

# CITY OF ARMADALE

## MINUTES

OF SPECIAL CITY STRATEGY COMMITTEE HELD IN THE COMMITTEE ROOM, ADMINISTRATION CENTRE, 7 ORCHARD AVENUE, ARMADALE ON TUESDAY, 7 JULY 2009, AT 7.03 PM.

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**PRESENT:** Cr R J Tizard Chair  
Cr R Butterfield  
Cr H Knezevich  
Cr C J MacDonald  
Cr J H Munn  
Cr L Reynolds AM JP  
Cr H A Zelones JP

**APOLOGIES:** Nil

**OBSERVERS:** Cr G A Best  
Cr P J Hart  
Cr W Mauger  
Cr L Scidone

**IN ATTENDANCE:** Mr R S Tame - Chief Executive Officer  
Mr A F Maxwell - Executive Director Corporate Services  
Mr I MacRae - Executive Director Development Services  
Mr W A Bruce - Executive Director Technical Services  
Ms Y Coyne - Executive Director Community Services  
Mr N Cain - Executive Manager Business Services  
Ms Y Ward - CEO's Executive Assistant (Acting)

Public – Nil

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## **DISCLAIMER**

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The Disclaimer for protecting Councillors and staff from liability of information and advice given at Committee meetings was not read by the Chairman, given no members of the public were present.

## **DECLARATION OF MEMBERS' INTERESTS**

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|   |         |
|---|---------|
| Cr Munn – Specified Area Rate .....                       | Page 18 |
| Cr Reynolds – 2009-2010 Draft Annual Budget (Part 6)..... | Page 39 |

## **QUESTION TIME**

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Nil

## **BUSINESS OF THE MEETING**

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STAFF ESTABLISHMENT LEVELS 2009  
FRYE PARK REDEVELOPMENT  
SPECIFIED AREA RATE  
2009-10 DRAFT ANNUAL BUDGET

# I N D E X

## SPECIAL CITY STRATEGY COMMITTEE

7 JULY 2009

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### GOVERNANCE & ADMINISTRATION

|                                       |   |
|---------------------------------------|---|
| STAFF ESTABLISHMENT LEVELS 2009 ..... | 4 |
|---------------------------------------|---|

### FINANCIAL MANAGEMENT & PLANNING

|                                  |    |
|----------------------------------|----|
| FRYE PARK REDEVELOPMENT.....     | 9  |
| SPECIFIED AREA RATE.....         | 18 |
| 2009-10 DRAFT ANNUAL BUDGET..... | 28 |

## **STAFF ESTABLISHMENT LEVELS 2009**

WARD : All  
DATE : 2 July 2009  
REF : RST  
RESPONSIBLE  
MANAGER : CEO

### **In Brief:-**

- The Staff Establishment Level report is a “snapshot” of the City’s number of full-time employees (FTEs) at any point in time.
- Report recommends (2) additional FTE’s be funded from the City’s 15 Year Plan “growth” allocation;
- Recommend that the report be received.

### **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 City’s Budget includes funding for full-time staff, part-time and casual staff, as well as contract employees both short and long term, for the implementation of the City’s funded programs. In any annual Budget the use of permanent positions and contract employment may be interchangeable. This report provides a snapshot of the current situation with regard to fulltime employees, compared to other points in time, and to other local governments.

## BACKGROUND

This report is presented in accordance with Council Policy ADM-5 which states:

*“Staff Establishment Levels are to be reported annually, as part of the budgetary process”*

The following standard report has been updated to reflect the 2009 establishment.

Once again, Council’s budget has been developed in accordance with the 15 Year Plan for the Future.

In developing the 15 year Plan, Council was advised that:-

- Staff growth has increased from 5 per annum to 6 per annum;
- 15 Year Plan originally allowed 4 per annum, 2 funded by Council’s “growth” allocation;
- Last year increased to 6 per annum, 3 funded by Council’s “growth” allocation.

The 2008/09 Budget approved the creation of eight (8) new positions, three (3) of which were funded by the 15 Year Plan’s “growth” allocation.

In adopting Budget 2008/09, the City’s staff establishment levels were increased to 258.0, made up as follows:

|                          |                   |
|--------------------------|-------------------|
| Wages Staff              | 76.5              |
| Technical Services       | 43.4              |
| Development Services     | 41.1              |
| Chief Executive’s Office | 11.3              |
| Corporate Services       | 28.5              |
| *Community Services      | 57.3              |
|                          | <b>258.1 FTEs</b> |

\* One additional position (2 x part time 0.5 Rangers) was added at conclusion of the 2008/09 Budget process.

During 2008/09, a further new position was created, funded from new programs or service required (and funded) by rapidly accelerating growth.

### Corporate Services

Business Analyst – GIS (Full time)

i.e. a total of 1 new position.

Therefore the Staff Establishment Level at the end of 2008/09 was:

|                          |                   |
|--------------------------|-------------------|
| Wages Staff              | 76.5              |
| Technical Services       | 43.4              |
| Development Services     | 41.1              |
| Chief Executive’s Office | 11.3              |
| Corporate Services       | 29.5              |
| Community Services       | 57.3              |
|                          | <b>259.1 FTEs</b> |

It should be noted that at any time contractors and/or agency staff are used for projects and, in the case of wages staff, interchanged quite freely.

The City also has many casual staff. At the time of reporting, actual staff employed by Council numbers 319.

As reported in 2006/07 (based on comparative data for the 2005/06 year), the City's FTE per capita rate of 4.2 (per 1,000 population) was low by metropolitan standards (metropolitan local government average per capita rate = 4.6), particularly when the level of planning preparation and regulatory work for an outer metro growth Council like Armadale, is indicative of a higher population.

The City's FTE per capita rate increased to 4.6 in 2008 and is now 4.5, (based on DPI's latest population projection figure of 58,000 and FTE numbers, being 259.1).

## **COMMENT**

Following consideration of Directorate Draft Budgets, Council's Committees will shortly put forward their recommendations for funding on the 2009/10 Budget (*see Report Item elsewhere in this Agenda, 2009/2010 Draft Budget*).

These reports include recommendations for programs and projects requiring additional staff. In some instances, it will remain open as to whether the service should be provided by contract or a new Council position.

In those instances, the Chief Executive Officer will make a determination in conjunction with the appropriate Executive Director, having considered the likely duration of the project program and certainty of its funding. From time to time the City's establishment will vary as program delivery changes.

## **Fifteen Year Plan**

In reviewing the 15 Year Plan and recognising current trends, Council has now made allowance, commencing from the 2007/08 year, for 3 additional FTEs per year over the next 3 years. Given that 2007/08 saw growth of 10 FTEs and 2008/09 growth of 8, it is anticipated that additional staff will again be required and funded by the business case of their program or particular service, i.e. if a service is introduced, it will require personnel, accommodation and resources.

## **Fleet Vehicles**

The Plan also allows for workplace accommodation and approximately one additional fleet vehicle per 3 positions recognising the typical demand for delivery of these services. In 2008/09, no additional vehicle was purchased from the "corporate" allocation. Once a vehicle is added to the fleet, vehicle replacement is funded by the vehicles operation through the Plant Replacement Reserve Account.

