

# Casey Property Strategy

**Version:** 2.0

**Update:** 19 December 2017

**Responsible Department:** Property Rates and Valuations

## 1. Purpose and Structure

The purpose of the Casey Property Strategy is to provide a high level-long term-focus for strategic Council property assets and a policy framework to guide decision making in relation to Council's property needs and Council owned land.

The Property Strategy sits within the wider strategic and process framework of Council. In particular, it responds to the long-term vision for Casey and the approved Council Plan. The Property Strategy is connected to a range of related and intersecting plans, strategies, policies and agreed principles.



The Casey Property Strategy provides a focus on long-term priority property initiatives and identifies five key property functions, being acquisition, leasing, use, maintenance and disposal.

The Casey Property Strategy comprises:

- **Guiding Principles** to ensure the Strategy is operationally effective and underpinned by clearly defined objectives and expectations;
- **Objectives** relating to each Property Function;
- **Policy** that provides a set of working principles to achieve the Objectives; and
- An **Assessment** Framework (where relevant) to provide procedural guidance to the consideration of Property matters.

*Council policy documents change from time to time and it is recommended that you consult the electronic reference copy at [www.casey.vic.gov.au/policiesstrategies](http://www.casey.vic.gov.au/policiesstrategies) to ensure that you have the current version. Alternatively you may contact Customer Service on 9705 5200.*

## 2. Definitions

<b>Council</b>	means Casey City Council, being a body corporate constituted as a municipal Council under the Local Government Act 1989
<b>Councillors</b>	means the individuals holding the office of a member of Casey City Council
<b>Council officer</b>	means the Chief Executive Officer and staff of Council appointed by the Chief Executive Officer.
<b>Market value</b>	the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
<b>Property</b>	in the context of this Property Strategy, Property is defined as Council owned assets (excluding public open space and road reserves) and assets used by Council (such as where Council leases a facility)

## 3. Background

Council is working towards making Casey Australia's most liveable city.

In 2017, following its biggest ever community engagement project, Casey Next, Council produced a further refresh of its 20-year vision, C21 – Creating a Great City (the Vision). C21 sets out 5 themes to support the long-term development of Casey:

1. Creating and Supporting People
2. Improving Transport
3. Protecting Our Environment
4. Attracting Business and Local Jobs
5. Creating a Sense of Place

The 2017 – 2021 Council Plan establishes a clear framework of 8 strategic objectives that target the delivery of the long-term themes and priorities for the City of Casey and its community, over the term of the current Council.

Property is a significant highly valuable, and risky resource that can do much to support and deliver Council's vision and strategic objectives. Property directly impacts, and supports, the success and performance of services that the City of Casey delivers.

The City of Casey currently has over 3000 properties totaling an area of about 1,530 hectares. This is expected to increase by a third again with the expected growth and development occurring in the municipality.

Changes to property holdings are cumbersome and can take time. Community services and priorities also change over time and it is important that our property portfolio can adapt to these needs as required.

With the current and forecast growth in property, the City of Casey is committed to ensuring a strategic, robust set of principles, objectives, policies and processes exist to guide decision making when it comes to property aspects of its operations. This is relevant whether it be for acquisition, leasing, use, maintenance or disposal.

The Casey Property Strategy will enhance the performance of key property assets and in turn assist in delivering the Council Plan objectives in the context of its long-term goals.

#### **4. Guiding Principles**

Casey's plans and objectives are bold and ambitious. As a growth Council it is a continuing challenge to take steps and actions now that anticipate and advance the interests of not just current but future community service needs and demands. Property by its very nature involves substantial commitments that have long term impacts, and which are often difficult or very expensive to reverse or retrofit.

To be strategically effective the Property Strategy must be aligned with the overarching, long-term strategic priorities of Council set out in the C21 Vision and serve to deliver and operationalize the strategic objectives of the Council Plan. Where this translates directly to planning and developing identified property or project-related initiatives, this is to form a key part of the property strategy.

To ensure alignment between long term strategic delivery and critical property related initiatives and projects, Council has agreed that a guiding strategic principle of the Property Strategy is the periodic identification (initially every two years) of a long-term Multi Year Projects List and supporting Property Plan

To be operationally effective any strategy requires a coherent set of Guiding Principles. The Guiding Principles set out the broad objectives and expectations that Council has for its management and interaction with property and property related issues and decisions.

Council has agreed the following Guiding Principles for the Property Strategy:

- Value for Money;
- Consistency and Transparency;
- Legal and Statutory Compliance; and
- Financial Sustainability of the Property Portfolio.

These are described in further detail below.

- **Value for Money (efficiency of service delivery for Community I Rate Payers)**

Value for Money implies a balanced approach to assessing costs and benefits which is capable of considering and assessing both financial and non-financial matters. While a key factor in the assessment of Value for Money will be the direct financial impacts of a given decision or approach, the community, social, economic and equity impacts will also be considered when assessing Value for Money.

- **Consistency and Transparency**

Decisions and actions taken by Council with respect to property will be capable of explanation and readily understood. This is important to ensure that Council and its officers work in ways that are consistent with policy and aligned with wider Council objectives and plans. All property related decisions should be able to be scrutinised by interested parties and the Casey community as this is the most effective means of ensuring that fairness and good governance are at the heart of decisions and actions.

While it is acknowledged that during certain transaction or procurement stages, transparency will not be possible and will not be in Council or the community's interests, post transaction full access to information will be made available.

- **Legal and Statutory compliance**

Council aspires to exceed compliance and achieve lead practice in all its dealings with property. As a minimum Council will ensure it complies fully with all statutory requirements and the law.

- **Financial sustainability of the Property Portfolio.**

Council manages its property portfolio consistent with sound financial management practice and aligned with Council's long term financial strategy and budget. All property related decisions and matters considered under this property strategy must consider the short, medium and long-term financial strategy and budget and wider financial impacts.

