

CONFIDENTIAL STAFF REPORT

TO: Mayor and Councillors
FROM: Manager Property Services
DATE: 10 July 2009
REFERENCE: 11901
SUBJECT: Golden Bay Medical Centre

PURPOSE

To consider further aspects regarding the disposal of the Golden Bay Medical Centre property.

BACKGROUND

Moved Crs King/Currie
CN09/01/05

- 1 That the report on the Golden Bay Medical Centre dated 20 January 2009 be received.
- 2 That Council confirms that it is not willing to pass ownership of the Golden Bay Medical Centre property to the Golden Bay Medical Centre Community Trust.
- 3 That Council agrees to the request from the Golden Bay Medical Centre Community Trust that the medical centre property be offered for sale subject to:
 - Agreements being sought and obtained with any existing tenants and the Golden Bay Medical Centre Community Trust and the St John Ambulance regarding their improvements.
 - Agreement being reached with the Golden Bay Medical Centre Community Trust on the retention of the residence for use as a doctor's residence or similar use.
 - Possession and settlement date to occur after any new medical facility is operational.

- If agreement is not reached with the Golden Bay Medical Centre Community Trust, that the matter be reported back to Council.

These actions to be delegated to the Chief Executive and Manager Property Services.

4 That subject to the issues in “3” being satisfactorily resolved the net proceeds of any sale after deduction of subdivision expenses, sale expense, value of other improvements etc be made available to the Golden Bay Community for; either:

- the construction of a new medical centre; or
- the construction of a new integrated health facility.

With a report and recommendations on the allocation of the net proceeds to be brought to Council at a later date.

CARRIED

DISCUSSION

I met with the Golden Bay Medical Centre Community Trust on 19 March 2009. The following issues were discussed.

- The water pump for the pensioner cottages is on the GBMCCT occupied land and would need be to protected by an easement.
- The Trust would prefer that the house at 1 Edinburgh Street was sold rather than retained. This will enable them to purchase an alternative and perhaps more suitable property elsewhere as a locum residence.
- The order of St John Northern Region South Island Trust have a lease on part of the property. The lease expires on 29 November 2019. The rental is \$1.00 per annum and there are no provisions for rent reviews. The lease is sufficiently robust to enable the site to be sold with this lease in place. These improvements are owned by the Order of St John and I have yet to discuss this situation with the local St John’s manager.
- Agreements to be negotiated with existing tenants.
- The Trust has identified the following assets as belonging to them: computer system, beds, x-ray machine, defibrillator. They have also done most of the internal fit out including some built in furniture.
- The Trust funded the erection of a new garage at 3 Edinburgh Street, have reroofed the house at 3 Edinburgh Street, have installed heating and undertaken ongoing maintenance. They also funded the cost of the subdivision for the land at the rear of 185 Commercial Street and erected the new fence. They also funded the subdivision of the land at the rear of the pensioner cottages.

Discussion was held as to the best method of disposing of the property and a further option was explored. This would involve a boundary adjustment as shown on the attached plans which would remove the easement alongside the pensioner cottages at 189 Commercial Street and incorporate the land at the rear of the pensioner cottages title. This would provide the opportunity to construct at least two more pensioner cottages when the need arose and would also protect the water supply. As the area has been sealed, it would act as a carpark in the meantime and require very little maintenance. For the next 10 years (until the expiry of the St John Ambulance lease) access over this land will have to be maintained unless a suitable alternative access is provided. This may be possible through Edinburgh Street.

The balance of the GBMCCT site could be offered for sale along with the residential property at 185 Commercial Street. This is also shown on the aerial photograph. This creates a relatively desirable area in excess of 2000 m². Under this scenario, the balance of the existing loan would be deducted from the sale price and the value of the St John improvements would be excluded from any sale.

The Trust has asked whether the Council would be willing to advance funds prior to any sale. The medical centre property has a rateable value of \$700,000.00 approximately. I expect the value of the property is less than this.

I have asked the Trust to consider appropriate projects to which the proceeds might be put. One of these is probably a locum's residence.

RECOMMENDATION

- 1 THAT the report regarding the Golden Bay Medical Centre property dated 10 July 2009 be received.
- 2 THAT notice of an intention be given to undertake a boundary adjustment to incorporate the land at the rear of 189 Commercial Street into that property.
- 3 THAT the balance of the land at after the boundary adjustment referred to in (2) be marketed with 185 Commercial Street, with the balance of the loan on that property being deducted from any sale proceeds.

Jim Frater

Manager Property Services

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