This year 3 new vehicles have been included to be funded from the "corporate" vehicle allocation in the 15 Year Plan for the following positions:-

1. Occupational Health and Safety Officer

This officer has been carrying out the vital function of Occupation Health & Safety to the City's entire workforce, using a vehicle "borrowed" from the PR Coordinator position. It is now essential that both positions retain full mobility and the OH&S Officer, now operating from the Depot, is able to readily move from worksite to worksite.

2. Building Department

A further 1 vehicle is proposed for Council's Building Department to enable growing inspectorial demands as the number of building licence applications continues to increase. However, purchase of this vehicle will be funded from revenue flowing from increased building applications.

3. Community Planning Coordinator

This position was originally created to oversee the Roleystone Revitalisation Project and to commence work on a community infrastructure framework for the City and is proposed to be included as a contract of employment within Council's permanent establishment. (See Item below).

Both this officer and the steadily growing Community Services Directorate require the mobility of a fleet vehicle which enables them to be responsive to community activities, meetings, facility planning matters and general community development projects.

All permanent additions to the establishment and vehicle fleet are funded for the duration of the 15 Year Plan.

**Requests for additional staff in 2009/2010**

Council's last two years have seen rapid growth in staff numbers, causing some difficulty in accommodation arrangements as the anticipated new Armadale Library relocation is delayed pending completion of the Armadale Central Shopping Centre.

Projections for 2009/10, noting the increases of last year, suggest that just two new positions be funded from the 15 Year Plan's "growth" allocation.

The first is the position of Community Planning Coordinator with the Community Services Directorate. This position was originally created to oversee the Roleystone Revitalisation Project and commence work on a community infrastructure plan for the City. With the finalisation of the Roleystone Revitalisation Project, the position is now responsible for community planning of facilities and services to meet current and future growth of the City. The position is to be part of the newly formed Community Planning Unit within Community Services and will be focused on creating, developing and monitoring a Community Infrastructure Plan and contributing to the necessary preliminary planning for the major capital projects in the 15 Year Plan.

The CEO has offered this Officer a 5 year contract of employment, and the position also requires use of a fleet vehicle, referred to above.

The second position is that of Organisational Development Officer, operating within the CEO's Office in association with human resources to oversee the development and implementation of a strategic business performance and development program within the organisation. Utilizing business management software the Officer will report to the CEO on corporate performance and areas in which the organisation needs to grow and develop to meet future objectives of the 15 Year Plan.

The estimated cost of the above 2 positions is provided in the 15 Year Plan enabling a saving of 1 position, which is considered appropriate in this period of significant financial constraint.

This will bring the City's establishment by 30 June 2010 to:-

|                          |                   |
|--------------------------|-------------------|
| Wages Staff              | 76.5              |
| Technical Services       | 43.4              |
| Development Services     | 41.1              |
| Chief Executive's Office | 12.3              |
| Corporate Services       | 29.5              |
| Community Services       | 58.3              |
|                          | <b>261.1 FTEs</b> |

If Council staff levels were at the metropolitan average of 4.6 per 1000 population, the staff complement would be 267 FTEs.

**CS66/7/09 RECOMMEND**

**That this item be referred to the Special City Strategy (Budget) Meeting tentatively scheduled for Tuesday, 28 July 2009, with the recommendation:**

**That Council:**

- 1. approve the following positions being added to the City's Staff Establishment, funded by the 15 Year Plan's "growth" allocation:**
  - **Community Planning Coordinator (Fulltime)**
  - **Organisational Development Officer (Fulltime)**
- 2. approve purchase of 3 new fleet vehicles, to be allocated in accordance with the City's Vehicle Use Policy & Management Practice.**
- 3. receive the Chief Executive Officer's 2009 Staff Establishment Report.**

Moved Cr Zelones  
Motion Carried (7/0)



## ***FRYE PARK REDEVELOPMENT***

WARD River  
FILE REF: P15808  
DATE 30 June 2009  
REF PGQ/YC  
RESPONSIBLE Executive Director  
MANAGER Community  
Services

### **In Brief:**

The report recommends that Council:

1. Support the proposal to bring forward Stage 2 of the Frye Park redevelopment to allow substantial completion in time for the commencement of the 2011 winter sporting season i.e. March/April 2011.
2. Approve the revised funding strategy for the Frye Park redevelopment as outlined in the report, and this be included in Council's draft 2009-10 budget and 15 Year Financial Plan.
3. Note that the amount of loan funds required for the Frye Park redevelopment will be subject to:
  - a. the outcome and timing of land sales in Precinct F;
  - b. confirmation of the Federal Government Community Grant of \$303,000; and
  - c. the final cost of the project.

### **Tabled Items**

Nil

### **Officer Interest Declaration**

Nil

### **Strategic Implications**

- Deliver a range of services to meet community needs.
- Maintain and improve the physical infrastructure to meet the needs of the local community.
- Ensure that all activities have a strong focus on sustainability.

### **Legislation Implications**

Should the revised funding proposal for the Frye Park Redevelopment be approved, the works would be carried out in accordance with the Building Code of Australia and any other relevant legislation and/or Australian Standard.

### **Council Policy/Local Law Implications**

RECN 1 – Lighting on Sporting Reserves

RECN 3 – Club/Community Group Applications for Council Support of Capital Works Projects.

ENG 13 – Asset Management Vision

### **Budget/Financial Implications**

The financial implications of the proposal are outlined in the report.

### **Consultation**

- Manex
- Asset Steering Group
- Kelmscott Soccer Club
- Kelmscott Cricket Club
- Technical Services staff
- Dept of Sport and Recreation

### **BACKGROUND**

The proposal to redevelop Frye Park has become Council's major parks infrastructure project over the next few years. It has been the subject of several previous reports to Council.

Council has previously endorsed the Concept Plan for the proposed upgrade of Frye Park (C66/11/07) and also supported a proposal (C61/9/07) for the upgrade to be undertaken in two stages i.e.

#### **Stage 1**

- Upgrade playing surface
- Upgrade lighting
- Construct new cricket nets(4)
- Relocate & upgrade playground
- Basketball/netball facility

#### **Stage 2**

- Demolition of existing pavilion, earthworks & associated costs
- Construct new pavilion
- Car park and bus bay

At the time when the concept plan was first presented to Council (November 2007), the cost for both stages was estimated to be \$4,261,000.

A report to the April 2008 Community Services Committee Meeting advised that a Dept of Sport and Recreation (CSRFF) grant of \$400,000 had been approved for Stage 1, with the grant split over two financial years i.e. 2009-10 and 2010-11. Council resolved (C18/4/08) to accept the grant.

Given that the Dept of Sport and Recreation (DSR) do not fund construction of car parks, Council was also supportive of the car park being included as part of Stage 1, and resolved (C18/4/08) in part as follows:

*“3. That the first stage of the Frye Park redevelopment include construction of the car park and bus bay and the Technical Services Committee consider, as part of its*

*2008/09 budget deliberations, options for reallocation of existing road/parking funds currently within the 15 Year Financial Plan to allow this to occur.”*

A Council contribution of \$900,000 towards Stage 1 (excluding the car park) is currently included in year 2009-10 of the 15 Year Financial Plan however, these funds are directly linked to the sale of public open space and freehold land within the precinct. This matter is discussed in further detail in the next section of the report.