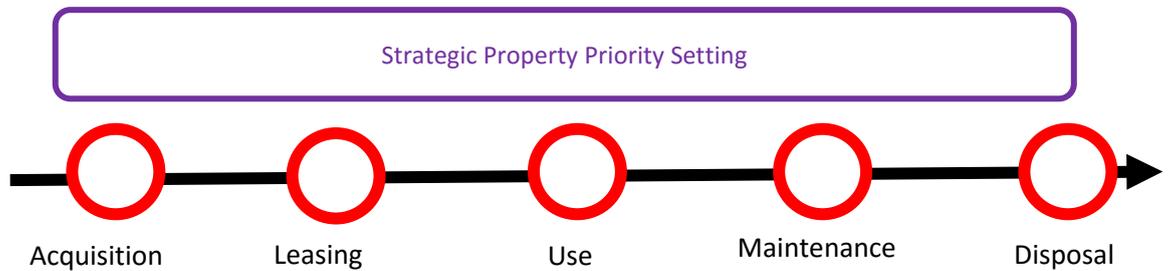
## 5. Overview Property Functions

Council has an involvement with property and property-based assets in a range of ways. To streamline its policies, systems and processes in the property sector Council has identified six key property functions over which the Property Strategy applies.

Five of the key property functions are transaction or asset management related functions that are central to the effective management of any property portfolio – acquisition, leasing, use, maintenance and disposal.

In addition, Council recognises the importance of strategic property priorities and initiatives which have the ability to make the most significant contributions to the delivery of long term strategic priorities. This Strategic Property Priority Setting function is also identified in this Strategy.

The arrangement of the six property functions in the Strategy is set out below and an outline of each of the key property functions is provided overleaf.



### **Strategic Property Priority Setting**

This function relates to the periodic assessment, review and identification of specific, large and ambitious property related initiatives and projects that are critical to the delivery of the C21 Vision and in the long-term interests of the Casey community.

#### **Acquisition**

The acquisition function relates to the identification of a property need to support or facilitate the delivery of a Council provided service, the assessment of options, analysis of costs and benefits and approval to proceed with a property purchase.

#### **Leasing**

The Leasing function relates to Council's role as a landlord (lessor) in either leasing property to third parties to deliver Council services, community or concessional leasing to not-for-profit or community associations or commercial leasing of property unrelated to delivery of services. Leasing also refers to Council's role as a tenant (lessee) of facilities owned by others but used by Council to deliver services.

#### **Use**

The Use function relates to Council's role in delivering services that are identified as necessary by an approved service plan and for which property plays a part in facilitating or delivering the service. Property use is ideally planned in a way that is efficient and minimises unnecessary cost. With a number of assets that are ageing and/or utilisation rates are below optimal capacity there is a need to review the way in which similar or enhanced community services can be provided in a more efficient manner.

## **Maintenance**

The Maintenance function refers to the activities associated with the routine, reactive and programmatic maintenance of property assets held by Council. The maintenance function is a critical set of activities carried out by Council across its entire property portfolio. The policy, process and procedures associated with maintenance of property are found in the Asset Management Policy which is a companion document to this Property Strategy.

## **Disposal**

The Disposal function relates to the assessment of property assets held by Council for which there is no ongoing service need or where the delivery approach has altered and the property is no longer required to supply the service to the community. The Disposal function will consider the assessment of disposal options, testing alternative uses of property, consideration of benefits of disposal including alternative uses of capital and the timing of sale to maximise returns.

## **6. Property Functions in Detail**

### **6.1 Strategic Property Priority Setting**

#### **Application**

The identification of strategic property related priorities and initiatives by the City of Casey is governed by this policy.

The policy is applicable to all proposed property related initiatives that are greater than \$10M in value (consistent with Sec 193 of the LGA – Entrepreneurial Powers) or where State or Federal Government funding is contributed.

#### **Objectives**

Council has the following objectives for the identification of strategic property initiatives:

- To ensure alignment with Councils long-term vision for Casey,
- To ensure any relevant proposed property acquisition or disposal is tested to confirm it supports and does not undermine a long-term strategic initiative.
- To ensure long-term value for money is delivered by recognising the most significant initiatives supported by Council will require long-term planning and stewardship over the term of successive Councils.
- To facilitate consideration by Council of a list of specific priority initiatives aligned with the community's future needs and demand for services, facilities and amenity.

The output of this part of the Property Strategy is to create a Multi-Year Priority Project List which captures and places on the City of Casey agenda key investments and the property resources required to support their development.

**Policy**

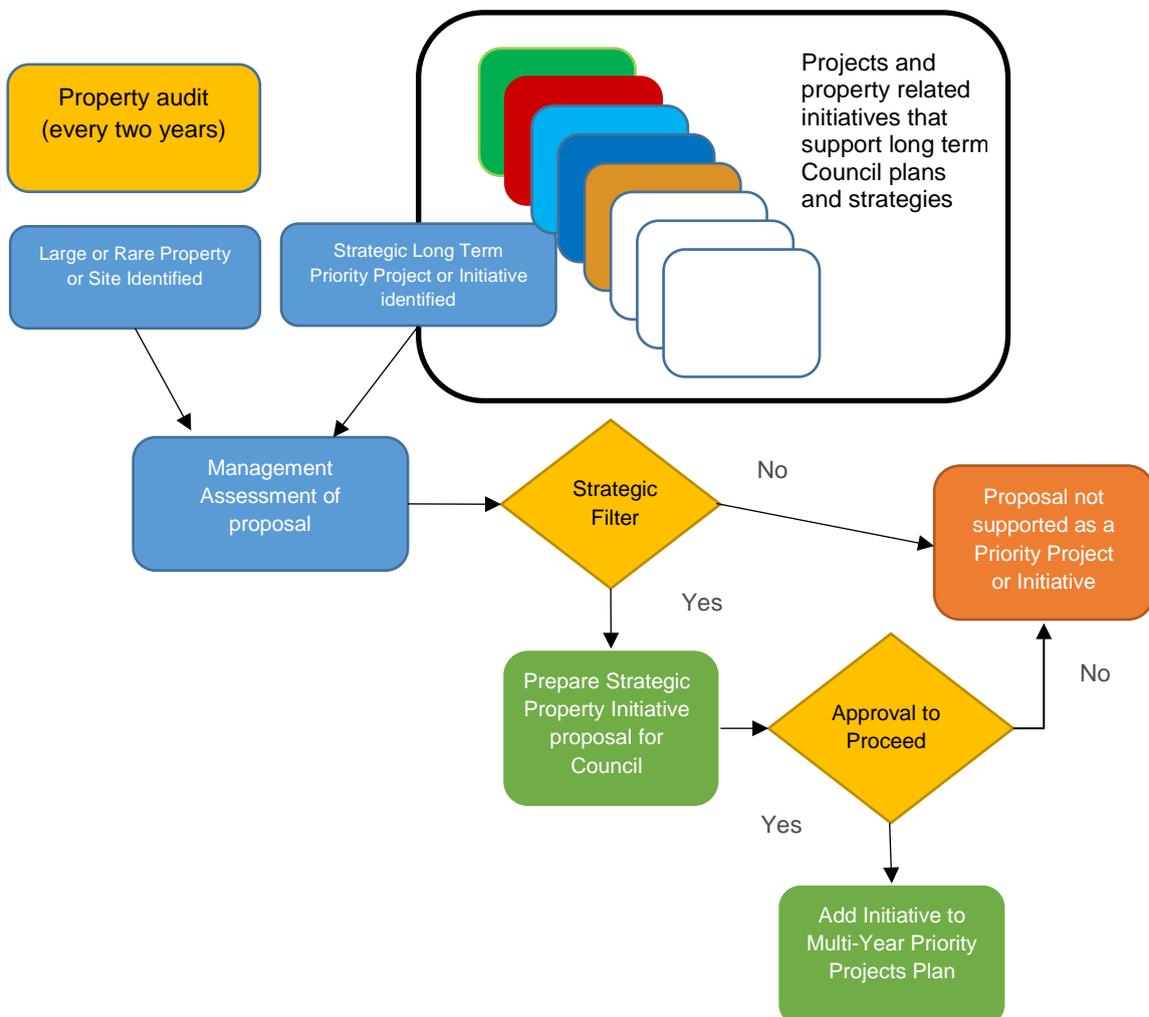
Property is a long-term, relatively illiquid and inflexible asset category which is expensive to own and hold. However, for large scale strategic initiatives that have profound impacts on the delivery of plans and programmes and that are aimed at meeting future, or even intergenerational community needs, property ownership is often a key enabler. Hence, sound property planning and decision making is critical.

