

8.2 Solis

Responsible Officer – General Manager

Comments

The following minute 94/13 reflects the last decision that Council made in relation to the Solis development.

Councillors endorsed the final business plan provided to Council in a workshop taken by Mr Greg Ramsay of Experience Consulting directly before the decision was taken.

The business plan as presented to Council at this time entailed Council borrowing \$5 million and operating the golf course.

The business plan showed operating losses of approximately \$1.2 million in the first three years with a gradual recovery of funds after this time.

This business plan is now defunct and the project has moved on with funding announcements from the State Government of \$3 million and an approved budget allocation of \$3 million in borrowings from the Council. Council is actively working with the State Government (State Growth) and the Commonwealth to secure a further \$3 million dollars in Commonwealth funds. This \$9 million will build the golf course, club house, and all the public facilities including water and sewerage. This infrastructure will be owned by the Council.

The Council has been working hard to find an operator of the club house and course and at this stage has had genuine interest from three operators. The deal would be that these operators are locked into a 20 year lease with Council that would pay the \$3 million dollars in borrowings on behalf of the Council as lease fees to Council. The ownership of the Golf Course and club house would then be transferred to the operator subject to grant deed conditions.

This provides a no cost development to Council at a return of approximately \$88,000 per annum in rates for the 88 residential lots that will be required to be developed as part of the first stage by the developer.

Service fees will also be levied on the occupiers to cover the costs and replacement cost of the sewer system that will be owned by Council.

I have included in this report the latest press release on Solis which has been sent to all media outlets and explains the current progress on the project.

**AUGUST 2013 ORDINARY MEETING OF COUNCIL MINUTES
(Deputy Mayor Crawford was an apology)**

8.1 Solis

Responsible Officer – General Manager

Comments

Council has had a number of workshops with the consultant engaged by Solis to look at the development of the golf course, infrastructure and resulting residential development.

Through these workshops, Council has been provided with the business case for the re-starting of the project.

Statutory Implications

Nil

Budget Implications

Nil at this stage

Recommendation

The Council gives its in principle support for the project and the way forward, whilst identifying any deficiencies that it considers in the business case and considers further actions at its September 2013 or October 2013 meeting before considering any binding agreements with the developers.

Decision: 94/13

Moved Cllr Michael Davis, seconded Cllr Mick Fama, that the recommendation be adopted.

**The motion was put and carried unanimously
(8 Votes to 0)**

For: Mayor Bertrand Cadart, Cllr Cheryl Arnol, Cllr Chelsea Lee Brown, Cllr Michael Davis, Cllr Mick Fama, Cllr Craig Johnston, Cllr Richard Parker, Cllr Jenny Woods.

Against: Nil

Statutory Implications

Nil.

Budget Implications

Included in 2014/2015 budget as approved by Council.

Recommendations

1. That Council reconfirms the budget allocation of 3 million dollars in borrowings from Tascorp to facilitate the Solis development.
2. That Council confirms its commitment to a partnership between the State and Federal Governments and the developers to facilitate the development.
3. That the General Manager continues to work with the State & Federal Governments and the developers to develop a final business plan after funding is confirmed.
4. That the final business plan once completed will be presented to Council for final approval.

Attachment: Solis Media Release from Mayor Bertrand Cadart, August 2014



GLAMORGAN SPRING BAY
COUNCIL

9 Melbourne Street,
PO Box 6 Triabunna 7190
Ph: 6256 4759 Fax: 6256 4774

MEDIA RELEASE

From: Mayor Bertrand Cadart
Organisation: Glamorgan Spring Bay Council
Contact details: Mayor Bertrand Cadart
Subject: Answering some questions on Solis
Date: 13/08/2014

For immediate release -

The Mayor and Councillors of Glamorgan Spring Bay have quite understandably been receiving many questions from residents and ratepayers in recent weeks regarding the Solis development at Louisville Point, Orford. What is the plan moving forward and what is Council's involvement?

The Mayor would like to take this opportunity to answer some of the key questions being asked about Solis.

The Solis development as it sits today involves three main parts:

1. Construction of the public roads, water and sewerage infrastructure for the entire Louisville Point development site (public assets).
2. Construction of a world class golf course and club house.
3. A staged residential development of up to 600 lots.