A further report to the October 2008 Community Services Committee Meeting put forward a proposal to apply for an additional CSRFF grant of \$900,000, being a one third contribution towards Stage 2 of the project.

The revised cost estimate for the whole project at the time was \$4.3 million and the proposed funding arrangement was as follows:

| Description   | Council          | DSR              | Club          | Total            |
|---------------|------------------|------------------|---------------|------------------|
| Stage 1       | *890,000         | 400,000          | 10,000        | 1,300,000        |
| Car Park      | **300,000        |                  |               | 300,000          |
| Stage 2       | #1,780,000       | 900,000          | 20,000        | 2,700,000        |
| <b>Totals</b> | <b>2,970,000</b> | <b>1,300,000</b> | <b>30,000</b> | <b>4,300,000</b> |

\* Proceeds of public open space and Freehold land sales

\*\* Reallocation of existing road/parking funds within the 15 Year Financial Plan

# Loan funds

In terms of Council’s financial contribution towards Stage 2, the report identified that if Council wished to retain the current design for the Pavilion, it would need to increase its contribution by \$300,000 from \$1.5 million to \$1.8 million. Council’s contribution to Stage 2 is by way of loan funds and is currently listed in year 2011-12 of the 15 year plan.

The report also advised that in the detailed planning for Stage 1 it had become evident that the existing change rooms would interfere with the reconfiguration of the playing fields and construction of the balance of the facilities on the site, and would therefore need to be demolished in order for the first stage to proceed.

With the playing surface and the balance of the facilities on site likely to be available for use by early 2011, the report supported a proposal to bring forward Stage 2 of the project to allow the works to be completed and ready for use at the end of 2010/11 summer growing season.

The most recent report to the April 2009 Community Services Committee advised that a DSR grant of \$900,000 had been approved for Stage 2. Council resolved (C12/4/09) to accept the grant and requested that a further report be provided with additional information on scheduling and cost implications associated with the Frye Park redevelopment.

This report provides updated information on the cost of the project and presents a proposal and funding strategy that would enable Council to bring forward Stage 2 to commence in 2009-10.

## DETAILS OF PROPOSAL

The proposal is to bring forward Stage 2 of the Frye Park redevelopment to allow the construction to commence in 2009-10 and reasonable chance of completion in time for the commencement of the 2011 winter sporting season i.e. March/April 2011.

A summary of the key matters that require consideration by Council is as follows:

- A review of the design and site layout has taken place and aside from some minor adjustments to location of the soccer pitches, and the playground being located in the area to the north of the new Pavilion building, no other changes are proposed to the concept plan.
- In the more detailed planning that has taken place in recent months it has become evident that some additional costs will need to be incurred that were not known at the concept planning stage. The detailed cost estimates provided to the City in June 2009 indicate that the revised cost of the whole project will be in the order of **\$5,030,000**.
- The main areas where the costs have increased from the earlier estimates include:

|           |  |
|-----------|--|
| \$150,000 | Additional allowance for services                                    |
| \$100,000 | Electrical upgrade to site   |
| \$200,000 | Increased allowance for preliminaries & contingencies                |
| \$100,000 | Increased allowance for project management/ professional fees        |
| \$65,000  | Allowance for bollards to perimeter (not included in original scope) |
| \$60,000  | Increased allowance for playground                                   |

The most recent cost estimate is considered to be a realistic estimate for this design and significant in the current economic climate.

- As mentioned earlier in the report, currently in the 15 Year Financial Plan Council's contribution of \$900,000 to Stage 1 is directly linked to the sale of public open space and Freehold land in Precinct F. As previously advised in various reports to the Development Services Committee on the implementation of the Public Open Space (POS) Strategy, there are 5 parcels of public open space land in Precinct F that have been approved for sale plus one Freehold lot (Page Road). Two of the former POS lots (Buckingham Road and Haimlee Street) were recently advertised for sale by public tender but the tenders received were well below the market valuations and Council resolved not to accept the tenders. These lots will now be listed with a Real Estate agent and it is hoped that they will sell within a reasonable period of time but there are no guarantees in terms of the timing of the sales or the amount that the lots will sell for. Two additional POS lots (Arbuthnot Street and Boondi Place) are

expected to be ready for sale by early 2010, but again there are no guarantees that the lots will be sold by the end of the 2009-10 financial year. The same situation applies with the Freehold lot in Page Road. In cases where the proceeds of land sales are required to fund development works on other parks and reserves, Council has previously resolved not to proceed with the works until such time as the land has been sold and the monies have been received. Whilst there would appear to be a reasonable chance that at least some of the land will be sold in 2009-10, the worst case scenario is that none of the lots will be sold and Council's \$900,000 contribution will need to be funded from other sources. Should this eventuate, one option may be to make up the shortfall with loan funds, and repay the principal on the loan when the proceeds of the land sales are received.

- Some potential additional sources of funding to cover the overall shortfall on the project include:

\$303,000      Federal Government Community Grant

\$160,000      Transfer from Community Facilities Reserve

\$300,000      Reallocation of existing road/parking funds within the 15 Year Financial Plan to fund the car park and bus bay.

Increased loan borrowings – exact amount subject to land sales and confirmation of the Federal Govt grant.

With regard to the recently announced Federal Govt Community Grant, the City has been advised that it will receive a grant of \$303,000 to be used on community infrastructure projects that “are ready to go”. Although the grant is subject to an application process, there would appear to be a good chance that the full amount may be approved for the Frye Park project. Alternatively, it would need to approve funding of an alternative 2009/10 project, enabling funds to be transferred to Frye Park.

The \$160,000 that is proposed to be transferred from the Community Facilities Reserve Fund originates from Council's decision in 2003 to close the Kelmscott Pool, and for the funds that previously had been allocated to the maintenance of that facility to be transferred into a reserve fund to be used for capital improvements to recreation facilities in the local area. The proposed redevelopment of Frye Park fits the criteria established by Council in 2003 when the fund was set up.

In line with Council's earlier resolution, the option is available to make up part of the shortfall through a reallocation of existing road/parking funds within the 15 Year Financial Plan.

If Council is supportive of the proposal to proceed with Stage 1 as planned, and bring forward Stage 2 to commence in 2009-10, the table as attached in (**refer to Confidential Attachment “B-1” – Summary of Attachments – lilac page**) identifies the revised funding proposal for the first three years i.e. 2009-10, 2010-11 & 2011.

Key elements of the revised funding proposal include:

- It is a genuine assessment both in terms of the overall cost of the project and that only one of the former POS lots (Buckingham Road) will be sold in 2009-10 and one further lot in 2010-11 (Haimlee Street).
- It requires Council to bring forward and increase the size of loan borrowings in 2009-10 to allow commencement of Stage 2. In the event that alternative funds become available through the Budget process or additional land sales occur in 2009-10 and/or 2010-11, the amount of the loans would be reduced accordingly.
- It assumes that the Federal Govt will approve the full amount of the City's allocated grant for the Frye Park project or another 2009/10 project. Should this not occur, Council would need to increase the amount of the loan borrowings to make up the shortfall.
- It assumes that Council will support the transfer of \$160,000 from the Community Facilities Reserve as discussed earlier in the report.
- It does not include a reallocation of existing road/parking funds within the 15 Year Financial Plan to fund the car park and bus bay in line with Council's earlier resolution. If Council wished for this to occur, it would reduce the amount of any loan borrowings accordingly.

