Continuity / Organisational	Insignificant impact on Council's ability to achieve strategic outcomes. Minor impact on local Business Unit plan. Project – Nil impact on achievement of key project objectives or project duration extended up to 10% of original project timeframe.	Minor impact on a small number of Business Unit plans. Some impact on strategic initiatives but only minor aspects impacted. Overall strategic intent still achievable. Project – Some impact on isolated key project objectives. Additional minor effort required to ensure all objectives are met. Project duration extended by 10-20% of original project timeframe.	Some key components of the strategic plan could not be achieved as a result of risk event. Additional funding / resources required to rectify. Project – Impacts numerous key project objectives. Considerable effort required including some change in project scope to achieve required outcomes. Project duration extended by 21-35% of original project timeframe.	Council unable to deliver on numerous key strategic initiatives without additional funding / resources. Major review of strategic plan required. Project – Significant portion of key project objectives impacted. Major changes to project scope and work necessary to achieve required outcomes. Project duration extended by 36-50% of original project timeframe.	Majority of initiatives and / or key initiative within the Council's strategic plan unattainable. Project – Failure of project to meet all required objectives. Project duration extended by >50% of original project timeframe.
Reputation & Public Administration	A slight but manageable increase in the number of adverse resident/ stakeholder complaints. No media enquiry.	An increase in the number of resident/stakeholder complaints requiring direct effort to resolve / attend to. Media enquiry, isolated media mention (social or mainstream media). Elected Member dissatisfied, complaint.	Campaign of adverse social media coverage supported by Local mainstream media agency for a period up to 3 days. A high volume of resident / stakeholder complaints. Majority of Elected Members dissatisfied, Council motion affecting CEO/Administration. CoM under severe pressure on numerous fronts. Ombudsman or Office of Public Integrity involvement. Complaint from partner organization resolved within portfolio.	Campaign of adverse social and mainstream media coverage at State and Local level for a period of up to one week. Publicised adverse resident comments and/or complaints. Forced resignation of Director/s. Ombudsman or Office of Public Integrity involvement. Relationship with partner organization harmed, requiring CEO involvement.	National / State campaign of adverse media coverage for a period greater than 1 week. Widely publicized adverse resident / stakeholder comments and / or complaints. Forced resignation of CEO / Mayor. Council stood down. Minister intervention required.

Environ- mental	Minor adverse environmental impacts that are short term and/or reversible.	Isolated instances of environmental damage requiring minor effort to reverse / remediate.	Isolated but significant instances of environmental damage / implications requiring concentrated effort to reverse / remediate.	Severe and/or widespread environmental damage and / or loss of environmental aspect. Extensive effort and support required to reverse / remediate. Danger of continuing environmental damage / losses.	Major widespread loss of environmental aspect and progressive irrecoverable environmental damage.
Financial	CoM – Financial impact, loss and/or penalty up to \$10,000. Project – up to 5% of original project budget.	CoM – Financial impact, loss and/or penalty between \$10,000 - \$100,000 Project – between 5-10% of original project budget.	CoM – Financial impact, loss and/or penalty between \$100,001 - \$1M. Project – between 10-20% of original project budget.	CoM – Financial impact, loss and/or penalty between \$1M and \$4M. Project – between 20-35% of original project budget.	CoM – Financial impact, loss and / or penalty in excess of \$4M or higher impact on sustainability. Project - >35% of original project budget.

ATTACHMENT THREE - STAKEHOLDER ENGAGEMENT PLAN

Key talking points

- The City of Marion intends to seek expressions of interest (EOI) to build a major hotel at Oaklands Park.
- A hotel would overcome a severe shortage of accommodation in southern Adelaide and create jobs and local investment.
- Council on June 12 agreed to appoint a commercial agent to oversee the EOI process, which is expected to be released publicly for two months from late June.
- It is proposed the development would be built on land currently occupied by the Marion Cultural Centre.
- Proposals would need to consider the retention of the existing community facilities, which includes a library, theatre, art gallery and cafe.
- An open and competitive EOI will test the market to determine the degree of interest in building a major hotel in the heart of Marion.
- The community is required to be consulted before any decision was made on the future of the site.
- The final decision on whether to proceed or not with a development is many months away and will be made by the new Council after the local government elections in November.

Background

- The EOI has been prompted by an unsolicited inquiry to redevelop the Marion Cultural Centre for commercial use, incorporating an international standard hotel.
- For commercial reasons, Council is unable to name the developer or outline the proposal.
- More than 18 million people are attracted to the inner south each year for business and pleasure and visitors have few accommodation options.
- In 2017, the Southern Adelaide Economic Development Board – a partnership between Marion and Onkaparinga Councils – released its priorities for the region.
- Included was the need for an international standard hotel in Oaklands Park.

Should Council proceed with an EOI, within 48 hours of the decision, the following people / organisations will be contacted:

Who	How	Responsible Officer
[REDACTED]	Phone Call	General Manager City Development
Media	Media Release	Manager Communications
Marion Cultural Centre Staff – Gallery M, Theatre and Library	Staff briefing session	General Manager City Development
SAALC – Adam Luscombe	Phone call	General Manager City Development
All staff	Media Release via email	Unit Manager Economic Development
Scentre Group	Phone call	General Manager City Development
GP Plus	Phone call	Unit Manager Economic Development
Red House Group	Meeting	Unit Manager Economic Development
The Next Chapter Café	Meeting	Unit Manager Economic Development
Bunnings	Phone call	General Manager City Development
Centre Link	Phone call	General Manager City Development
ASU	Phone Call	HR