Q: Why is Council involved with a development such as Solis?

A: As Council we see one of our most important roles and responsibilities as stimulating economic growth in our municipality rather than sitting back and hoping that it might happen one day. The Solis project stalled several years ago because the developer did not want to carry the unexpected public roads, water and sewerage infrastructure costs and it is highly unlikely that any private developer will move forward unless this public infrastructure is put in place. This is a major part of what Council, State Government and Federal Government funding will be used to overcome. Our region desperately needs more jobs and more people for us to be able to prosper. Solis is an important part of our strategy to do this, along with as always encouraging private developers and industry such as Spring Bay Mill, the boatel developers at the Triabunna Marina and Tassal to invest. We need to encourage and support a diverse range of investments and industry in the area, so that we are not as has happened in the past, relying heavily on just one industry like forestry.

Q: Is Council borrowing \$3 million to build Solis?

A: Council has included \$3 million as borrowings in the 2014/15 budget to get what is essentially a \$50 million dollar project started. Currently the State Government has committed \$3 million, Council has committed \$3 million and we are asking the Federal Government to also commit \$3 million. This \$9 million will build the golf course, club house, roads, as well as the water and sewerage infrastructure. All of these will be public assets that Council owns.

Council is **not** funding or building the residential development.

The State Treasury has approved the loan based upon their conservative assessment of our ability to repay the loan and our strong financial performance over the last 5 years.

It is also worth noting that the value of the land, that will be transferred from the residential developer to Council in return for Council and government building the golf course and public infrastructure, is worth well over the \$3 million in borrowings.

Q: Is Council going to build and run the golf course? Is this a risk for ratepayers?

A: Council and other levels of government will fund the construction of the golf course but certainly won't run the golf course. The idea is that the golf course will be built as part of putting in the water, sewerage and roads, as these need to be constructed based on the golf course design. The golf course is no longer the Greg Norman design but has been altered slightly to take into account the site's natural assets. It will be a design that works more with the natural shape of the existing landscape and will include a public shared pathway around the foreshore of the development. The most important thing is that the golf course becomes an asset for Council (and you as the ratepayers) to lease.

The residential developers then have the golf course that can be leveraged to sell the houses and the first 88 lots of a 600 lot residential sub-division will be completed. The first 88 lots will return Council over \$88,000 per annum in rates.

There are three private proponents interested in leasing and running the golf course. The private lessee will also run the club house and will pay Council the equivalent of the capital and interest repayments. They are also interested in building holiday accommodation for the golf course. Council will aim to have this lease agreement in place before the golf course construction commences and can assure ratepayers those interested are experienced in running golf courses such as this.

Q: How will the new Solis golf course affect the existing golf course in Orford?

A: The experience in other locations around Tasmania where golf courses have been built in close proximity to each other has actually been positive rather than negative for the existing courses. Those who are drawn to a course like Solis and a beautiful location like the East Coast to play golf will take the opportunity to play other courses in the area. So in actual fact existing golf courses around the State have benefited from increased visitation to an area by those who love to play golf and would not have normally visited the area.

Finally, please rest assured there has been nothing hidden about the plans to try and revive the Solis development. Council's involvement has been detailed in media releases, Council meeting agendas and Annual Plans and Budget Estimates for the last three years. The original developer Mr Mario Torossi remains one of the key residential developers and as soon as we have formalized agreements from the other interested parties, we will ask their permission to identify who they are publicly.



As Mayor I am confident that the momentum for growth and economic certainty for our community is building and our future looks truly bright. I can also assure you that if State Treasury or our General Manager thought that there was any risk in Council having \$3 million in borrowings, they would not allow this to go ahead. This is very low risk but with much to gain.

Should anyone have any further questions or concerns and would like to have a discussion on Solis with the General Manager or the Mayor please contact the Council offices on (03) 6256 4759 to make an appointment. It is far better that if you have any concerns they can be answered directly, so please don't hesitate to come in and have a discussion.

Ends

For more information please contact Mayor Bertrand Cadart
Phone: 0407 511 454