## COMMENT

### Analysis

The proposal outlined in this report is strongly supported and would allow the two stages of the project to be completed in the shortest possible time.

Now that the grant of \$900,000 has been approved for Stage 2, commencing Stage 2 at the earliest possible time provides a number of key benefits i.e.

- It would potentially avoid cost increases in the order of \$200,000 - \$300,000 by delaying the project until 2011-12 under the current funding scenario.
- It would enable all facilities to be back on line for the commencement of the 2011 winter sporting season.
- Once the Frye Park Redevelopment is completed, it will allow the Kelmscott Soccer Club to relocate from Pries Park and clear the way to enable Pries Park to be rezoned and redeveloped. A number of capital improvements to the City's facilities, that are included in the 15 Year Financial Plan, are contingent on this occurring.
- The City would be "doing its bit" to help stimulate the economy by bringing forward a significant construction project. In the current economic climate the construction

industry generally is more competitive and this is likely to provide cost savings as compared to construction in “boom times”.

- The cost of borrowing is currently low, and although the proposal does require additional loan borrowings, it is more economical to borrow when rates are low.

In terms of the revised cost of the project being higher than the earlier cost estimates, a very thorough review of the design and costs has been undertaken, and whilst it remains an option to redesign and/or reduce the scope of the project in order to reduce costs, the City needs to be realistic about the outcomes it seeks to deliver at Frye Park. The danger in going down this path is that Council and the community may end up with a facility of a lesser quality that is compromised in its functionality. This would not be in the best long term interests of the main user groups and the wider community, and would also result in delays to the project.

Should Council not be supportive of the proposal to bring forward Stage 2, the alternative is to retain the current timing of the project i.e. 2011/12 and have a gap of about two years between the completion of Stage 1 and Stage 2. The main disadvantage with this option is that the upgraded playing fields would be ready for use in early 2011, but could be limited for organised sporting activity due to the lack of change rooms and toilets.

### Options

Should Council not be supportive of the proposal as outlined in this report, the following alternative options are presented for consideration:

1. Not proceed with the project and return the grants totalling \$1.3 million to the Dept of Sport and Recreation. This option is not recommended.
2. Redesign and/or reduce the scope of the project to reduce the cost to \$4.3 million in line with the earlier cost estimate. For reasons outlined in the report, this option is also not recommended.
3. Retain the current proposal to undertake the project in two separate stages, with construction of the new Pavilion to commence in 2011-12. This option is also not recommended.

### Conclusion

For the reasons outlined in this report it is recommended that Council:

4. Support the proposal to bring forward Stage 2 of the Frye Park redevelopment to allow substantial completion in time for the commencement of the 2011 winter sporting season i.e. March/April 2011.

5. Approve the revised funding strategy for the Frye Park redevelopment as outlined in the report, and this be included in Council's draft 2009-10 budget and 15 Year Financial Plan.
6. Note that the amount of loan funds required for the Frye Park redevelopment will be subject to:
  - a. the outcome and timing of land sales in Precinct F;
  - b. confirmation of the Federal Government Community Grant of \$303,000; and
  - c. the final cost of the project.

**CS67/7/09 RECOMMEND**

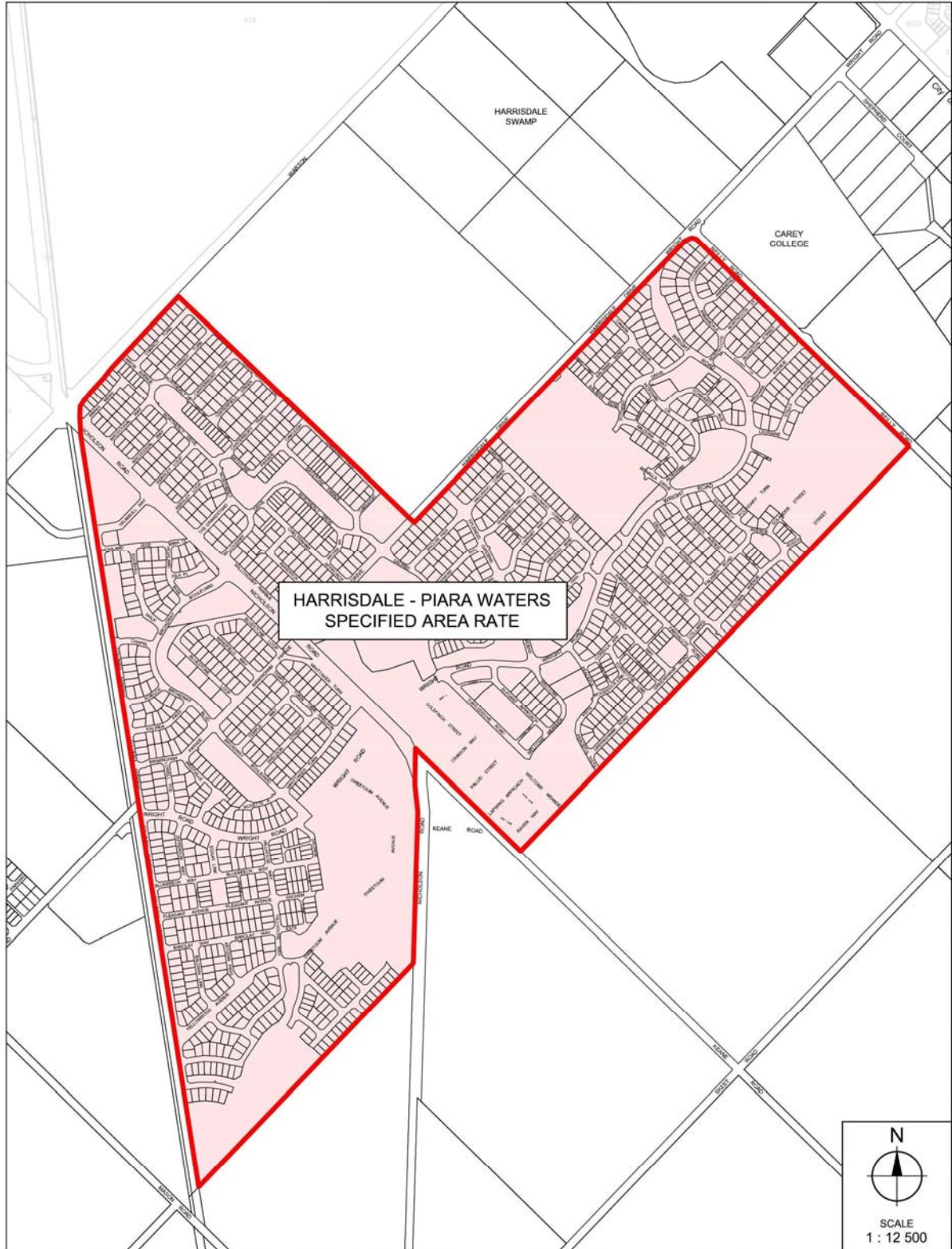
**That this item be referred to the Special City Strategy (Budget) Meeting tentatively scheduled for Tuesday, 28 July 2009, with the recommendation:**

