

# Memorandum

To: Council

From: Strategic Property Advisor

Date: 25 September 2018

Subject: **Bulls Surplus Properties**

File: 6-CF-4-4

**TABLED DOCUMENT**

Tabled at:

on:

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## **Bulls Properties to be offered for sale:**

Town Hall and Carparks  
High Street Toilets and Plunket  
Bus Depot and Information Centre

## **Authority to Sell**

The proposal to sell these three properties to provide funding contributions for the Bulls Community Centre (BCC) was fully consulted in the 2018-2028 Long Term Plan. The resolution adopting the LTP is authority for the disposals to proceed.

Title research confirms the sale proceeds from all three properties may properly be applied to BCC.

The Town Hall and Toilet/Plunket properties are held on trust and are subject to the “endowment” requirements of the Local Government Act 2002 (LGA). Council may dispose of endowment / trust property where the terms of the trust do not specifically prohibit disposal, with the proviso the proceeds must be applied to other purposes which are “consistent with the purpose of the endowment”.

Officers believe it is prudent to confirm the sales and the application of proceeds to the BCC and in doing so, to record the “consistency of purpose”.

A draft resolution is provided for Council’s consideration.

## **Weightings for consideration of non-financial considerations within offers**

The 2015 Policy on Disposal of Surplus Land and Buildings (attached as [Appendix 1](#)) records Council’s recognition “that the best value and long term benefit” to be obtained for the community from any disposal “does not necessarily mean the highest financial offer and will include non-financial considerations”.

The Policy requires “Council will resolve prior to tenders being sought, how much weight is to be given to non-financial considerations”.

While there is no provision for the proportionate “split” between offer price and non-financial considerations, Council has resolved the non-financial portion be set at 30% for the recent sale of part of the Kensington Road, Marton, holding. That apportionment is recommended for the three properties to be offered in Bulls, on the basis they are to some extent similar.

The similarity largely sits within the potential for these properties to contribute to the economic development of the District. Reverse logic allows these properties to at the same time contribute to contribute to the District's community and social development by their sale proceeds being applied to the Bulls Community Centre development.

It is recommended that Council receive this memorandum, and:

1 Directs and authorises the Chief Executive to offer for sale the properties at Bulls Bus Station and Information Centre, Bulls Town Hall and Carparks, and High Street toilets and Plunket Building in accordance with the 2015 Policy on Disposal of Surplus Lands and Buildings,

2 Resolves the weight to be given to non-financial considerations when considering offers from potential purchasers shall be 30%.

Graeme Pointon  
Strategic Property Advisor

# *Appendix 1*

# RANGITIKEI DISTRICT COUNCIL

## POLICY ON DISPOSAL OF SURPLUS LANDS AND BUILDINGS<sup>1</sup>

### 1 Background

- 1.1 Council has previously undertaken a survey of its non-infrastructure assets to identify those which were surplus and potentially best disposed of by sale. The costs (and in some cases legislation) associated with disposal has also impeded the process. Council envisages that there will be instances where the best value proposition for the ratepayer is to sell such sites.<sup>2</sup>

### 2 Purpose

- 2.1 The purpose of this policy is to ensure:
- the best value and long term benefit have been obtained for the community; and,
  - that the disposal process has been open and fair.
- 2.2 Council recognises that best value does not necessarily mean the highest financial offer and will include non-financial considerations.

### 3 Application

- 3.1 This policy applies only to a site where Council has decided that it can be disposed of on the open market. The Council will also take into account the following issues where applicable:
- consideration of the current tenants or users of the asset;
  - the ability of other assets to provide the same service;
  - frequency of use;
  - cultural significance to hapū and iwi;
  - how the land was originally acquired;
  - the ongoing maintenance costs to the community;
  - community views on whether it should be considered as surplus;
  - income generated from the asset;
  - cost of disposal;
  - statutory processes; and
  - levels of service desired in the Long Term Plan.

- 3.2 'Surplus site' means Council owned land and building(s) on a particular Certificate of Title which Council has resolved is no longer required by the community/District.

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<sup>1</sup> Adopted by Council 26 February 2015 15/RDC/041

<sup>2</sup> Changes announced in August 2014 to government policy applying to disposal of Crown reserve land means greater opportunity for Council to rationalise its holdings of land and buildings.

This excludes buildings where Council retains ownership of the land and land which is leased (and not for sale), and where Council is involved in the sale of a property only to recoup rates arrears.

- 3.3 Unless Council resolves otherwise, the policy only applies to a site which has a market value exceeding \$50,000.

#### **4 Disposal Process**

- 4.1 Council will resolve prior to tenders being sought, how much weight is to be given to non-financial considerations.
- 4.2 An open tender process will be used when disposing of all surplus sites.
- 4.3 Tenders will be required to address the non-financial considerations specified in Table 1.
- 4.4 Consideration of tenders will involve both the price and non-financial considerations.
- 4.5 Tenders will be initially evaluated and ranked on non-financial considerations. This ranking will then be compared with the prices offered.
- 4.6 A tender scoring less than 35% in the non-financial considerations will be excluded from the process.
- 4.7 The highest financial offer will not necessarily be accepted.
- 4.8 The successful tender (if any) will be that which provides the best value proposition for the District, taking into account financial and non-financial considerations. Council and tenderers will be advised of the outcome, showing the range in the non-financial considerations, and in the price, together with the name of the successful tenderer.
- 4.9 The administration of this policy is delegated to the Chief Executive unless the market value of the site exceeds \$250,000.

Table 1. Non-financial considerations.

ATTRIBUTE	EXPLANATION	SIGNIFICANCE
<b>Use of the site</b>	Preference will be given to tenders that have a proposed use that will be complementary to existing activities, and/or will provide a valuable community service and/or will provide local employment opportunities and/or cultural facility.	High (25%)
<b>Ownership structure</b>	Preference will be given to tenders that are from local businesses, residents, groups, or Iwi within the Rangitikei	Medium (15%)
<b>Sustainability of investment</b>	Preference will be given to tenders that are more likely to use the asset over the long term.	Medium (15%)
<b>Financial viability</b>	Preference will be given to tenders which provide evidence of being able to access the financial resources required to achieve the intended use and projected benefit.	Medium (15%)
<b>Track records</b>	Preference will be given to tenders which provide evidence of delivering services/facilities to a specified level.	Low/Medium (10%)
<b>Stability of investment</b>	Preference will be given to tenders that have a stable investment and/or business structure supporting them.	Low/Medium (10%)
<b>Historical connection with the asset</b>	Preference will be given to tenders that show they have a historical/ cultural connection with the asset and/or a commitment to demonstrate an element of the site's history.	Low/Medium (10%)