

CITY OF ARMADALE

NOTICE OF SPECIAL MEETING and AGENDA

CR _____

PLEASE TAKE NOTICE that a **SPECIAL MEETING OF COUNCIL** will be held in the Council Chambers, Orchard Avenue, Armadale at **5.30 pm**

Tuesday, 2nd April 2002



R S TAME
CHIEF EXECUTIVE OFFICER

12 April 2002

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

2 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE
(previously approved)

Apology received from Cr Munn

3 PUBLIC QUESTION TIME

4 BUSINESS OF THE SPECIAL MEETING

4.1 Five Year Forward Plan & Principal Activity Plan

5 CLOSURE

FIVE YEAR FORWARD PLAN & PRINCIPAL ACTIVITY PLAN

WARD All
FILE REF: FIN/7
DATE 25 Mar 2002
REF RST/TM
RESPONSIBLE CEO
MANAGER

In Brief:

- Recent Workshop discussions on the Five Year Forward Plan resulted in the following methodology.
 - Project current “recurrent” activities and rating strategy forward as a base Five Year Plan.
 - Propose 2.5% “real” rate increase p.a. plus rate revenue derived from specific key developments. –Estimated Total \$2.552M
 - Consolidate the Strategic Initiatives and Unfunded Projects put forward in Strategic Plan discussions.
 - Determine priority of initiatives which can be included using the \$2.552 M revenue.
 - Add to “base” Five Year Plan and consolidate for adoption as Principal Activity Plan

Officer Interest Declaration

Nil

Strategic Implications

Corporate Services - The sound financial management of Council will be measured by:-

- Level of excellence in financial audit reports
- Level of contribution of rates to total revenue
- Affordability of rating levels
- The Council’s debt ratio
- The long term financial viability of Council
- Adequate funding of City facilities and services

Legislation Implications

Section 6.2 of the Local Government Act 1995

Part-3, Regulations 22 to 33 of the Local Government (Financial Management) Regulations 1996

Council Policy/Local Law Implications

Nil

Budget/Financial Implications

The Five Year Forward Plan will guide both the Principal Activity Plan, Strategic Plan and the 2002-2003 Budget.

Consultation

Extensive internal consultation

Workshop and information sessions held on 19th February and 13th March 2002 for elected members

BACKGROUND

In June 2000 Council combined its Five Year Programmes for various works and services into an all-encompassing Five Year Forward Plan.

In presenting the Plan to the City Strategy Committee the CEO outlined the need to focus on economic development and some key initiatives if the City was to be able to provide programmes and services in a sustainable fashion in the future.

The following diagrams illustrates how a strategic approach could lead to the sustainability needed to implement future community development and amenity initiatives.

