

ADDITIONAL ITEM

26 March 2014
To the Ordinary Council Meeting

Director's Report
Property and Economic Development

2.6 Proposed Memorandum of Understanding - Woolworths Ltd Potential Land Swap at Budgewoi

TRIM REFERENCE: RZ/8/2012 - D06275177

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SUMMARY

Reporting on the proposal to enter into a Memorandum of Understanding with Woolworths Ltd over a possible land swap with Council relating to lands at Colongra and Budgewoi.

RECOMMENDATION

- 1 That Council note that it does not support the proposal by Woolworths to rezone land at Colongra.**
- 2 That Council acknowledge that it would prefer that Woolworths establish a new supermarket within the retail centre of Budgewoi.**
- 3 That Council note that preliminary discussions have occurred between the Mayor, Senior Council Officers and representatives from Woolworths over the possibility of facilitating a land swap between both parties as it relates to land holdings at Colongra and Budgewoi.**
- 4 That Council note that any possible land swap will be subject to significant public engagement and will only proceed if all appropriate approvals are received.**
- 5 That Council note that any proposal to rezone or reclassify the Halekulani Oval will require approval from the NSW Department of Planning and Infrastructure.**
- 6 That Council authorise the General Manager to negotiate an appropriate Memorandum of Understanding with Woolworths that will include but not be limited to the following principles:**
 - a Woolworths will withdraw its Planning Proposal – Pre-Gateway Review for its land at Colongra (Lot 1 DP 1049201 Scenic Drive).**
 - b Woolworths will offer its land at Colongra referred to above to Council in exchange for a portion of the existing Council owned Halekulani Oval subject to Council's land being rezoned and reclassified to operational land.**
 - c Woolworths agree to develop a new supermarket on the Halekulani Oval site subject to gaining appropriate planning approvals.**

- d Woolworths will make a contribution (works and/or cash) towards the establishment of a regional sporting complex on the land at Colongra and the adjoining Council and Delta owned land.*
 - e Council is successful in negotiating ownership or a long term lease of the Delta lands (Lots 500 and 501 DP 755266) for use as sporting fields.*
- 7 That Council commence the process to reclassify Lot 1 DP 385077 Scenic Drive, Budgewoi (being Halekulani Oval) from Community Land to Operational Land.**

Since 2012, Woolworths have been pursuing a rezoning of its land which is at Colongra currently zoned E3 Environmental with an area of 29,650m² to permit the establishment of a supermarket. Council has consistently not supported the rezoning request based on the impact it would have on the existing Budgewoi town centre and have requested that Woolworths investigate sites closer to the town centre.

At its meeting held on 25 September 2013, Council resolved:

“RESOLVED unanimously on the motion of Councillor NAYNA and seconded by Councillor TROY:

- 1201/13 That Council refuse Planning Proposal RZ/8/2012, given the economic impact on surrounding business centres and the lack of strategic justification for this proposal.*
- 1202/13 That Council inform the applicant, in accordance with the requirements of Clause 10A of the Environmental Planning and Assessment Regulation 2000, that it does not support the request to prepare a planning proposal.*
- 1203/13 That Council direct the General Manager to instruct staff to continue to work with the applicant to find an alternative site for the proposal that will result in employment generating development.”*

Following this decision, Woolworths lodged a Pre-Gateway Review with NSW Planning and Infrastructure. This review was undertaken by the Joint Regional Planning Panel (JRPP) 19 December 2013. The JRPP recommended that the application be refused but indicated that a planning proposal for the rezoning of Halekulani Oval should be considered. The recommendation of the JRPP is considered by the Minister for Planning. No decision has been made at this stage.

Woolworths have advised that it may be interested in establishing the supermarket on part of Halekulani Oval and have commenced preliminary discussions with Council over the feasibility of making this happen.

