

CITY OF ARMADALE

A G E N D A

OF TECHNICAL SERVICES COMMITTEE TO BE HELD IN THE COMMITTEE ROOM, ADMINISTRATION CENTRE, 7 ORCHARD AVENUE, ARMADALE ON MONDAY, 4 FEBRUARY 2008, AT 7.00 PM.

A meal will be served at 6.15pm.

PRESENT:

APOLOGIES:

OBSERVERS:

IN ATTENDANCE:

PUBLIC:

DISCLAIMER

The Disclaimer for protecting Councillors and staff from liability of information and advice given at Committee meetings to be read by the Chairman.

DECLARATION OF MEMBER'S INTERESTS

QUESTION TIME

DEPUTATION

CONFIRMATION OF MINUTES

RESOLVED

Minutes of the Technical Services Committee Meeting held on 22 January 2008, be confirmed.

**MOVED Cr
MOTION CARRIED**

ITEMS REFERRED FROM INFORMATION BULLETIN – ISSUE NO. 1

The following items were included for information in the “Technical Services” section:

- **Outstanding Matters**
Report on Outstanding Matters – Technical Services Committee T-1
- **Monthly / Quarterly Departmental Reports**
Technical Services Works Programme T-3
- **Minutes from Occasional / Advisory Committees**
Bungendore Park Management Committee – November 2007 T-7
- **General Information**
Bushcare and Environmental Advisory Committee Annual Report T-10
Comment on the Draft State Trailbike Strategy T-21
Letter regarding Trailbike Strategy T-22
FutureNow E-Newsletter – November 2007 T-23
Letter regarding Boneweed T-26
Letter regarding Caning Wungong Southern Rivers Irrigation Advisory Committee..... T-27
Innovative Financing for Local Government Infrastructure Conference T-28
FutureNow E-Newsletter – December 2007 T-29
Phosphorus Action Group – SERCUL T-33
Water Corporation – work in Green Avenue T-47

If any of the items listed above requires clarification or a report for a decision of Council, this item to be raised for discussion at this juncture.

I N D E X

TECHNICAL SERVICES COMMITTEE

4 FEBRUARY 2008

PARKS AND RESERVES

LOCATION OF RUBBISH BINS ON COUNCIL RESERVES4

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COMMUNITY INFRASTRUCTURE CONFERENCE9

LOCATION OF RUBBISH BINS ON COUNCIL RESERVES

At the Council meeting held on 17 December 2007, Cr Hart referred the following matter to the Technical Services Committee.

That the review of the location of rubbish bins on Council Reserves be referred to the Technical Services Committee.

CITY STAFF MANAGEMENT – TECHNICAL SERVICES DIRECTORATE

WARD : All
DATE : 29 January
2007
REF : AB
RESPONSIBLE : CEO
MANAGER

In Brief:-

- In order to attract staff to vacant positions, roles, responsibilities and remuneration are to be upgraded.
- Funding can be achieved by reallocation of overall Directorate Funding by Budget variation.
- **Recommend**
That Council, pursuant to Section 6.8 of the Local Government Act 1995:
 1. Authorise the following expenditure:
Purchase of vehicle for the Senior Designer \$27,500
Purchase of vehicle for the Project Engineer \$27,500
 2. Amend the 2007-08 Adopted Annual Budget, to accommodate the above authorised expenditure, as follows:
Increase the Plant-Capital Expenditure –Engineering Design account (351242.1427.02) by \$55,000
Decrease the Technical Services Administration Salaries account (250021.1001.01) by \$55,000

Tabled Items

Nil.

Officer Interest Declaration

Nil.