The policy of the City of Casey to ensure that, where applicable, the largest, most ambitious, long term property related projects are identified, tested and then carefully planned for the benefit of the community in the future.

The City of Casey will ensure that any property related initiative within the scope of this policy has been considered by Council in the context of agreed adopted long term plans of Council and is demonstrably aligned with such approved plans. Furthermore, any initiative will be tested against other alternative approaches that could deliver the planned long-term outcome in some other way in order to test that the proposal identified is the best alternative. As an initiative is identified and developed it will be recorded on the Multi Year Priority Projects List (refer Sec 8 of the Strategy)

**Process Outline**

This policy requires the use of the following process for the identification of any strategic property priority or initiative.



## Stage 1 Assessment Framework Strategic Property Priority - Strategic Filter

Project or Initiative		
Address or Location [insert address & property name (if applicable)]	Size:	Xxx square metres
	Estimated Value:	\$ XXX
Assessment Criteria / Factors to Consider	Assessment	Commentary
Relationship to Strategic Priorities		
<b>1A</b>	Does the proposal align with the C21 Vision?	
	✓ or ✗	
<b>1B</b>	Does the proposal directly address C21 Themes? Which does it directly address? <ul style="list-style-type: none"> <li>Connecting and supporting people</li> <li>Improving transport</li> <li>Protecting our environment</li> <li>Attracting business and local jobs</li> <li>Creating a sense of place.</li> </ul>	
Note – the proposal must achieve a ✓ in both 1A and 1B above prior to assessment against the secondary criteria outlined below		
<b>2</b>	<b>Key Service Delivery</b> Does the proposal deliver key services that justifies large scale long term prioritisation?	
<b>3</b>	<b>Alternative C21 Themes</b> What other property alternatives to address C21 Themes or deliver services have been considered?	
<b>4</b>	<b>Ownership</b> Is the property required to deliver the initiative owned by Casey and if not does it need to be acquired?	N/A
<b>5</b>	<b>Funding</b> Is there an available or identified source of funding? Is the capital expenditure justifiable?	
<b>6</b>	<b>Timing</b> Is the proposal urgent or the timing to proceed optimal?	
<b>7</b>	<b>Risk</b> Is there atypical risk to manage from that of normal operations (e.g. site complexity, contamination, development or construction risk, service delivery risk, restrictive covenant or similar)?	
<b>8</b>	<b>Delivery Capacity</b> Does Council have the resources available to deliver the services (if applicable) & manage the project?	
Recommendation: The Subject Proposal is/is not On Strategy and has scored XX/ 8. Therefore, recommendation is to proceed/not proceed with the detailed Investment analysis [Note: minimum score to proceed is 5/8]		

Strong – fully addresses need or objective with few or any other alternatives (score 7 to 8)  
Medium - addresses the need or objective, not only option (score 5 to 6)  
Poor – partly addresses need or objectives, is one of a number of alternative solutions (score 1 to 4)

**Stage 2 Property Investment Paper Template and Guidance\*****1. Proposal Overview**

*[This section is the executive summary and includes summary of the proposal, financial analysis key risks and recommendation.]*

**2. Proposal Description**

*[Detailed description of proposed initiative including scope, main functions and services property requirements, etc.]*

**3. Alignment with C21 Vision, Council Plan, Service(s) Delivery Need Details**

*[Include a detailed explanation of how the proposal aligns with approved Council plans and proposed service(s) to be delivered.]*

**4. Rationale Investment**

*[Includes analysis / discussion on why the project or service(s) requires Council to deliver, why owned by Council and, in particular, any specific property to be used.]*

**5. Other Options**

*[Include details of other project alternatives and options that could deliver the benefits of the proposal / why this option is the best]*

**6. Key Financial Details, Costs and Benefits.**

*[Discuss expected total cost, including land, construction and operating costs and how this was arrived at. Discuss expected benefits to Casey community including service benefits, financial returns, economic benefits and wider community benefits. Discuss the Benefit Cost Ratio. Include financial analysis where applicable (e.g. Return on Investment, NPV, discount rates etc.)]*

**7. Risks - Financial, Service Delivery and Other**

*[Include a comprehensive analysis of the development and operational risks and how these risks will be eliminated, mitigated or managed.]*

**8. Recommendation**

*[Include a succinct recommendation for officers and Council to consider. Recommend adding the proposal to the Multi Year Priority Projects Plan or not.]*

\* - This guideline is suited for use in the creation of the Council Report proposing any initiative for consideration by Council.

## 6.2 Acquisition

### Application

The acquisition of property assets by the City of Casey is governed by this policy.

The policy is applicable to all proposed property acquisitions which exceed the delegations of the CEO and require consideration by Council.

Acquisitions which are fully DCP funded are exempt from this policy.