**That Council:**

- 1. Support the proposal is to bring forward Stage 2 of the Frye Park redevelopment to allow substantial completion in time for the commencement of the 2011 winter sporting season i.e. March/April 2011.**
- 2. Approve the revised funding strategy for the Frye Park redevelopment as outlined in the table as attached – refer to Confidential Attachment “B-1” to these Minutes, and this be included in Council's draft 2009-10 Budget and 15 Year Financial Plan.**
- 3. Note that the amount of loan funds required for the Frye Park redevelopment will be subject to:**
  - a. the outcome and timing of land sales in Precinct F;**
  - b. confirmation of the Federal Government Community Grant of \$303,000; and**
  - c. the final cost of the project.**
- 4. Make this substantial allocation of funds to the redevelopment of Frye Park subject to Council's firm commitment to implement the redevelopment of Pries Park and the resultant funds being allocated to be distributed to the City's broader strategic needs in accordance with the Freehold Land Sales & Investment Strategy.**

Moved Cr Butterfield  
Motion Carried (7/0)





***SPECIFIED AREA RATE - POS***

*Cr Munn declared a non-financial interest in the following item (Specified Area Rate – POS) on the basis that he owns property in a suburb, referred to in this report, but that his interest is “in common” with that of all other residents in the area. As a consequence, there may be a perception that Cr Munn’s impartiality may be affected but he declared that he would set aside any association, consider the matter on its merits and vote accordingly.*

WARD Lake  
FILE REF RV/A/10  
DATE: 30 June 2009  
REF: WAB WAB/RST  
RESPONSIBLE  
MANAGER: Executive  
Director  
Technical  
Services

**In Brief:**

- Harrisdale and Piara Waters, the new suburbs being developed in the City, have Public Open Space (POS) areas of a higher standard of amenity than exists on average, across the remainder of the City.
- The new estates’ POS are now in the process of being handed over to the City for management and some 6.15 ha will come into the City’s management in the 2009/10 financial year.
- The average level of service delivered in the existing areas of the City across the range of POS types provided, is currently less than that being provided in the new suburbs. Until all areas have POS of a similar standard, it is necessary for Council to determine the Specified Area Rate required to service the new areas at the level expected by residents in these suburbs. This will ensure that the additional cost is fully met by those new residents enjoying the higher level of amenity.

It is recommended:

That this item be received and referred for further consideration to the Special City Strategy (Budget) Meeting tentatively scheduled for Tuesday, 28 July 2009, with the recommendation:

That Council:

1. Endorse the principle to establish a rate of \$20,000 per ha (2008/09) for maintenance/ operating costs and \$21,500 per ha for asset preservation/renewal of public open space within the new estates of Arion, Heron Park, Newhaven and Vertu for the purpose of establishing a specified area rate for POS management in these areas.
2. Establish a rate of \$11,800 per ha (2008/09) for maintenance/ operating cost and \$3,750 per ha for asset preservation/renewal of public open space generally across the City, for the same purpose.
3. Impose a specified area rate for the purpose of maintaining and preserving the public open space established within those areas, calculated according to the principles established in Table 4 of this report.

**Tabled Items**

Nil

**Officer Interest Declaration**

Nil.

**Strategic Implications**

Nil.

**Legislation Implications**

Local Government Act 1995

**Specified area rates**

**6.37**

- (1) A local government may impose a specified area rate on rateable land within a portion of its district for the purpose of meeting the cost of the provision by it of a specific work, service or facility if the local government considers that the ratepayers or residents within that area –
  - (a) have benefited or will benefit from;
  - (b) have access to or will have access to; or
  - (c) have contributed or will contribute to the need for, that work, service or facility
- (2) A local government is required to –
  - (a) use the money from a specified area rate for the purpose for which the rate is imposed in the financial year in which the rate is imposed; or
  - (b) to place it in a reserve account established under section 6.11 for that purpose.
- (3) Where money has been placed in a reserve account under subsection (2) (b), the local government is not to -
  - (a) change the purpose of the reserve account, or
  - (b) use the money in the reserve account for a purpose other than the service for which the specified are rate was imposed and section 6.11 (2), (3) and (4) do not apply to such a reserve account.
- (4) A local government may only use the money raised from a specified area rate –
  - (a) to meet the cost of providing the specific work, service or facility for which the rate was imposed; or
  - (b) to repay money borrowed for anything referred to in paragraph (a) and interest on that money.
- (5) If a local government receives more money than it requires from a specified area rate on any land or if the money received from the rate is no longer required for the work, service or facility the local government -

- (a) may, and if so requested by the owner of the land is required to, make a refund to that owner which is proportionate to the contributions received by the local government; or
- (b) is required to allow a credit of an amount proportionate to the contribution received by the local government in relation to the land on which the rate was imposed against future liabilities for rates or service charges in respect of that land.

#### **Council Policy/Local Law Implications**

General assessment has not revealed any applicable Policies/Local Laws.

#### **Budget/Financial Implications**

Implications for 15 Year Financial Plan are based on the rate and standard of POS hand over and are generated by the City's Asset Preservation requirement model.

#### **Consultation**

### **BACKGROUND**

Harrisdale and Piara Waters, the new suburbs being developed in the City, have Public Open Space (POS) areas of a higher level of amenity than exists on average across the remainder of the City. In order to ensure the level of investment and operations/maintenance is manageable in the long term, the City requires the developers of these estates to submit Asset Management Plans which meet annual expenditure/ha guidelines of \$20,000/ha for operations and between \$20,000 and 25,000/ha for asset preservation.

The new estates' Public Open Space (POS) are now in the process of being handed over to the City for management and some 6.15 ha will come into the City's management in the 2009/10 financial year.

The average level of service delivered in the existing areas of the City across the range of POS types provided is currently less than that being provided for the new suburbs. While this difference in service level exists, it is necessary for Council to determine the Specified Area Rate (SAR) required to service the new areas at the level expected by residents in these suburbs. This will ensure that existing residents are not subsidizing a higher level of amenity in new suburbs, or that new residents, whose properties are valued at a higher level, are not "over charged". As Council improves amenity and level of service across the City, the gap (and hence the SARS) will eventually decrease.

### **DETAILS OF PROPOSAL**

The essential levels of service (LOS) in POS which relates to SAR, relate to water features, turf management, garden beds and installed structures (such as seats and bridges etc).