Strategic Implications

Strategic Plan:

- to foster an effective professional environment for the governance and administration of the City's services;
- to achieve maximum community benefit from effective use of resources (staff, finances, and information technology);
- to create a workplace where staff are innovative, confident and continue to learn

Legislation Implications

Local Government Act 1995:

- Sect. 2. 7(2)(a):
“The role of the council:
(2) Without limited subsection (1), the council is to:-
(a) oversee the allocation of the local government's finances and resources.
- Sect. 5.51(a)&(g):
“The CEO's functions are to:
(a) advise the council in relation to the functions of a local government under this Act and other written laws:
(g) be responsible for the employment, management supervision, direction and dismissal of other employees (subject to 5.37(2) in relation to senior employees);

Council Policy / Local Law Implications

Council's Policy ADM-5 – Staff Establishment Levels

Budget / Financial Implications

The operational costs of staff salaries and wages are incorporated in the Directorate activities within the 15 Year Financial Plan. Funding for the purchase of vehicles as part of the remuneration package as well as for operational use is not allocated in the 2007/08 Budget and this report recommends a budget variation to accommodate the vehicle purchase within the overall Budget allocation to the Technical Services Directorate. As the vehicles purchased in part are to attract staff to the City and the Directorate, as was reported to the 17th December 2007 Council meeting TS110/12/07, has been operating substantially below establishment level it is recommended that vehicle funding be covered from within the Directorate's staff budget, which at present is under spent by \$191,000. The vehicle purchase is expected to be of the order of \$55,000. Council is cautioned that the underspend on salaries, after this re-allocation is made, is likely to be required to fund consultancies or contracts to undertake the work which would have been undertaken, had there been a full staff complement.

BACKGROUND

The development boom in Western Australia has created considerable pressure in most industries due to the lack of suitably qualified and experienced staff. The engineering and construction industry is one which is particularly suffering with problems being especially severe in government areas. Larger mining, construction and consultancy companies are paying considerable salary premiums to attract the limited number of suitable personnel and this has meant that many government areas, where salary packages are less flexible, are finding it almost impossible to fill vacant positions.

The Technical Services Directorate presently has a number of positions unfilled. The situation is exacerbated because of the growing number of subdivisions and housing developments in the area, together with the extra Council projects generated as a result of the Armadale Redevelopment Authority, increased traffic and community growth. This means that not only is it necessary to fill existing positions but also those extra positions which have been created to address the increased workload.

COMMENT

There are 7 operational positions vacant in the Directorate. With the exception of Senior Subdivisional Engineer (vacant as a result of an internal promotion) and Project Engineer (vacant as a result of a recent resignation) all the positions have been advertised and have not attracted suitable applicants. As a consequence these positions have been reviewed and the work content and position classification have been upgraded, with consequential upgrading of the remuneration packages.

The Key additional cost associated with these upgrades is the need to purchase an additional two vehicles for the Senior Designer and the Project Engineer. The Directorate's budget can accommodate these purchases and the additional salary costs of up to \$35,000 pa without making demands on additional Municipal Funds or the Plant and Machinery Reserve. All these positions are required and if not filled will require contract/ consultant staff and associated supervision which will exceed this increase in salaries.

The principles followed in making these upgraded positions are:-

- Previous advertising to test the market for applicant numbers and quality;
- Where necessary benchmarking among other Local Governments;
- Rewriting Position Descriptions to ensure that remuneration packages are aligned to the duties to be performed;

- Ensuring that the likely timeframe for the position is greater than the likely duration of incumbency for the position being advertised, or a contract is to be offered;
- A detailed examination of the revenue sources and operational cost implications and service delivery impacts of both proceeding or not with filling the position;
- An appropriate report to Council through the Technical Services Committee of the budget and programme impacts and what funding re-allocations are required.

Whilst the Senior Designer and Project Engineer require access to a vehicle for their duties, the principal reason is to enhance the remuneration package. As the Directorate has a current underspend on salaries of \$191,000, I suggest that some of these one off savings be applied to the one off cost of purchasing the vehicles, therefore keeping a degree of like for like. The estimated vehicle cost is \$55,000.

The salary and other employment costs of the Subdivision Engineers should be met by allocating funds from revenues received from the engineering component of work required of these Officers from Development Applications, Building Licences and Subdivision supervision fees. While it is not our present practice to allocate Engineering and Design staff costs to projects, a case could be made to allocate a portion of this Department's staff costs to the capital projects. This has the effect of a small reduction in direct capital expenditure; the cost of consultant designs for such projects would have to be funded by re-direction of capital to fund at a far higher impact on the programme.