### Objectives

Council has the following objectives for property acquisition:

- To ensure any property acquisition is for the purpose of an identified, approved, current or future service to be provided by or on behalf of Council.
- To ensure any proposed property acquisition is tested to confirm the proposed property solution is the best option to deliver the identified service need.
- To ensure the proposed property acquisition can demonstrate value for money.
- To ensure the proposed property acquisition can demonstrate affordability.

### Policy

Property is by definition a long-term, illiquid and inflexible asset category. It is costly to acquire and manage and transacting property takes time and has costs associated including taxes, duties, fees and commissions. A property asset is not normally readily divisible to allow for a part sale or acquisition. Subdivision is sometimes possible but again can be costly and time consuming.

Property as a physical asset imposes obligations on owners with respect to maintenance and upkeep, engagement and interaction with neighbours and ongoing compliance with applicable laws and regulations.

With this in mind it is the policy of the City of Casey to ensure that where a property acquisition is proposed it can be demonstrated that it is a required asset to support or facilitate the delivery of a service to the community of Casey, that Council has committed to supply.

Furthermore, it is the policy of the City of Casey to ensure the acquisition of a property has been considered in the context of other alternative approaches to support or facilitate the delivery of the service need and it can be demonstrated that the property solution proposed is the best alternative.

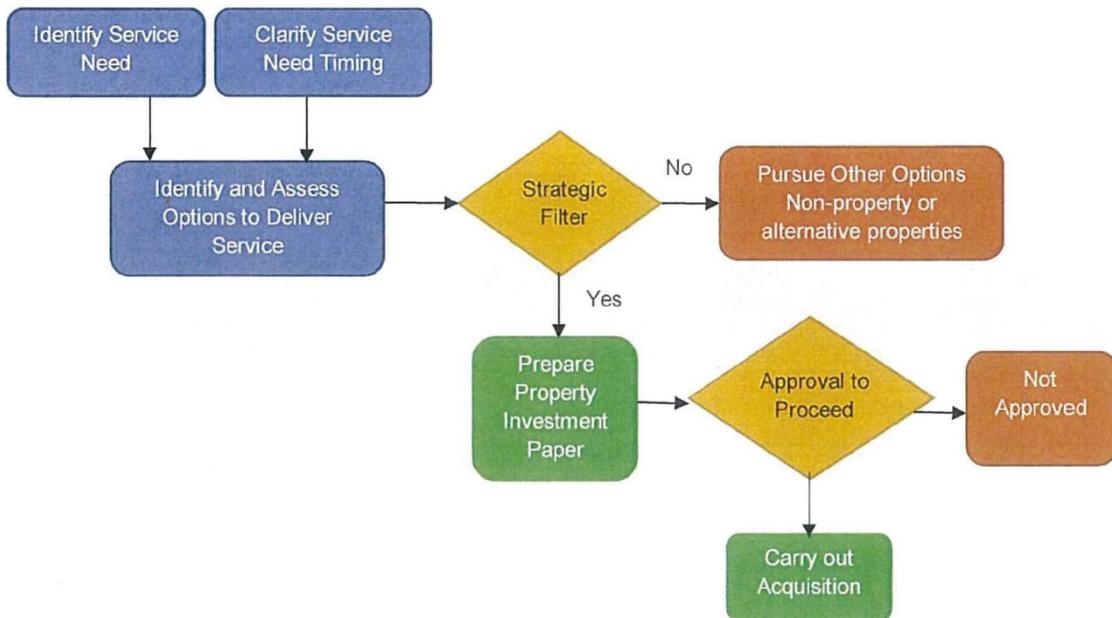
Council is also committed to deliver services within its agreed budgets and financial plans and to ensure the highest possible value for money is achieved. With this in mind property acquisition will only occur where there is a budget and a funding source identified for the proposed acquisition.

Furthermore, where Council acquires a property it will ensure that the price paid for the property is not greater than the fair market value of the land plus any improvements assessed on the basis of an independent market valuation.

Council is committed to openness, transparency, compliance with relevant legislation and maintaining the highest standards so far as the use of ratepayers' funds is concerned. Therefore Council will strictly observe and enforce its policy and procedures regarding related-party transactions, conflict of interest and confidentiality in all its dealings regarding the acquisition of property.

**Acquisition Process Outline**

This policy requires the use of the following process for any prospered property acquisition.



## Stage 1 - Assessment Framework – Acquisition Strategic Filter

Property Address [Insert]		Scale: Size (over 2,000m <sup>2</sup> ) [Yes/No] Value (over \$1 M) [Yes/No]	
Assessment Criteria / Factors to Consider		Commentary	
Is the Acquisition on Strategy??			
1	Service Need Is there a clear long-term service need identified?	./or ?or X	
2	Geography Is the subject property best located to facilitate the delivery of the stated service?		
3	Property Need Is the service need best served by the subject property?		
4	Tenure Is acquisition the best means to achieve the delivery of service? (e.g. as opposed to renting a property or co-locating)		
Note - the property must achieve a <i>f</i> in each of the criteria above prior to assessment against the secondary criteria outlined below			
5	Funding Is there an available or identified source of funding? Is the capital expenditure justifiable?		
6	Timing Is the proposed acquisition timing optimal for the delivery of the service(s)		
7	Risk Confirm there is no atypical risk to manage from that of normal operations (e.g. site complexity, contamination, development or construction risk, service delivery risk)?		
8	Delivery Availability Do we have the resources available to deliver the services & manage the property?		
9	Cost Is the property able to be acquired at a reasonable cost (e.g. as compared to valuation / expected capital growth)?		
10	Additional / Ancillary Benefits Are there any benefits that flow to Council outside the property and its direct service delivery?		
Recommendation: [Subject Property] has scored XX/ 10. Therefore recommendation is [to proceed/not proceed] with the detailed Acquisition analysis			

## **Stage 2 Property Investment Paper Template and Guidance \***

### **9. Acquisition Overview**

*[This section is the executive summary and includes summary of acquisition, financial analysis key risks and recommendation.]*

### **10. Service(s) Delivery Need Details**

*[Include a detailed explanation of proposed service(s) to be delivered from the premises.]*

### **11. Proposal Description**

*[Detailed description of proposed acquisition including details of the property, etc. .]*

### **12. Rationale for Property Investment**

*[Includes analysis /discussion on why the service(s) requires a property solution owned by Council and, in particular, this specific property.]*

### **13. Key Financial Details**

*[Discuss how a financial value was arrived at, type of acquisition (negotiated position on market transaction , proposed purchase at auction , part of PSP etc).*

*Discuss market value versus proposed purchase price.*

*Discuss cost of delivering service.*

*Discuss how acquisition and delivery of service(s) will be funded (with reference to services delivery plan)]*

*Include financial analysis where applicable (e.g. Return on Investment, NPV, discount rates etc)]*

### **14. Risks -Financial, Service Delivery and Other**

*[Include a comprehensive analysis of the acquisition and operational property risks and how these risks will be eliminated, mitigated or managed.]*

### **15. Recommendation**

*[Include a succinct recommendation for officers and Council to consider]*

\* - This guideline is suited for use in the creation of the Council Report proposing any initiative for consideration by Council.