Table 1 sets out the proposed level of service for the new and existing POS.

| <b>Table 1</b>                                    |   |              |                        |                |                   |
|---|---|--------------|------------------------|----------------|-------------------|
| <b>Level of Service by Park Operating Element</b> |   |              |                        |                |                   |
| <b>Operating Element</b>                          |   | <b>Grass</b> |                        | <b>Gardens</b> | <b>Structures</b> |
| Frequency pa                                      | Mowing                                    | Fertilising  | Irrigation Inspections |                |                   |
| New Estates                                       | 26  | 2            | 52                     | 12             | Annual            |
| Existing POS                                      |   |              |                        |                |                   |
| Active  | 26  | 2            | 41                     | 4              | As Required       |
| Passive   | 17  | 0            | 41                     | 4              | As Required       |
| Dry   | 10  | 0            | 0                      | 0              | As Required       |
| Weighted Average                                  | 17.2* Based on total areas by type of POS |              |                        |                |                   |

*Committee raised questions on the detail of Table 1 and suggested more information be made available to explain the different maintenance regimes.*

*The Chairman suggested that, provided the average costs (Table 2) and overall rationale are acceptable to this Committee, the detail of the maintenance programme is better determined by the Technical Services Committee.*

*On further explanation that the “averages” are genuine indicators, Committee accepted that viewpoint.*

There are three types of POS within the City at present. These are shown in Table 2.

| <b>Table 2</b>                         |                |                     |                                    |
|--|----------------|---------------------|------------------------------------|
| <b>Parks Classification - Existing</b> |                |                     |                                    |
| <b>Classification</b>                  | <b>Area ha</b> | <b>% Total Area</b> | <b>Annual Operating Cost \$/ha</b> |
| <b>Existing Reserves</b>               |                |                     |                                    |
| Active Irrigated                       | 51.5           | 31%                 | \$18,000                           |
| Passive Irrigated                      | 53.7           | 32%                 | \$14,000                           |
| Passive Dry                            | 61.7           | 37%                 | \$ 4,500                           |
| <b>Total</b>                           | <b>166.9</b>   | <b>100</b>          | <b>\$11,800 Weighted Av. cost</b>  |

Thus the varying levels of service produce the following comparative outcomes:

- Existing POS has an average operating annual cost/ha of \$11,800.
- It is proposed that Harrisdale and Piara Waters POS have an average annual operating cost/ha of \$20,000. Note: Piara Waters includes the Newhaven Estate only. It is anticipated the Burtonia Gardens area will have a level of amenity close to the City’s existing “average”.

Annual asset preservation costs are established through a similar comparative analysis. It should be noted that there is very little asset renewal investment in both the Passive Irrigated and Passive Dry reserves throughout the City. There is a very significant asset renewal requirement in the POS in new areas, including bridges and board walks, seating, uprights and other lighting.

As a consequence of these quite disparate levels of investment there is a considerable asset preservation difference between existing and new POS:-

- New POS annual asset preservation cost/ha is \$21,500.
- Existing POS annual asset preservation cost/ha is \$3,750.

Table 3 demonstrates the proposed maintenance and asset preservation rates determining the SARS calculation.

| <b>Table 3<br/>Maintenance and Asset Preservation – Proposed Costs</b> |   |   |
|--|---|---|
| <b>Location</b>  | <b>Annual<br/>Maintenance<br/>\$ per ha</b> | <b>Asset Preservation<br/>\$ per ha</b> |
| Arion  | 20,000                                      | 21,500                                  |
| Vertu  | 20,000                                      | 21,500                                  |
| Heron  | 20,000                                      | 21,500                                  |
| Newhaven   | 20,000                                      | 21,500                                  |
| City-wide average  | 11,800                                      | 3,750                                   |

It is proposed to introduce a more consistent level of service across the various Piara Waters and Harrisdale estates i.e. one maintenance rate across all the “premium” estate. At the moment, Arion Estate is considered to be “under serviced” while Vertu Estate is considered to be undertaking asset preservation and enhancement works as maintenance. Application of \$20,000 per hectare maintenance will enhance the amenity of the Arion Estate but not cause any loss of amenity at Vertu.

The standard rate will readily maintain the amenity of Newhaven and Heron Park.

The application of a consistent asset preservation rate of \$21,500 per ha will ensure that eventually all these “premium” estates will share a similar level of amenity. Some playground enhancement, soon to be installed in Arion, will mean there is little to distinguish that estate from the Heron Park, Newhaven and Vertu Estate.

While Vertu is the primary amenity area, there will be some shared benefit along local walk trails that justifies maintaining a consistent asset preservation rate across all four premium estates. Hence, it is proposed that there be one specified area rate applying to these four new estates.

## COMMENT

The above rates for maintenance and asset preservation have been calculated based on both City-rates and private contract rates for “broad-acre” programmes, i.e. using the most advantageous economies of scale.

Applying these rates to all areas of public open space (POS) created in the new estates makes it possible to calculate the total cost of maintenance preservation required for the new areas, minus the amount which would be provided by the “general” rate for the City-wide level of service.

The difference is the amount which must be provided by a specified area rate (SAR) imposed on those properties enjoying the local benefit.

The implication of a SARS on the 15 Year Forward Plan is significant. Currently the Plan assumes that over 70% of the maintenance/preservation cost will be provided by a SARS. The more equitable approach referred above reduces SARS by nearly 30%, but the balance must be raised by the general rate at a cost of approximately 1.6% after 5 years. These gaps will reduce if the difference between “premium” level of service and that provided right across the City closes. By adjusting the 15 Year Plan in this way, the City is recovering the genuine fee for the service provided, from those who enjoy the benefit, but in a way that does not unfairly charge residents of other suburbs.

### Implementation

There are currently 1,564 rateable residential lots in the new suburbs under consideration for SARS. This year, just 6.15 ha is to be “handed over” to the City on 1 January 2010. However, there is some 17 ha of POS already developed (requiring preservation) and being maintained by developers.

Whilst a SARS for asset preservation is already 2 years overdue, it is recommended the asset preservation amount be charged (immediately SARS commences) at its consistent level for a 5-6 year period.

It is anticipated that the four estates, Arion, Heron Park, Newhaven and Vertu will be fully developed (2,350 lots) by 2014/15, when 22.2 ha of POS will be fully maintained/preserved by Council at a higher level of amenity. A further 5.5 ha (drainage, swales and water courses) will be maintained at a level of amenity more typical of the City’s general drainage / compensating basin standard, payable by the general rate.

### The SARS Calculation

Table 4 (shown on page 24 demonstrates typical and indicative figures that will be generated by the rationale outlined in this report.

It is also necessary to demonstrate how a high value property in the estate under question is already contributing more via general rate and therefore is not penalised by addition of a SARS.

This is achieved by the following equation:

- A typical (i.e. average) property in Armadale, GRV of \$9,148, contributes \$11,800 per ha of open space throughout the City.
- A high value property of GRV \$12,770, therefore contributes a proportionate \$16,472 per ha. i.e. 82.4% of the required level of \$20,000 per ha for maintenance of a high amenity POS.
- The remaining 17.6% must be funded by the SAR.
- Similarly, a typical property in Armadale of GRV \$9,148 contributes \$3,750 per ha towards asset renewal.
- A high value property of GRV \$12,770 contributes a proportionate \$5,235 per ha, i.e. 24.3% of the required level of \$21,500 per ha for asset renewal of a high amenity POS.
- The remaining 75.7% must be funded by the SAR.