The inability to employ the Project Engineer and Asset Management Coordinator would similarly require far higher funding for consulting fees and would also require additional staff for contract supervision. Without these staff, Council's capacity to continue its work on sustainability and the complex one off tasks such as Armitage Road, Ecko Road, Lefroy Road and ongoing projects such as the Shale Quarry and the CCTV project, as well as work arising from Councillor items, cannot be effectively carried out. The level of service thus being delivered to the Community will be drastically reduced just as the momentum for these projects is building.

CONCLUSION

In order to attract staff to vacant positions, it is necessary to upgrade the roles and responsibilities of a number of technical positions within the Technical Services Directorate, as well as the remuneration packages offered. This requires the purchase of two additional vehicles not included in the 2007/08 Budget. It is recommended that a budget variation be made, reallocating \$55,000 from the Technical Services Administration salaries budget (250021.1001.01) to the Plant - Capital Expenditure - Engineering Design account (351242.1427.02).

RECOMMEND

That Council, pursuant to Section 6.8 of the Local Government Act 1995:

1. Authorise the following expenditure:

- **Purchase of vehicle for the Senior Designer** - \$27,500
- **Purchase of vehicle for the Project Engineer** - \$27,500

2. Amend the 2007-08 Adopted Annual Budget, to accommodate the above authorised expenditure, as follows:

**Increase the Plant-Capital Expenditure –Engineering Design account
(351242.1427.02) by \$55,000**

**Decrease the Technical Services Administration Salaries account
(250021.1001.01) by \$55,000**

MOVED Cr
MOTION CARRIED

***BUILDING & FINANCING LOCAL GOVERNMENT & COMMUNITY
INFRASTRUCTURE CONFERENCE***

WARD All
FILE REF
DATE 24 January 2008
REF LEK
RESPONSIBLE MANAGER WAB

In Brief:

- Outline of a conference on Building and Financing Local Government and Community Infrastructure. The Conference is being chaired by Cr P Bell, Chairman of ALGA.
- **Recommend**
 1. That Council nominate Councillor as delegate to the Building & Financing Local Government & Community Infrastructure Conference to be held in Sydney 12 – 13th March 2008 with costs to be charged to 210128.1046.02.
Or
Should no nomination be received, then the recommendation be as follows:
 2. That no nomination be made for attendance at the Building & Financing Local Government & Community Infrastructure Conference.
 3. That Council note the attendance of the Executive Director Technical Services at the Building & Financing Local Government & Community Infrastructure Conference to be held in Sydney from 12 - 13th March 2008, with costs to be charged to 250021.1006.01.

Tabled Item

Conference Papers

Officer Interest Declaration

Nil.

Strategic Implications

Communicating and Marketing

Working with State Government and other key stakeholders to market the City of Armadale.

Legislation Implications

General assessment of relevant legislation (eg. Local Government Act) has not revealed any restrictions.

Council Policy/Local Law Implications

Assessment of Policy / Local Law indicates that the following are applicable:

ADM3 – Conferences Seminars and Training

Budget/Financial Implications

The individual cost to attend the conference, which includes airfare, accommodation, full registration and expenses is \$2557.00 for the first delegate and a reduced cost of \$2425.00 for further delegates.

Consultation

MANEX

BACKGROUND

The rapidly growing demands on local government to build new infrastructure – as well as to replace ageing assets – is leading councils to seek innovative solutions to the financing of the next generation of infrastructure. Joint ventures with the private sector, developer contributions, public private partnerships and a number of novel financing techniques are being explored with the goal of building high quality public assets. An impressive array of speakers will discuss Australia's most successful local government partnerships between the private and public sectors, and explore important themes in the current investment spotlight such as risk management, probity, value for money outcomes and project management.