## 6.3 Leasing

### Application

The Leasing of property assets owned by the City of Casey, where Council is acting as Landlord (Lessor), is governed by this policy. The policy is applicable to:

- All facility and operating leases (i.e. leases which involve the delivery or contracted supply services in conjunction with use of Council owned facilities) which are outside CEO's delegated authority.
- All community or concessional leases irrespective of value; (subject to Casey Leasing and Pricing Policy), or
- All commercial leases where Council's primary aim is to maximise revenue. The policy also applies where Council is the tenant (Lessee) of a property asset.

Leases on Crown Land are exempt from this strategy.

### Objectives

Council has agreed the following objectives for leasing activity; Where Council is contracting a service:

- To ensure any lease is for the purpose of an identified, approved, current service to be provided by or on behalf of Council
- To ensure any proposed lease is tested to confirm the leasing solution is the best option to deliver the identified service need.
- To ensure the lease can demonstrate value for money
- To ensure the lease can demonstrate affordability.

Where Council is leasing for a community or not for profit organisation:

- To ensure any lease is for a bone fide community purpose or function and to a bone fide community not for profit organisation.
- To ensure the lease is to the extent possible consistent with the terms and conditions of other comparable qualifying community leases
- To ensure that certain minimum standards are contained in the lease such as insurances, safety including fire safety, make good and maintenance and upkeep of facilities.
- To ensure the lease can demonstrate affordability.

Where Council is proposing to enter into a commercial lease as the Lessor:

- To ensure any lease is for a period and a purpose which does not conflict with an identified, approved, current service to be provided by or on behalf of Council
- To ensure any proposed lease is tested to confirm at least a market rent is achieved.
- To ensure the lease can demonstrate the highest return to Council rather than other options (ie disposal)

Where Council is the Tenant (Lessee):

- To ensure any lease is for the purpose of an identified, approved, current service to be provided by or on behalf of Council
- To ensure any proposed lease is tested to confirm the leasing solution is the best option to deliver the identified service need.
- To ensure the lease can demonstrate value for money
- To ensure the lease can demonstrate affordability.

### **Policy**

Council leasing an asset as a tenant is a valid alternative to direct property ownership. Accordingly, this option should be given due consideration.

Leasing an asset may impose certain obligations on landlords and tenants with respect to maintenance and upkeep, engagement and interaction with neighbours and ongoing compliance with applicable laws and regulations. Leasing arrangements must take all matters related to the costs and obligations of any proposed lease into account.

It is the policy of the City of Casey to ensure the leasing of a property has been considered in the context of other alternative approaches to support or facilitate the delivery of the service need and it can be demonstrated that the solution proposed is the best alternative.

Council is also committed to deliver services within its agreed budgets and financial plans and to ensure the highest possible value for money is achieved. With this in mind leasing will only occur where there is a budget identified and the proposed costs or revenues are in line with budgets.

Furthermore, where Council (as lessor or lessee), leases a property it will ensure that the rent paid is consistent with fair market rents assessed on the basis of comparable leases.

For community leases, Council will ensure the level of rent and terms and conditions are in accordance with the Casey Leasing and Pricing Policy and reasonably consistent and equitable with other similar arrangements with Council.

Council is committed to openness, transparency and the maintaining the highest standards so far as the use of ratepayers' funds is concerned. Therefore Council will strictly observe and enforce its policy and procedures regarding related-party transactions, conflict of interest and confidentiality in all its dealings regarding the leasing of property.

## **6.4. Use**

### **Application**

The utilisation of property assets at the City of Casey is governed by this policy.

### **Objectives**

Council has agreed the following objectives for the use of Council Property

- To ensure the use of property assets responds to the needs of any given approved Services or Asset Plan
- To ensure the efficient utilisation of property that delivers maximum community benefit.
- To ensure that the use of any property is tested to confirm the existing property solution for the service need is appropriate.

### **Policy**

It is the policy of the City of Casey to ensure that its property assets are well utilised and able to meet the changing demands and requirements of our community. Approved Service or Asset Plans will often require support or facilitation by a property asset(s) for their effective implementation. Accordingly, current and future service needs will be constantly reviewed to ensure that Council's property portfolio is meeting these shifting needs.

It is the policy of the City of Casey that in order to gain efficiencies from underutilised assets collocation and consolidation of services for a greater community benefit will be considered. This will be informed by asset renewal and maintenance where the cost burden to continue to deliver an underutilised service exceeds the community benefit being realised. A strategic approach is required to determine which buildings (due to their current and expected utilisation) should not be prioritised for renewal or significant maintenance into the future.

It is further noted that no matter how well utilised, the use of property and buildings consumes resources that could be directed elsewhere. The cost of maintaining and renewing existing building stock must be a key driver in considering the use of Council property.

It is the policy of the City of Casey that underutilised or substandard properties are reviewed for greater use, service collocation or consolidation or disposal.

