

8.9.1 SALE OF GUNDAGAI PRE-SCHOOL

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REPORTING OFFICER	Andrew Brock, Manager Facilities
AUTHORISING OFFICER	Matt Stubbs, Deputy General Manager - Operations
RELEVANCE TO COMMUNITY STRATEGIC PLAN	4. Collaborative and progressive leadership 4.1 A clear strategic direction that is delivered upon
FINANCIAL IMPLICATIONS	Saving \$2 million dollars depreciation of new building.
LEGISLATIVE IMPLICATIONS	There are no Legislative implications associated with this report.
POLICY IMPLICATIONS	There are no Policy implications associated with this report.
ATTACHMENTS	1. MOU Gundagai Preschool and CGRC 2. Preschool Committee Email

RECOMMENDATION

- Council offers to sell the Gundagai Preschool and Kindergarten, 89 First Avenue, Gundagai. Lot 213 DP 1276945, for \$1.00 to the Gundagai Pre-school Kindergarten.**
- Gundagai Preschool cover council legal costs associated with transfer of land to Gundagai Preschool and Kindergarten estimated value of up to \$2,000.00.**

Introduction

The Gundagai Pre-school Kindergarten Inc has shown interest in purchasing the existing site, with the same conditions as previously undertaken for the sale of the Cootamundra pre-school, which was owned by the former Cootamundra Council.

The site is currently being redeveloped using grant funding, which was applied for by the committee and successfully awarded, for the construction of a new 59 place preschool.

Discussion

The Gundagai Preschool is a community run preschool kindergarten serving the Gundagai population and was owned by the former Gundagai Council. The preschool committee has been extremely active since its inception in 1969. Throughout the 1970's, the association applied for funding and were successful in securing a capital grant for construction of a new building at 89-91 First Ave.

In 1999-The preschool received a loan from Council to build an extension valued at \$22,000 which was paid back to council at first incrementally but then in a final lump sum before it was due.

The preschool has current approvals to operate with a capacity of 24 children ranging in age 3-6 years old. The committee has struggled in the past with funding, as they are not the owner of the land or building, which has hampered further development and improvements, due to no formal agreement with the former Gundagai Council but rather a gentleman's handshake, where the preschool was not charged rates or rent but was responsible for water rates and some building maintenance, as well as the insurance for the building and some contents.

Council was gifted at the merger process, \$510,000 to go towards renovations for a new build for the preschool. Due to this funding received by council, the committee were able to apply for further funding through Start Strong Capital Works Grants Program and were then awarded \$1.5 million dollars for a new 59 place build.

As part of this work, a Memorandum of Understanding 2020 was created and a formal lease was entered into, at a rate of \$1 per year, for 3x10 years.

The preschool committee acknowledge that in 2016 they were approached by council to sell the land to them for \$1 and due to the uncertainty of the amalgamation, respectfully declined the offer at that time. This offer was raised as precedent set by former Administrator Christine Ferguson, after the approved sale of the Cootamundra Pre-school for same amount Resolution Number 38 of 2016-05 meeting.

After much debate and a new committee being elected, careful consideration was given to taking council up on their original offer and in 2018 the committee approached the former General Manager Allen Dwyer for council to re-consider the sale of the preschool to the committee.

There were discussions held, for the design of the new preschool by the former General Manager Phil McMurray and Gundagai Councillors. The discussions were around council retaining the preschool whilst continuing to support the committee in their endeavours. An MOU was drafted and adopted by council, Resolution number 022/2021, that contain the specifics on this arrangement.

As the committee continued talks with council in relation to the new build, they were also reconsidering their options to purchase and as a result discussions were entered into with Les McMahon, with a positive response from the committee.

In a show of strength, the preschool committee worked with council staff to design the new construction project and always indicated they wished to run the project on their own, knowing the difficulties ahead of them. The preschool has also contributed financially towards this project and as such, have part ownership of the new building. The project is currently moving along well and is being controlled by the preschool and contractor without council assistance, proving they can control a \$2 million dollar project successfully.

Financial

If council were to retain the preschool, there would be a \$2 million depreciation to carry over the life of the building. Council would only receive \$30 over the next 30 years for rent and would still be responsible for major maintenance as per agreement. Council would continue to pay rates, subsidise insurance and any other unexpected costs.

OLG 23a Guideline consideration

This has been considered and no impact to the guidelines.

Selling the asset is viewed positively from a financial point of view.