DETAILS OF PROPOSAL

A two-day national event looking at the latest innovations and best practice in financing Local Government Infrastructure, with a focus on practical case studies will be held in Sydney. Topics include:

- Building Batemans Bay future CBD
- The Gold Coast Water Alliance: Managing the multi-phase rollout of a number of largescale programs
- Legal Structures for Local Government PPPs
- Green Square Town Centre, Sydney – the challenge of Urban Renewal
- Insights into PPP decision-making processes
- Bundling a series of Road, Water and Community infrastructure projects
- Innovative Debt Financing arrangements
- Comprehensive Infrastructure Maintenance programs: Reducing the Carbon Footprint
- Making Alliances work for Local Government
- Using Innovative Alliance contracts to deliver infrastructure projects
- Options for Financing Infrastructure

Conference Chair: Cr Paul Bell, President, Australian Local Government Association (ALGA)

Keynote Address: Financial Sustainability of Local Government in Dealing with Ageing Infrastructure, Professor Percy Allan AM, Principal, Percy Allan and Associates, Chairman Review Today, and Chair of Inquiry into the Financial Sustainability of Local Government, NSW.

Master Class: Structuring and Negotiating PPPs to effectively Transfer Risk, Maddocks

CONCLUSION

As the City is embarking on a number of major infrastructure projects, all of which require a very significant investment it is appropriate to extend the understanding of opportunities and risks of setting up complex technical and financial relationships. Attendance at a Conference of this nature is an important source of information.

The attendance of the Executive Director Technical Services will be funded from the Technical Services Conferences and Seminars Budget 250021.1006.01.

RECOMMEND

- 1. That Council nominate Councillor as delegate to the Building & Financing Local Government & Community Infrastructure Conference to be held in Sydney 12 – 13th March 2008 with costs to be charged to 210128.1046.02.**

Or

- 2. Should no nomination be received, then the recommendation be as follows:**

That no nomination be made for attendance at the Building & Financing Local Government & Community Infrastructure Conference.

- 3. That Council note the attendance of the Executive Director Technical Services at the Building & Financing Local Government & Community Infrastructure Conference to be held in Sydney from 12 - 13th March 2008, with costs to be charged to 250021.1006.01.**

MOVED Cr
MOTION CARRIED/LOST



BUILDING & FINANCING LOCAL GOVERNMENT & COMMUNITY INFRASTRUCTURE

March 12 - 13, Stamford Plaza, Double Bay, Sydney

The rapidly growing demands on local government to build new infrastructure – as well as to replace ageing assets – is leading councils to seek innovative solutions to the financing of the next generation of infrastructure. Joint ventures with the private sector, developer contributions, public private partnerships and a number of novel financing techniques are being explored with the goal of building high quality public assets.

An impressive array of speakers will discuss Australia's most successful local government partnerships between the private and public sectors, and explore important themes in the current investment spotlight such as risk management, probity, value for money outcomes and project management.

Hallmark Conferences' 2008 Conference will review the latest successful local government partnerships between the private and public sectors, legislative reform in relation to local government PPPs, and present expert commentary from the local government and project financing sector.

WHO SHOULD ATTEND

- Local Government CEOs and Senior Management Teams
- CFOs
- Councillors
- Strategic Planning Professionals
- Engineers
- Developers
- Financiers
- Constructors
- Lawyers
- Consultants
- Business Development Executives

A two-day national event looking at the latest innovations and best practice in financing Local Government Infrastructure, with a focus on practical case studies. Topics include:

- Building Batemans Bay future CBD
- The Gold Coast Water Alliance: Managing the multi-phase rollout of a number of large-scale programs
- Legal Structures for Local Government PPPs
- Green Square Town Centre, Sydney – the challenge of Urban Renewal
- Insights into PPP decision-making processes
- Bundling a series of Road, Water and Community infrastructure projects
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Master Class: Structuring and Negotiating PPPs to effectively Transfer Risk, Maddocks

Feature Speakers include:



Professor Percy Allan AM,
Principal, Percy Allan and
Associates, Chairman Review
Today, and Chair of the
Inquiry into the Financial
Sustainability of Local
Government, NSW



Greg Campbell,
Partner Construction
& Major Projects,
Maddocks



Cr Paul Bell,
President, Australian
Local Government
Association (ALGA)