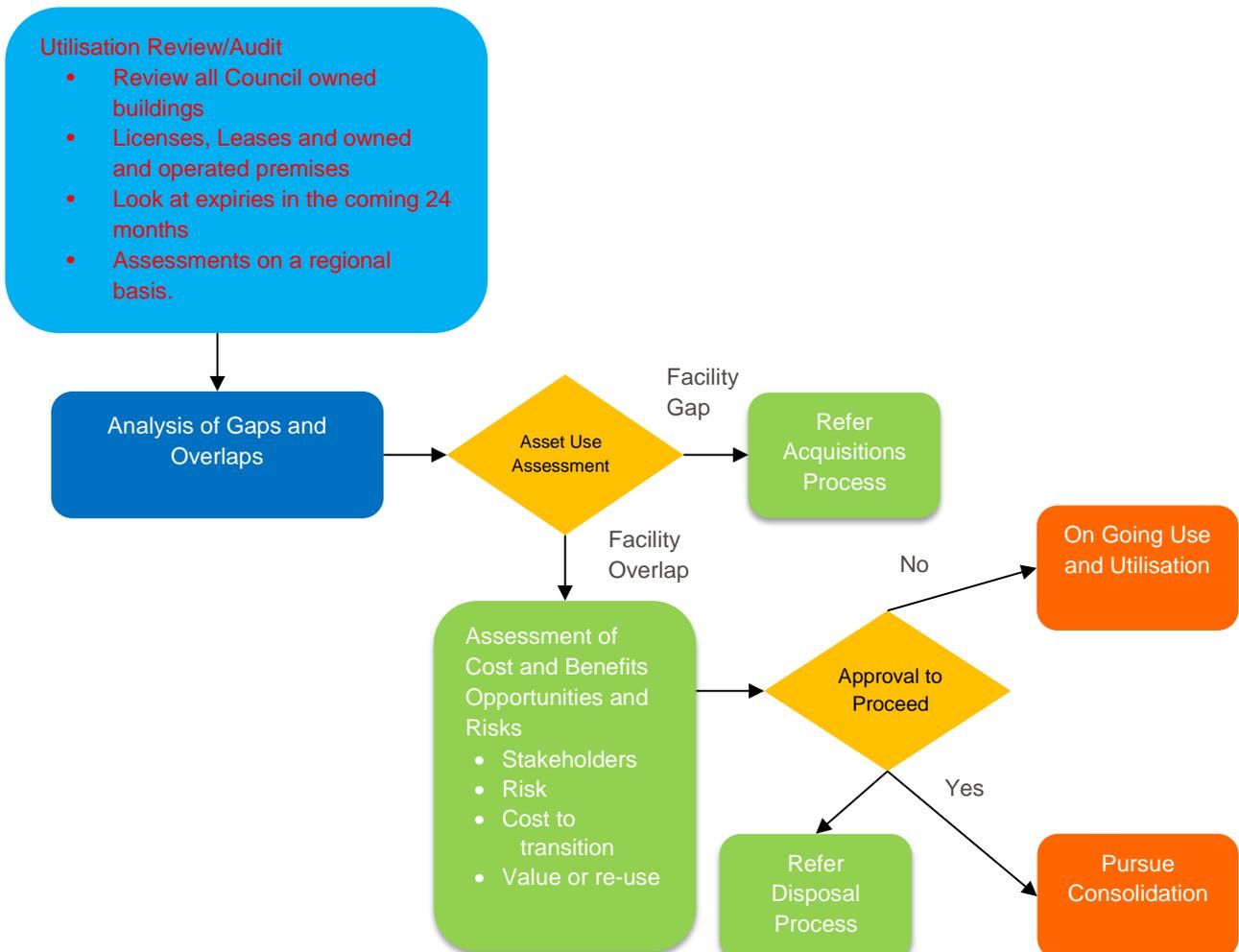
It is the policy of the City of Casey that where any property cannot demonstrate alignment with service delivery planning and the community benefit of the cost to maintaining the asset should be reviewed in accordance with the framework set out in the Casey Property Strategy. In considering the utilisation of property to deliver service needs, the value of the community benefits delivered by those assets is a key factor in decision making.

**Recommendation**

That further work be undertaken regarding the utilisation of Council property. It is recommended that a Property Utilisation Audit be undertaken to identify sites that have the greatest opportunity for efficiency gains with respect to the Objectives and Policies contained within this Property Strategy.

**Utilisation of Property Process Outline**

This policy requires the use of the following process for any change in use of an existing property or properties in a given region or category of services.



**Stage 1 - Property Use Assessment Strategic Filter**

Property(s) being Assessed:		
[Insert]		
Assessment Criteria / Factors to Consider		Commentary
<b>1 Isth Use'oh Strategy??</b>		
<b>Service Need</b> Is the existing service delivered from the property considered to be underutilised? Is the service one that Council has agreed to not continue delivering?	./or ?or <b>'X</b>	
<b>2 Assets</b> Are there any limitations on the use of the asset? Is the asset reaching the end of its useful life?		
<b>3 Service Delivery</b> Is there a council property or alternative tenure option available to deliver the service need if required?		
<b>Note – the property use must achieve a ./in each of the criteria above prior to assessment against the s condary criteria outlined below</b>		
<b>4 Geography</b> Are there other uses in proximity that are also considered to be underutilised that would benefit from further consideration at this time?		
<b>5 Timing</b> Is the proposed timing of the review of utilisation of this asset optimal? What efficiencies can be gained in undertaking this review now?		
<b>6 Risk</b> Confirm there is no atypical risk to manage from the proposed review of utilisation (e.g. community expectations, contamination)?		
<b>7 Delivery Availability</b> Do we have the resources available to deliver a revised service need (if required to continue)?		
<b>8 Value</b> Is there a clear cost benefit potential expected in undertaking a consolidation or collocation solution for the service use? What efficiencies are to be gained?		

**Recommendation: The utilisation of [Subject Property] has scored XX/ 8. Therefore recommendation is to proceed / not proceed with the detailed use analysis**

## **Stage 2 - Property Use Assessment Paper Template and Guidance**

### **1. Utilisation Overview**

*[This section is the executive summary and includes summary of all the properties being considered, services delivered in those properties, outline of options considered, financial analysis, key risks and recommendation for utilization going forward.]*

### **2. Service(s) Delivery Need Details**

*[Include a detailed explanation of current services delivered from the premises, and efficiency of delivery (with particular reference to utilization of each property).]*

### **3. Development of Options**

*[Description of potential options for delivering services including 'do nothing' or status quo. Analysis to focus on areas such as potential augmentation of services at each property, amalgamation of services and/or amendments to proposed service(s) to be delivered from the premises.]*

### **4. Key Financial Details**

*[Includes analysis / discussion on the financial costs and value of the options developed for the services and properties under consideration. For each of the options, discuss the financial value (including assumptions), the proposed cost of delivering service(s) and the relative financial benefit to Council].*

### **5. Risks & Opportunities- Financial, Service Delivery and Other**

*[Include a comprehensive analysis of the property, reputational, financial and operational risks and opportunities for each of the options identified. Include any relevant details on how risk can be mitigated and opportunities maximized.]*

### **6. Recommendation**

*[Include a succinct recommendation for officers and Council to consider]*

## 6.5 Maintenance

The policy, process and procedures associated with maintenance of property are found within the below Financial and Asset Management Planning Framework found within the Asset Management Policy which is a companion to this Property Strategy.