Council's holdings at the Halekulani Oval site equate to approximately 3 hectares of land zoned RE1 Public Recreation and mostly classified as community land – approximately 1,350m² of this site is classified as operational land. Any possible arrangement that would allow for Woolworths to develop on part of Halekulani Oval, would require Woolworths to facilitate the relocation and enhancement of the existing community assets that currently exist on the site to the land at Colongra.

The Mayor and senior Council officers met with representatives from Woolworths on Wednesday 19 March 2014 to discuss the concept of a possible land swap between both

parties. The land swap would involve the entire parcel of land owned by Woolworths at Colongra and part of the Halekulani Oval at Budgewoi. It was acknowledged that the land swap would need to be subject to a number of approvals (including rezoning and reclassification of the Oval) and that the whole concept would need to be subject to community input and engagement and that the Colongra proposal would require a successful acquisition or long term lease of the Delta land (discussed below). There was general agreement that both parties would work through a commercial negotiation and if agreement could be reached, enter into a Memorandum of Understanding (MOU) which would include an agreed project plan.

It should be emphasised that no undertakings were given to Woolworths over the success or otherwise of the possible land swap. The only agreement related to the fact that the parties are prepared to enter into a MOU and work towards a possible outcome that would be mutually beneficial.

Whilst the details of the MOU are yet to be agreed, it is suggested that the following terms would be included from Council's perspective:

- a Woolworths will withdraw its Planning Proposal for its land at Colongra (Lot 1 DP 1049201 Scenic Drive).
- b Woolworths will offer its land at Colongra referred to above to Council in exchange for a portion of the existing Council owned Halekulani Oval subject to Council's land being rezoned and reclassified to operational land.
- c Woolworths agree to develop a new supermarket on the Halekulani Oval site subject to gaining appropriate planning approvals.
- d Woolworths will make a contribution (works and/or cash) towards the establishment of a regional sporting complex on the land at Colongra and the adjoining Council and Delta owned land.
- e Agreement is conditional upon whether Council is successful in negotiating ownership or a long term lease of the Delta land Lots 500 and 501 for use as sporting fields.

Colongra Site

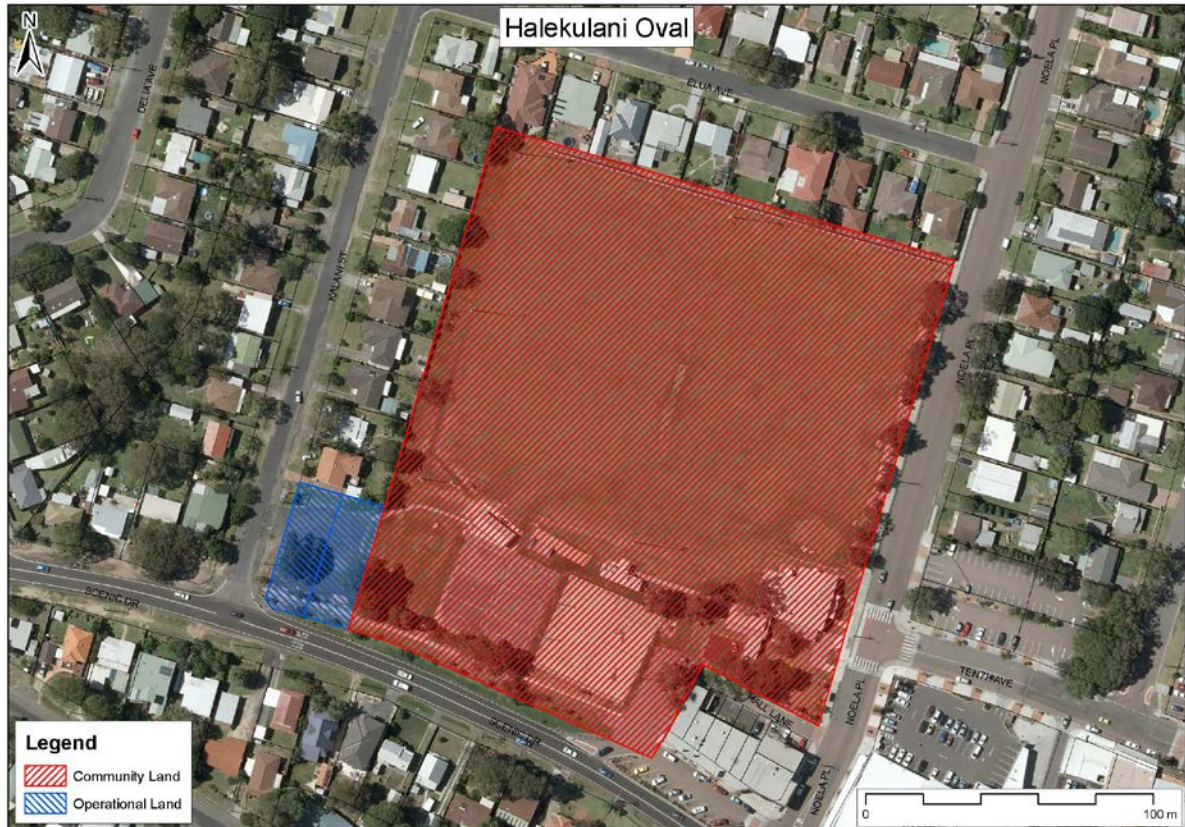
If the land swap proceeds, together with an agreement with Delta (discussed below), Council may own or control a significant parcel of land at Colongra with a total area of approximately 10 hectares which could ultimately accommodate 4 new sporting fields over 2 ovals, with associated amenities parking and courts. A plan indicating the location of the land and the current ownership pattern is set out below:



