



DIRECTOR CORPORATE SERVICES REPORT

9th August 2005

DCS4	KEMPSEY AIRPORT EXPRESSIONS OF INTEREST
	FILE: * KEO

SUMMARY:

Reporting on the Expressions of Interest (EOI) received regarding potential uses of the Kempsey Airport.



Council has asked for a report on progress in regard to the Expressions of Interest (EOI) for future development proposals for the Kempsey Airport.

Eight (8) EOI's were received and reported to the Airport Advisory Committee. The Committee considered the EOI's and resolved –

"That the Committee suggest Kempsey Shire Council retain the airport as an operational aerodrome and that the Economic Development Manager follow up on Expressions of Interest that relate to development on the site, to further determine that they are prepared to advance on their proposals".

Council subsequently resolved on 12th April 2005 –

- "1. That negotiations continue with persons seeking to develop a Residential Airpark within the aerodrome site.*
- 2. That the parcel of surplus Aerodrome land on the eastern side of Old Aerodrome Road (currently subject to grazing lease to 31st December 2005) be considered for sale when all Residential Airpark negotiations have been completed".*

A summary of the submission and progress to date is as follows: -

Three Residential Airpark EOI's were received

These submissions proposed the sale or lease of Council land to develop dwellings with adjacent hangars. Council would benefit from the sale of land or recurring rental income. To proceed with this option rezoning of suitable land would be required, following a land evaluation and possible subdivision of airport land.

A residential airpark development provides several potential options to Council.

1. Sell land parcel to a developer outright.
2. Lease land to developer
3. Undertake a joint venture with a suitable developer
4. Council develops an airpark

Further investigation of these options is required, following land evaluations and potential income streams. A feasibility study should be undertaken to determine the most appropriate method of development.

Two proposals to conduct driver training and motor sports

Both EOI's included driver training services and the use of the airport as a venue for motor sports activities. Motor sport is a popular Macleay Valley pastime with no permanent facilities available for holding events. Such events would provide economic benefits to the community through tourism and service related activities. Residential developments near the airport would need to be considered from a noise perspective and ongoing aircraft landing feasibility needs to be determined.

One EOI represented an interest in the general day-to-day maintenance of the airport, including mowing and slashing.

This EOI is noted and has no impact of the use or potential use of the airport.

One EOI was for a commuter service

This EOI has not been further considered, as this proposal is a start up business, anticipating a "north coast run" utilising a 2 and 19 seater aircrafts. No business study had been undertaken prior to submitting the EOI.

One EOI was made by a London based investor to outright purchase the airport and retain its use as an operating airport

This EOI cannot be further explored at this time. A valuation of the airport, land and operations is required to pursue this option.

A fee of \$6,000 (plus travel costs) has been quoted for the valuation of the Airport.

Under the agreement which Council entered into in 1993 with the Commonwealth Government for ownership of the Airport, there is a clause which provides that Council –

“(n) shall not, without the consent in writing of the Secretary, which shall not be unreasonably withheld, close the aerodrome or sell, lease or otherwise dispose of or part with the possession of the land or any part of the land required for aerodrome purposes ...”.

REPORT IMPLICATIONS:

- ***Environmental***

Nil.

- ***Social***

Nil.

- ***Economic (Financial)***

A valuation of the Airport has been quoted at \$6,000 plus travel costs, say, \$1,500 ie. total of \$7,500. The Airport Budget does not have sufficient funds to meet this cost.

- ***Policy or Statutory***

Nil.

- ***Directors Review***

Council does not currently have the resources (mainly time) available to properly investigate and evaluate the EOI's. As a first step valuations of the Airport should be obtained. Next, Council should determine if external resources should be bought in to complete the evaluations.

RECOMMENDATION:

1. That the Council defers further action on the above noted Expressions of Interest until a valuation of the Airport as a going concern is undertaken and that a land valuation is also secured.
2. That Council allocate the amount of \$7,500 from Working Funds for a valuation of the Airport, operations and land.

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G B Snape
DIRECTOR CORPORATE SERVICES