Decisions regarding the acquisition, use, leasing and disposal of property are driven by service need and service planning. The maintenance of the asset is then subject to these policies and procedures.

CCC has a number of buildings for which it owns and/or controls. These buildings can be managed by CCC directly, or by a council appointed Section 86 Committee on behalf of the community. CCC has responsibility for maintenance and upkeep of such buildings to ensure that relevant standards (both internal and legislated/regulated - including essential safety measures) are maintained.

Building maintenance should be a key component of CCC's asset management planning and be regulated by a preventive maintenance schedule. Reactive maintenance should be governed by a proper framework of controls to ensure it is conducted appropriately, economically and in a timely manner.

- CCC buildings maintenance services are incorporated into the Council Plan and is subsequently supported by the following preventative asset maintenance plans:
  - Building Asset Management Plan (2014–2017);
  - Programmed Maintenance Annual Plan; and
  - Scheduled Maintenance Master List (inclusive of Essential Safety Measures requirements).

Preventative/proactive buildings maintenance activities were comprehensive, and adequately monitored and tracked.

- CCC's buildings maintenance services framework is governed by various policies, procedures and guidelines available to staff on the Council intranet (Boris) which includes:
  - Asset Management Roles and Responsibilities for Buildings and Structures Policy;
  - Procurement Policy;
  - Tender and Quotation and Evaluation Procedure;
  - Quotation Procedure;
  - Tendering Procedure;
  - CCC Instrument of Financial Delegation and Sub-Delegation; and

## 6.5 Disposal

### Application

The disposal of property assets at the City of Casey is governed by this policy. The policy is applicable to all proposed disposals greater than 2,000 m<sup>2</sup> in area or \$1Min value.

### Objectives

Council has agreed the following objectives for property disposal;

- To ensure any proposed property disposal is tested to confirm the existing property solution is no longer required to deliver the current or identified future service needs .
- To ensure that the subject property proposed for disposal would not qualify to be acquired under the Acquisition policy and objectives for another Council service.
- To ensure the proposed property disposal can demonstrate the highest possible value for money based on financial as well as non-financial criteria.

### Policy

Whilst property disposal typically results in net cash surplus to the vendor, a need to re-acquire at some later stage can be cumbersome and expensive. Accordingly, a decision to sell a property needs to be made with the clear knowledge that the delivery of council service needs, now or in the future, will not require the subject property.

Depending on the asset, the property considered for sale may be capable of sub-division and part sale. This will be a consideration for Council in any assessment.

It is the policy of the City of Casey to ensure that where a property disposal is proposed it can be demonstrated that it is no longer a required asset to support or facilitate the delivery of an existing service delivery need. Furthermore, it is the policy of the City of Casey that any property considered for sale is also assessed against Council's future expected service delivery needs.

Given that compulsory acquisition is the last resort, strategic site holdings which may be important to the Council's long-term city growth and development plans will also be given priority in any disposal consideration.

It is the policy of the City of Casey to ensure that if an alternative service need is identified for the proposed disposal property, that property will be assessed for the new service delivery need under Council's acquisition policy and procedures.

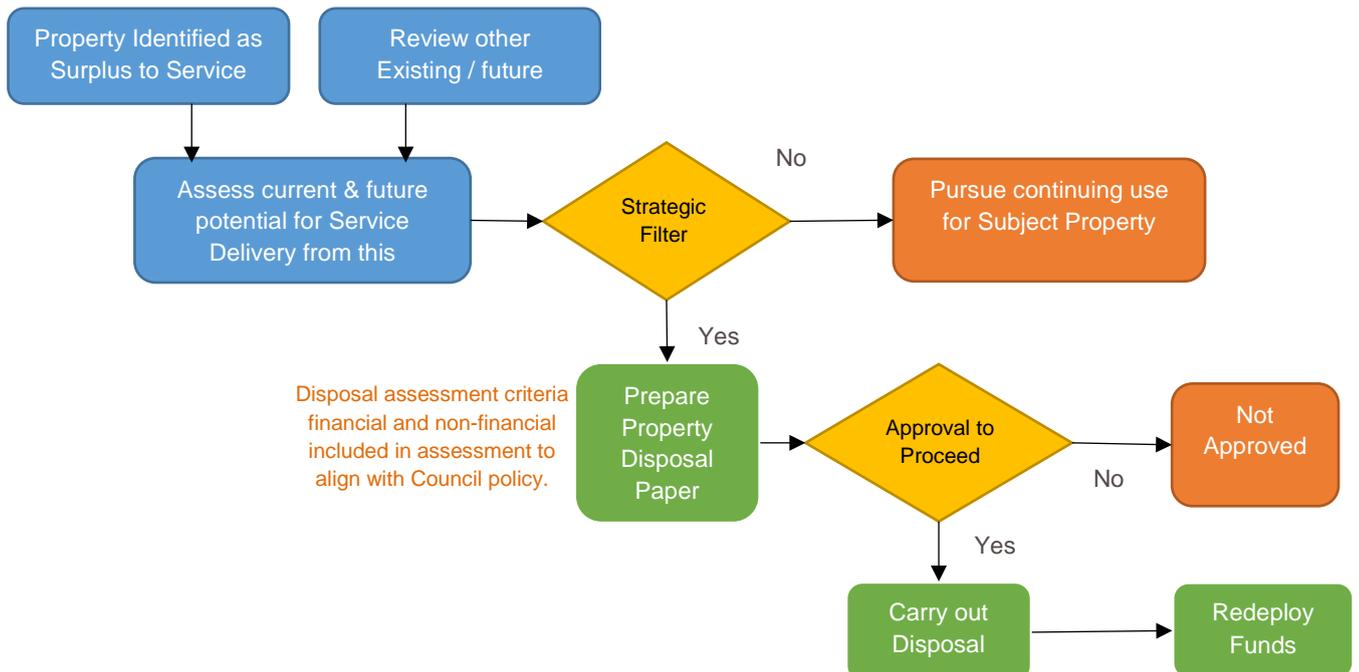
Where Council disposes of a property it will ensure that a balance of considerations is applied to ensure that the highest possible value for money is achieved through the disposal. This will be done on a case by case basis for each disposal.

The value for money assessment will consider criteria such as, potential for community use after disposal, alignment of the purchaser’s plans for the site with Council’s priorities as well as the price achieved for the property. The requirement for the value offered to at least equal to or preferably greater than the independently assessed fair market value of the land (adjusted for approved community and or other non-financial benefits) is mandatory. If there is an opportunity for Council to add value (e.g . by reviewing planning controls to maximise development potential or community benefits) Council should do so before the asset is offered for sale.