Christopher Brown,
Deputy Chairman,
Infrastructure
Partnerships Australia

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BUILDING & FINANCING LOCAL GOVERNMENT & COMMUNITY INFRASTRUCTURE

DAY ONE: Wednesday March 12, 2008

9.00 CONFERENCE WELCOME

SESSION 1: KEYNOTE ADDRESS

9.05 OPENING ADDRESS: REFORMING LOCAL GOVERNMENT
FUNDING TO MEET COMMUNITY NEEDS

Cr Paul Bell, *President, Australian Local Government
Association (ALGA)*

SESSION 2: PUBLIC PRIVATE PARTNERSHIPS

9.30 CREATING A LARGE TOURISM/RESIDENTIAL DEVELOPMENT:
A PARTNERSHIP WITH PROFIT SHARE

Phil Woodcock, *Director of the Shell Cove Business Division,
Shellharbour City Council*

Shellharbour City Council is in the process of creating one of the largest tourism/residential projects in the country. In a unique partnership, Shellharbour is acting as the developer, while property group Australand is the project manager and financier. The Shell Cove project seeks to create a new community of 10,000 people over about a dozen years with spin offs including local economic development through increased jobs and tourism, a range of new council owned infrastructure built at no cost to Shellharbour, and a projected \$35 million final profit for the council.

10.00 BUILDING BATEMANS BAY FUTURE CBD – CASE STUDY
UPDATE

Peter Tegart, *Assistant General Manager,
Eurobodalla Shire Council*

Eurobodalla Shire Council has partnered with the private sector to construct a 400-space carpark, finance the construction of a public school, and enhance the city's retail centre. They have adopted a probity plan where Council is both the seller of land for development and the Authority that approves the development. Peter will discuss the benefits the community has realised since the successful launch of the project in 2003/04.

10.30 MORNING TEA

SESSION 2: CONTINUED

11.00 LEGAL STRUCTURES FOR LOCAL GOVERNMENT PPPs: PROS
AND CONS

Greg Campbell, *Partner, Construction & Major Projects,
Maddocks*

Greg will discuss models for the delivery of local government infrastructure – traditional to PPP, as well as the pros and cons of the various delivery models; the role of council land in infrastructure delivery and PPP projects; proper consideration and allocation of risks; and considerations for selecting an appropriate delivery model.

11.50 GREEN SQUARE TOWN CENTRE, SYDNEY – THE CHALLENGE
OF URBAN RENEWAL

Paul Andersen, *Project Director, Landcom*

Paul will provide the developer's perspective, looking at sources of funding for provision of public infrastructure in the Green Square Town Centre, the Development Rights Model as an equitable method of calculating the required contribution towards essential infrastructure, and what developers receive in exchange for their contributions.

12.20 PANEL DISCUSSION – INSIGHTS INTO PPP DECISION –
MAKING PROCESSES

Christopher Brown, *Deputy Chairman, Infrastructure
Partnerships Australia*

Cr Paul Bell, *President, Australian Local Government
Association (ALGA)*

David Spokes, *CEO, City of Port Phillip*

Aaron Gadiel, *CEO, NSW Urban Taskforce (invited)*

1.15 LUNCH

SESSION 3: INFRASTRUCTURE FINANCING AND PLANNING

2.15 INNOVATIVE DEBT FINANCING SOLUTIONS FOR LOCAL
GOVERNMENT – INCLUDING CASE STUDIES

Rob Duke, *Managing Director, Longreach Capital Markets*

2.45 ST KILDA TRIANGLE DEVELOPMENT PLAN: DEALING WITH
TOMORROW'S COMMUNITY INFRASTRUCTURE NEEDS TODAY

David Spokes, *CEO, City of Port Phillip*

3.05 JOINT VENTURING WITH COUNCILS TO BUILD LIFESTYLE
CENTRES ACROSS AUSTRALIA

Speaker TBC

3.30 MODERATED DISCUSSION

3.40 AFTERNOON TEA

4.00 LOCAL GOVERNMENT BUILDINGS – WHAT ENVIRONMENTAL
INITIATIVES HAVE YOU IMPLEMENTED?

Sam Furphy, *CEO, Urban Maintenance Systems and ECS
(Energy Conservation Systems)*

9.00 CONFERENCE WELCOME

4.30 CLOSE OF DAY ONE PROCEEDINGS.
NETWORKING DRINKS



To register: fax (03) 9530 8911, phone (03) 8534 5000, register online www.halledit.com.au or email registration@halledit.com.au