DIAGRAM A

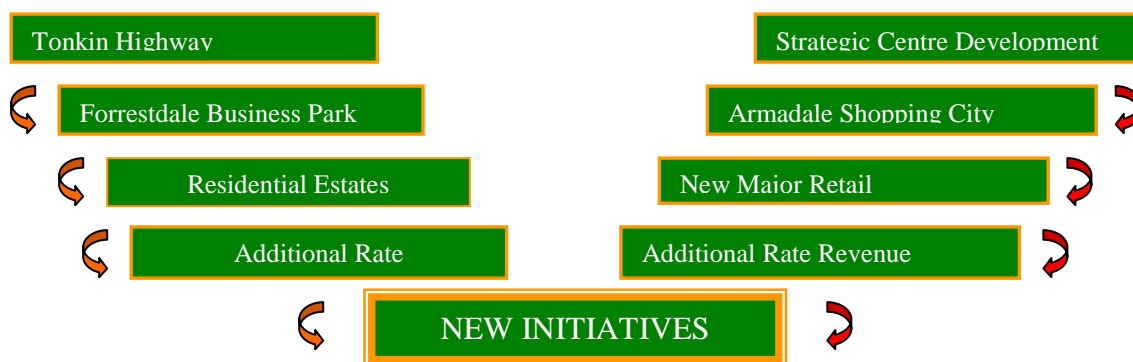
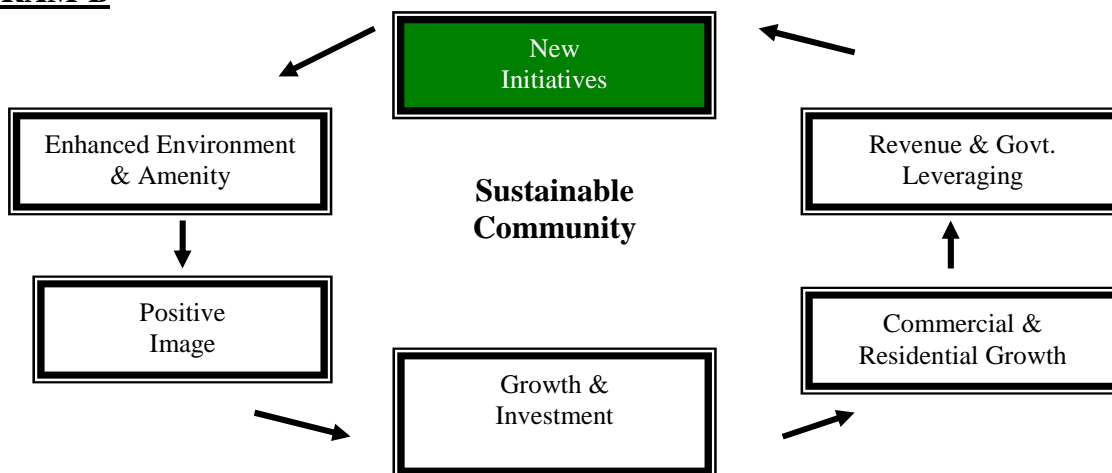


DIAGRAM-B



The Five Year Forward Plan was also based on series of principles which were reiterated when the plan was reviewed in June 2001, as follows:-

- *That the savings on debt service costs (\$600,000 in 2002-03 and thereafter \$1,200,000 each year) be applied towards key strategic projects which would serve to generate long term economic, community and financial benefits and position the City's administration to more effectively respond to business demands and challenges. Examples of these key strategic objectives included:*

- *Enquiry by Design*
 - *Tonkin Highway*
 - *Armadale Golf Course*
 - *Council IT Development (Business Process Review)*
- *That the Plan examine the revenue capability of the City and reflect future years revenues from those key strategic projects. The additional sources of rate revenue (other than a 3% “real” annual increase) provided for in the Plan are as follows:*
- *Forrestdale Business Park*
 - *Major Retail Development in Armadale*
 - *Residential Estates (Brookdale)*
 - *Armadale Shopping City Redevelopment*
- *By relating investment to these revenue outcomes, it becomes obvious that an opportunity exists to initiate key strategic projects, resulting in a deficit budget in the earlier years of the Plan, in the knowledge that these deficits could be repaid from future debt service savings. The Plan has been structured so as not to commit to expenditures that cannot be repaid from future confirmed savings and/or revenues. This principle must be maintained in any subsequent variations to the Plan.*

In June 2001, the City confirmed the New Initiatives incorporated into the Five Year Forward Plan, based on a proposed “real” growth in rate revenue of 3% per annum.

At the Workshops held on 19th February and 15th March 2002, Councillors and Executive Officers discussed the impact of the City’s 2001/02 Budget position, and the impact of current trends on the Five Year Plan. Particular attention was given to the reviewed Strategic Expenditures (Initiatives) and updated Development Rate Revenues (See Working Papers 1 and 2, with Notes on the Workshops).

The matter of Budget 2001/02 was addressed at the Council meeting on 18th March 2002.

Following the last Workshop, a report to Council was requested to consider a reviewed Five Year Plan, based on a 2.5% “real” rate increase, noting that this would be on top of inflation which now lies between 2% and 3% per annum.

The review was to be in current (2001/02) dollars, up to 2005/06. Once the Strategy was determined a new Five Year Plan to 2006/07 can be proposed in 2002/03 dollars, setting the basis for 2002/03 Budget discussion.