*This Table (4) and the figures contained therein are indicative only, to demonstrate the principles of the specified area rate method of calculation. The figures will be a good guide to the figures that will be generated when actual property details, areas of POS and GRVs are inserted.*



Table 4

|  | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    |
|--|---------|---------|---------|---------|---------|---------|
| POS to be Transferred to the City (ha's)           | 6.15    | 12.30   | 17.00   | 20.00   | 21.00   | 22.20   |
| Total No. of residential lots                      | 1,564   | 2,000   | 2,175   | 2,350   | 2,350   | 2,350   |
| Operating Cost - \$20,000 per ha                   | 123,000 | 246,000 | 340,000 | 400,000 | 420,000 | 444,000 |
| Asset Renewal Cost - \$21,500 per ha               | 317,648 | 406,200 | 441,743 | 477,285 | 477,285 | 477,285 |
| <i>Total POS pa cost</i>                           | 440,648 | 652,200 | 781,743 | 877,285 | 897,285 | 921,285 |
| Operating Cost per lot                             | 78.64   | 123.00  | 156.32  | 170.21  | 178.72  | 188.94  |
| Asset Renewal Cost per lot                         | 203.10  | 203.10  | 203.10  | 203.10  | 203.10  | 203.10  |
| <i>Total Cost per lot</i>                          | 281.74  | 326.10  | 359.42  | 373.31  | 381.82  | 392.04  |
| SAR funded portion of operating cost - 17.6%       | 21,648  | 43,296  | 59,840  | 70,400  | 73,920  | 78,144  |
| SAR funded portion of asset renewal cost - 75.7%   | 240,460 | 307,493 | 334,399 | 361,305 | 361,305 | 361,305 |
|  | 262,108 | 350,789 | 394,239 | 431,705 | 435,225 | 439,449 |
| <i>SAR Contribution per lot per annum</i>          | 167.59  | 175.39  | 181.26  | 183.70  | 185.20  | 187.00  |
| <i>SAR Contribution per lot per week</i>           | 3.22    | 3.37    | 3.49    | 3.53    | 3.56    | 3.60    |
| Rates funded portion of operating cost - 82.4%     | 101,352 | 202,704 | 280,160 | 329,600 | 346,080 | 365,856 |
| Rates funded portion of asset renewal cost - 24.3% | 77,189  | 98,707  | 107,343 | 115,980 | 115,980 | 115,980 |
|  | 178,541 | 301,411 | 387,503 | 445,580 | 462,060 | 481,836 |
| <i>Rates Contribution per lot</i>                  | 114.16  | 150.71  | 178.16  | 189.61  | 196.62  | 205.04  |

The first year average SARS will be \$167 per lot (only half, i.e. \$83.50, will apply if commenced on 1 January 2010), rising to \$187 in 2014/15.

At the same time, each lot's "general" rate contributes \$114, rising to \$205 in 2014/15. This contributes \$203 per lot per annum for asset preservation, but maintenance rises from \$79.00 to \$189.00 per annum as more POS comes "on stream" each year. These indicative figures will be higher/lower depending on the gross rental value (GRV) of the property in question. Funds collected by SAR cannot be directed to any other purpose so should estimates prove higher or lower, all monies can only be spent on the specified area (or returned in the form of reduced rate or rebate in future years) i.e. no contributing property can be disadvantaged.

### Options

Whilst it is not practical to have numerous SARS, should Council decide to have a lower rate for one area, then clearly another area must have a higher average SAR (or the balance be recovered by the City's "general" rate applying to all).

Council is now invited to consider the SARS principle, to apply to the four estates of Arion, Heron Park, Newhaven and Vertu, commencing 1 January 2010 after an appropriate consultation/marketing process with residents of the areas involved. This process will ensure that these estates are maintained at their current "higher than average" level, generally as presented by their various developers, but not to the disadvantage of other residents of the City.

The SARS legislation is protected by a fully-audited accounting regime which ensures that all specified area rates collected are used for the purpose designated i.e. maintenance and preservation of POS within the specified area.

### Conclusion

Introducing the SARS, as calculated and recommended, will enable the current contract maintenance regimes established by developers to be taken over and overseen by Council. Residents should see no apparent change to the maintenance/amenity level although there will be a gradual "evening" of amenity across estates over a period.

As the City's general level of amenity improves, the "gap" required to be funded by SARS could diminish. It can be seen from Table 4 that by 2014/15, approximately \$2.21M will have been reserved for asset preservation/renewal. Much of the premium timber/steel infrastructure around water features will need major preservation/renewal by 2015/16.

### Committee Discussion

*Committee discussed the need for an "FAQs"-type question and answer sheet as a basis of explaining the Specified Area Rate to landowners in the area. A simple but sufficiently detailed plan was also required in support of the data provided. The key point noted was that the indicative figures will probably diminish slightly as all GRVs are included in the equation.*

*The first year SAR will be less than \$83.50, rising to a maximum of \$187 over 6 years.*

*Committee agreed that a communication strategy needed to be prepared to advise on both the Budget decision and implementation strategy.*

*Cr Zelones left the meeting at 8.56 pm.*

**CS68/7/09 RECOMMEND**

**That this item be received and referred for further consideration to the Special City Strategy (Budget) Meeting tentatively scheduled for Tuesday, 28 July 2009, with the recommendation:**

**That Council:**

- 1. Endorse the principle to establish a rate of \$20,000 per ha (2008/09) for maintenance/ operating costs and \$21,500 per ha for asset preservation/renewal of public open space within the new estates of Arion, Heron Park, Newhaven and Vertu for the purpose of establishing a specified area rate for POS management in these areas.**
- 2. Establish a rate of \$11,800 per ha (2008/09) for maintenance/ operating cost and \$3,750 per ha for asset preservation/renewal of public open space generally across the City, for the same purpose.**
- 3. Impose a specified area rate for the purpose of maintaining and preserving the public open space established within those areas, calculated according to the principles established in Table 4 of this report.**

Moved Cr Reynolds  
Motion Carried (6/0)

*Cr Zelones returned to the meeting at 8.59 pm.  
The Meeting adjourned at 9.00 pm and resumed at 9.05 pm*

## ***2009-10 DRAFT ANNUAL BUDGET***

WARD All  
DATE 2<sup>nd</sup> July 2009  
REF AFM  
RESPONSIBLE ED CorpS  
MANAGER

### **In Brief:**

- This report presents the key elements/parameters needing to be determined establish the framework of the 2009-10 Draft Annual Budget, thereby enabling the Standing Committees/Directorates to develop and make recommendation on their more detailed works/services program.

### **Tabled Items**

Nil

### **Officer Interest Declaration**

Nil

### **Strategic Implications**

Developing our Organisation – improve the overall financial viability of Council by implementing financial strategies including, investment, rating and infrastructure funding.

### **Legislation Implications**

#### ***6.2. Local government to prepare annual budget***

- (1) During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt\*, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following that 31 August.  
*\* Absolute majority required.*
- (2) In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56 and to prepare a detailed estimate for the current year of —
  - (a) the expenditure by the local government;
  - (b) the revenue and income, independent of general rates, of the local government; and
  - (c) the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income.
- (3) For the purposes of subsections (2)(a) and (b) all expenditure, revenue and income of the local government is to be taken into account unless otherwise prescribed.
- (4) The annual budget is to incorporate —
  - (a) particulars of the estimated expenditure proposed to be incurred by the local government;
  - (b) detailed information relating to the rates and service charges which will apply to land within the district including —
    - (i) the amount it is estimated will be yielded by the general rate; and

- (ii) the rate of interest (if any) to be charged by the local government on unpaid rates and service charges;
- (c) the fees and charges proposed to be imposed by the local government;
- (d) the particulars of borrowings and other financial accommodation proposed to be entered into by the local government;
- (e) details of the amounts to be set aside in, or used from, reserve accounts and of the purpose for which they are to be set aside or used;
- (f) particulars of proposed land transactions and trading undertakings (as those terms are defined in and for the purpose of section 3.59) of the local government; and
- (g) such other matters as are prescribed.