BUILDING & FINANCING LOCAL GOVERNMENT & COMMUNITY INFRASTRUCTURE

DAY TWO: Thursday March 13, 2008

9.05 KEYNOTE ADDRESS: FINANCIAL SUSTAINABILITY OF LOCAL GOVERNMENT IN DEALING WITH AGEING INFRASTRUCTURE
Professor Percy Allan AM, *Principal, Percy Allan and Associates, Chairman Review Today, and Chair of Inquiry into the Financial Sustainability of Local Government, NSW*

SESSION 5: INFRASTRUCTURE ALLIANCES & PLANNING

9.35 USING INNOVATIVE ALLIANCE CONTRACTS TO DELIVER INFRASTRUCTURE PROJECTS

David Brooker, *Capital Works Manager, Mackay Water*
Mackay City Council has embarked on a leading-edge alliance contract to fast-track the construction of more than \$50 million of water and sewerage infrastructure over the next five years. The rapidly-growing regional Queensland council has entered into the alliance contract in a bid to meet the infrastructure needs of the municipality's predicted forthcoming population boom, and to overcome competition for highly sought-after engineering and construction resources.

9.55 BUNDLING A SERIES OF ROAD, WATER AND COMMUNITY INFRASTRUCTURE PROJECTS AS AN \$85 MILLION ALLIANCE CONTRACT

Simon Thorn, *Operations Manager, Coffs Harbour City Council*
Coffs Harbour City Council has developed an innovative bundling plan to finance a series of water, road and community infrastructure projects for the council, including roads works, a water reclamation plant and a water treatment plant. Council has bundled several projects together in an alliance format in order to maximise the interest of potential tenderers. The alliance format of the contract is also expected to save Coffs Harbour City Council millions of dollars through reduced tender costs due to all projects being built under the one contract arrangement

10.15 MAKING ALLIANCES WORK FOR LOCAL GOVERNMENT

John Davis, *Director, Southern Pacific Alliance Network (SPAN)*

11.00 MODERATED DISCUSSION

11.15 MORNING TEA

11.45 FINANCIAL CONSIDERATIONS RELATING TO PPPs

Richard Featherby, *Executive Director, Ernst & Young*

12.15 PANEL DISCUSSIONS – OPTIONS FOR FINANCING INFRASTRUCTURE

Rob Duke, *Managing Director, Longreach Capital Markets*
Brendan Flynn, *Senior Director, Standard and Poors*
Pauline Vamos, *CEO, Association of Superannuation Funds of Australia (ASFA) (invited)*

Topics to be covered by this experienced panel include: credit ratings as a risk management tool; assigning a rating to project

finance; how PPPs are assessed and rated; what happens if PPPs run into cashflow problems, and overcoming chronic 'under investment' in smaller, regional infrastructure projects.

1.00 LUNCH

4.00 CLOSE OF CONFERENCE

2.00 MASTER CLASS: STRUCTURING AND NEGOTIATING MAJOR PROPERTY BASED INFRASTRUCTURE PROJECTS FOR LOCAL GOVERNMENT

Facilitators from Maddocks:



Josh Marchant,
Partner



Marine Nincevic,
Partner



Christopher Conolly,
Partner

This Master Class will involve brief presentations and then an interactive session covering issues arising from structuring and negotiating major property based local government infrastructure.

Procurement options include:

- Land swaps for development or construction obligations
- Design, construction and finance (DCF)
- Design, construction, finance and maintain (DCFM)

Issues to be considered at this Master Class will include:

- Importance of business case development
- Structuring options and options analysis
- Local Government statutory requirements
- Risk identification and allocation
- Planning agreements to improve development obligations
- Development of commercial principles
- Development of RFPs
- Negotiations while retaining competitive tensions
- Entering into appropriate contracts

To register: fax (03) 9530 8911, phone (03) 8534 5000, register online www.halledit.com.au or email registration@halledit.com.au

LATE ITEMS

COUNCILLORS' ITEMS

MEETING CLOSED _____PM.