Council is committed to openness, transparency and the maintaining the highest standards so far as the use of ratepayers' funds is concerned. Therefore Council will strictly observe and enforce its policy and procedures regarding related-party transactions, conflict of interest and confidentiality in all its dealings regarding the disposal of property .

**Disposal Process Outline**

This policy requires the use of the following process for any disposal of a Council owned property.



**Stage 1 - Assessment Framework - Disposal Strategic Filter**

<b>Property Address</b> [Insert]		<b>Scale:</b> Size (over 2,000m <sup>2</sup> ) [Yes/No] Value (over \$1M) [Yes/No]	
<b>Assessment Criteria / Factors to Consider</b>		<b>Commentary</b>	
<b>Is the Disposal on Strategy??</b>			
<b>1</b>	<b>Service Need</b> Is the existing / previous service delivered from the property no longer necessary or best served by delivery from another location?	/or tor <b>X</b>	
<b>2</b>	<b>Alternative Service</b> Ensure that there is no other Council service that would qualify to "acquire" the property for its service delivery?		
<b>3</b>	<b>Alternative Use</b> Is it clear that no alternative use (e.g. use by not-for-profit etc.) is available for the property nor is there any future foreseeable service need that could operate from the property?		
<b>Note – the disposal property must achieve a . ( in each of the criteria above prior to assessment against the secondary criteria outlined below</b>			
<b>4</b>	<b>Future Needs of Council</b> Confirm there is no future strategic or service delivery need for the property (e.g. is the site part of a broader long-term strategic holding for Council? Does Council own an adjoining site which would be diminished in value through a sale?)		
<b>5</b>	<b>Timing</b> Is the proposed disposal timing optimal In particular, is the Council best served by disposing of the property now as opposed to holding the property longer to maximise its value?		
<b>6</b>	<b>Risk</b> Confirm there is no atypical risk to manage from the proposed disposal (e.g. community expectations, contamination)?		
<b>7</b>	<b>Disposal Methodology</b> Is the property able to be disposed of in a manner which maximises value (e.g. public sale campaign) or are there circumstances that require Council to deal with a limited pool of potential purchasers?		
<b>8</b>	<b>Value</b> Is the property able to be disposed of at a value which can demonstrate as at least fair market value or preferably above? Has Council explored all options available to it to maximize value (e.g. maximise development potential through planning amendments)? Is there any community benefit that can be derived as part of any sale?		
<b>Recommendation: The Sale of [Subject Property] has scored XX/ 8. Therefore recommendation is to proceed / not proceed with the detailed Disposal analysis</b>			

## Stage 2 - Property Disposal Paper Template and Guidance

### 1. Disposal Submission Overview

*[This is an executive summary of the detailed analysis and includes summary of disposal, financial analysis, key risks and recommendation.]*

### 2. Change in Service(s) Delivery Need Details

*[Detailed explanation of service(s) currently delivered from the premises and a rationale as to why the service(s) is either no longer required or able to be delivered by alternative means (e.g. another property, outsourced, etc).]*

### 3. Proposal Description

*[Detailed description of proposed disposal including (XXXXXX .....)  
including  
background of existing asset and other considerations.]*

### 4. Rationale for Property Divestment

*[Includes analysis / discussion on why the service(s) no longer requires a property solution owned by Council and, in particular, this specific property. Also elaborates on the strategic filter applied to the disposal. Should clearly articulate the rationale for the recommendation.]*

### 5. Key Financial Details

*[Discuss the proposed disposal methodology (e.g. public sale process, private treaty).  
Discuss how the assumed financial value was derived (e.g. agent's advice, valuation, residual land value, unsolicited proposal etc).  
Discuss how fair market value will be demonstrated and achieved by the proposed disposal.  
Discuss cost of the disposal.  
Include financial analysis where applicable (e.g. Return on Investment, NPV, discount rates etc)]*

### 6. Community Benefit Considerations

*[Discuss and quantify the identified community / non-financial considerations and potential benefits that could be incorporated into any sale]*

## 7. Risks - Financial, Service Delivery, Reputational and Other

*[This section should look at the major risks associated with the disposal or non- disposal . Should ideally include a table that describes risks and mitigation measures available to mitigate or eliminate.]*

## 8. Recommendation

*[Include a succinct recommendation for officers and Council to consider]*

## 7 Value Capture

Property related assets are among the largest and most significant that Council controls. Council also has a responsibility to manage the planning system consistent with Planning Policy, but also in the best interests of rate payers and the Casey community. With this in mind this part of the Property Strategy establishes a process for ensuring Council derives the best overall value from the property assets it controls.

Value capture represents an opportunity for Council to potentially realise significant benefit, but the application of any approach should be carefully considered and planned because there are significant commercial process and governance risks.

Council will prioritise the development of value capture policy and processes to leverage this opportunity.

## 8 The Multi Year Priority Projects List.

The Property Strategy plays an important role not only in the establishment of uniform processes to support decision making, but also in the identification of high priority long term strategic investments of projects.

This part of the Property Strategy set out the format and prescribes the content for the Casey Priority Projects List (PPL).

The PPL is a living document that records the status and extent of development of a series of projects identified by Council as they move from an initial idea or proposition through to an approved Council investment.

The PPL is to be included as part of the Property Report to Council

The PPL is to be reviewed and endorsed by Council annually.

Project Name	Proposal Description	Total Estimated Cost	Estimated Timing	Responsibility
	Stage 0 – Idea Generation ( <b>High potential proposals elevated for further review and consideration</b> )			
	Stage 1 – Strategic Fit ( <b>The proposal is aligned to Council’s long term strategic plan but has not yet been assessed in detail</b> )			
	Stage 2 – Preliminary Business Case ( <b>The proposal has advanced from Stage 1 and has been subjected to a preliminary business case</b> )			
	Stage 3 – Full Business Case (if applicable)( <b>a fully detailed business case has been prepared and is ready for Council consideration</b> )			
	Stage 4 – Ready to Proceed ( <b>Council has approved the proposal and is ready to proceed subject to financial support</b> )			

**9. Property Report**

As part of the administration of the Property Strategy an annual Property Report is to be prepared and submitted to Council.

The Property Report will summarise the use of the Property Strategy, key activity such as major sales, purchases or leases and present the PPL.,

**10. Administrative Updates**

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Council department, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of Council.

## **11. Review**

The next review of this document is scheduled for completion by 30 December 2020.