This would provide a regional sporting complex for the north of the Shire with excellent access to public transport and is a highly desirable use for land which is a buffer to the power station. Council has approached Delta Electricity about securing some form of tenure (lease or purchase) of Lot 500 and Lot 501 which have an area of 70,550m² shown on the above plan. Whilst a final decision on this request is yet to be received, Council remains hopeful of a positive outcome and this should be known in the very near future.

Halekulani Oval

As mentioned above, Woolworths do not require the entire area of the Halekulani Oval for its supermarket. They have suggested that an area of approximately 4,000m² plus sufficient land for carparking is required. It is worth noting that the site is approximately 3 hectares in area and hence there will be a considerable portion of the land which would be surplus to the needs of Woolworths and would therefore remain in Council's ownership. A plan indicating the location and current classification of the Halekulani Oval is shown below:



As any possible land swap would be contingent upon the community receiving an enhanced recreation and sporting facility at Colongra, the remainder of the existing Oval would no longer be required for recreation and sporting purposes. Therefore the balance of the oval could potentially be redeveloped to assist in the funding of the works at Colongra – noting that it is not intended to relocate the existing Halekulani Hall and surrounds so this would be excluded from any future redevelopment.

The majority of the land is classified as community land. To facilitate the possible land swap and potential redevelopment of the surplus section of the existing oval, it will be necessary to reclassify the site to operational land.

Budgewoi Masterplan

Council adopted the Budgewoi Village masterplan in December last year. The proposed land swap was not envisaged at the time of preparing the masterplan and therefore it is not reflected in the masterplan document. However, the masterplan did identify an area immediately to the east of Halekulani Oval for investigation for potential rezoning to B2 Local Centre. In this regard, the proposal by Woolworths is not contrary to the masterplan, as it proposes an increase to the retail footprint of the town centre which is expected to contribute to the activation of the area.

CONCLUSION

Woolworth Limited have advised that it may be interested in a land swap with Council that would involve the potential for Council to secure a large parcel of land at Colongra for an enhanced and expanded sport and recreation facility in return for allowing Woolworths to develop a supermarket on part of the Halekulani Oval.

ATTACHMENTS

Nil.