It is important that strategic decisions are made now to enable adoption of a Five Year Plan and advertising of a Principal Activity Plan and Strategic Plan. These will provide the guidelines (guiding, but not binding) the 2002/03 Budget.

COMMENT

Workshop-2 had concluded with the advice that Strategic Initiatives exceeded the anticipated additional revenue available to 2005/06 by \$868,500. Consolidation with Unfunded Projects extends this to \$2.2M.

Following the guide indicated by discussions at the Workshop held on 15th March 2002, the following principles and methodology are proposed:-

1. The principles underlying the Five Year Forward Plan in 2000 and 2001 be retained.
2. The Strategic Initiatives forwarded from June 2001 and the Unfunded Strategic Projects have been consolidated in a single list, extending to 2005/06 – See Table 1.
3. Strategic initiatives have been grouped into three categories:-
 - Economic Development/Revenue Leveraging
 - Community advancement/Environmental Improvement
 - Service Delivery

With relative priority shown as H, M or L (High, Medium or Low). The rationale for categorisation and suggested priority rating is shown in **Attachment A-1**.

4. **Table-1** indicates the source of each initiative as requested. **Table-2** groups the estimated cost of initiatives, according to relative priority.
5. Each Strategic Initiative is outlined further in an individual Project sheet included in **Attachment A-2**

METHODOLOGY

The proposed methodology to bring Council to adoption of a Principal Activity Plan and Five Year Forward Plan is outlined below:-

1. The Five Year Forward Plan currently shows \$2.552M available for Strategic Initiatives (NB 2001/02 dollars)
2. Certain initiatives are vital to achieving revenue projections later in the Plan.
3. The consolidated list of Strategic Initiatives 2002/03 to 2005/06 (Table-1) shows a total estimated cost of \$4.652 M (NB: 2001/02 dollars)
4. Confirm consolidated list to 2005/06.
5. Note: Some projects have been limited or amortized. Aquatic Centre not included for funding but to be considered by Community Services Committee regarding long term direction.
6. Consider the suggested Priorities on Table-1 – Confirm
7. Consider Table-2, showing aggregated estimated cost of the relative priority groupings.
8. Allocate available funding according to strategic principles and priorities, as shown on Table-2. Note that available funding almost equates to High priorities
9. Add the selected Strategic Initiatives to the (now reviewed) “base” current Five Year Forward Plan.

10. Adopt the new Five Year Plan
11. Update all figures to 2002/03 (estimated)
12. Adopt the Principal Activity Plan
13. Review Strategic Plan in accord with Workshop guidelines and new Strategic Initiatives
14. Continue Strategic Plan and 2002/03 Budget process.

CONCLUSION

It will be recommended that the Five Year Plan and Principal Activity Plan to 2005/06 be formulated by including those projects listed as high priority (H) on Table-2, and adding them to the “base” Five Year Plan of recurrent activities, along with projected rate revenue as outlined above (2.5% plus strategic development revenue). A table and supportive information aggregating these figures will be forwarded under separate cover.

This will also enable confirmation that the progressive deficit will not exceed limits set by statute.

The conclusive information and recommendation will be forwarded under separate cover but should encompass the following:-

That:-

1. the proposed Principal Activity Plan for the (4) year period ending 30th June 2006 as shown in Table ...and amended at the April 2nd 2002 Special Meeting of Council to include priority Strategic Initiatives, be adopted;
2. local public notice of the Plan be given in accordance with Section 5.57 of the Local Government Act 1995;
3. the first year (2002-03 Year) of the proposed Principal Activity Plan (as amended to include strategic initiatives) form a guide to Council’s Standing Committees in developing Draft Budgets for the 2002-03 year;
4. the Standing Committees when developing Draft Budgets examine the cost and relevance of all current programs with a view to minimising cost and seeking further opportunities to fund identified strategic initiatives.

RECOMMEND

To be forwarded under separate cover.