**Council Policy/Local Law Implications**

Nil

**Budget/Financial Implications**

In accordance with the recently reported 2009-10 Budget Timetable, this report serves to present the considerations necessary to formulating the framework of the 2009-10 Draft Annual Budget the details of which can then be developed by Directorates in conjunction with their Standing Committees.

**Consultation**

The 2009-10 Draft Annual Budget has been the subject of several Councillor Workshops and Management Executive Meetings held over the last few months.

**BACKGROUND**

This report will reflect on matters discussed at Councillor Workshops held since March 2009 months and present new information and details leading the City Strategy Committee to the decisions necessary to set the framework of the 2009-10 Draft Annual Budget.

**DETAILS OF PROPOSAL, COMMENT AND ANALYSIS**

In accordance with the 2009-10 Budget Timetable (as reported to the Council Meeting held on 22<sup>nd</sup> June 2009 and presented hereunder), the purpose of this Report is to provide Committee with details of the key Budget elements requiring determination to establish the framework within which the Directorates and Standing Committees can develop their detailed Budget estimates for the 2009-10 budget year.

| <b>Target Date</b>           | <b>Meeting</b>  | <b>Tasks/Outcomes</b>   |
|------------------------------|---|---|
| Week commencing 6 July 2009  | Special Meeting of City Strategy Committee                      | To consider and resolve:<br>Draft Budget parameters as a guide to other Committees.   |
| Week commencing 20 July 2009 | Special Meeting of Technical and Community Services Committees. | To develop 2009-10 Draft Committee Budgets for referral to a Special City Strategy Committee Meeting for inclusion in the Draft 2009-10 Annual Budget |

| Target Date                  | Meeting  | Tasks/Outcomes   |
|------------------------------|--|--|
|                              | Ordinary meeting of other Committees   |  |
| Week commencing 27 July 2009 | Special Meeting of the City Strategy Committee (Tentatively Tuesday 28 July) | To consider and recommend to Council the 2009-10 Annual Budget and 15 Year Plan having had regard for: <ul style="list-style-type: none"> <li>the Draft 2009-10 Directorate programs as developed by the Community, Development, Technical Services and City Strategy Committees;</li> <li>the June 30<sup>th</sup> 2009 year-end financial position (inclusive of proposed carried forwards for works in progress);</li> </ul> other budget matters arising |
| Monday 10 August 2009        | Ordinary Meeting of Council  | To consider and adopt the 2009-10 Annual Budget.   |

#### **A. Proposed revenue and cost estimate adjustments:**

A review of the revenue and cost estimates for the 2009-10 year determined last year in adopting the *2008-2023 Plan for the Future* has identified several adjustments that need to be addressed if planned works, services, programs and initiatives are to be delivered. The adjustments stem from a variety of sources but generally they reflect either subsequent Council resolutions to have new matters considered or circumstances having changed (both external and internal of the City) over the past 12 months.

*It should be noted here that details of individual items in these lists will be dealt with in more detail as Committees address their respective Budgets. This discussion is to review the overall Budget parameters so that Committees will have a context in which to consider their Budget recommendations. The final Special City Strategy Budget meeting will then review the outcome.*

The adjustments are summarised as follows and have been purposely grouped into *recurrent* (meaning ongoing/day-to-day operations) and *non-recurrent* (meaning either capital or one-off initiatives) adjustments. This will ensure that there is adequate *ongoing* funding to meet the cost of providing essential day-to-day services and programs before allocating funds to new capital/infrastructure projects necessary to support/facilitate the growth of the City.

##### **(i) Recurrent Revenues**

Recurrent revenues are estimated to increase by \$705,000 p.a. and the more significant of these are as follows:

- rates up by \$617,000p.a.;
- building licence fees up by \$98,000 p.a.;
- subdivision engineering fees down by \$50,000 p.a.;
- kerb inspection fees up by \$37,000 p.a.;
- other revenues up by \$3,000 p.a..

(ii) Recurrent Costs

Recurrent Costs associated with existing works, services and programs are estimated to increase by \$925,000 p.a. and the more significant of these are as follows:

- electricity, gas and (synergy) street tree pruning costs up by \$410,000 p.a.;
- employee costs up by \$276,000 p.a.;
- graffiti program costs up by \$112,000 p.a.;
- property management costs up by \$87,000 p.a.;
- office/administration costs up by \$40,000 p.a..

(iii) Proposed Recurrent New Initiatives/Programs estimated at \$682,000 p.a., ie.

- playground management program - \$122,000 p.a.
- natural areas management program - \$200,000 p.a.
- increase in the rates funded portion of the POS amenity costs in new residential estates not funded by the proposed specified area rates - \$167,000 p.a.
- Armadale PCYC contribution - \$22,000 p.a.
- operating and maintenance costs of City owned buildings previously leased – \$50,000 p.a.
- Organisational development and performance monitoring initiative - \$80,000 p.a. first year, thereafter \$20,000 p.a.
- mosquito monitoring and treatment program - \$5,000 p.a.
- Araluen Botanic Park traffic and parking management - \$10,000 p.a.
- increase in light vehicle fleet operational costs - \$26,000 p.a.

(iv) Non-Recurrent Revenues of a capital or one-off nature for 2009/10 are estimated at \$1,758,000, ie.

- grant funding (from the Outer Metro Community Grant Program) increased by \$141,000;
- grants commission general purpose funding has **not** fallen by the anticipated amount, resulting in an increase to 2009/10 estimate of \$366,000;
- proceeds from the sale of freehold land decreased by \$105,000;
- plus a forecast year-end surplus as at 30.6.09 of \$1,356,000.

(v) Non-Recurrent Costs of a capital or one-off nature for 2009/10 are estimated at \$801,000, ie.

- Pries Park Redevelopment consultancy – \$60,000;
- wireless communications upgrade - \$50,000;
- civic centre/administration office upgrade - \$113,000;
- transfer of funds to the Revolving Energy Reserve Account - \$100,000;
- Abbey Road/Railway Avenue Link Project - \$125,200;
- Dept of Sport & Recreation project re: Champion Lakes Rowing storage facility - \$60,000;
- Implementation of Planning Dept Directional Notices - \$30,000;
- Visitors Centre – various initiatives - \$20,000;
- Records Management Project – scanning of documents - \$130,000;

- an increase in the light vehicle fleet for operational purposes - \$94,000 (includes the proposal to provide and maintain a vehicle for use by the Mayor in performance of the Mayoral role – **refer to the Report presented at Attachment “A-1” to these Minutes.**)
- Outer Metropolitan Community Fund grant project – aquatic centre inflatables & shade sails - \$19,000.

### Analysis

#### (i) Recurrent Revenues/Costs

Following Council’s current 15 Year Plan strategy allocating new rates 2009/10 at LGCI plus 1% (see detailed note below) over the previous year, results in a recurrent funding shortfall of \$902,000 p.a.

However, \$410,000 of that is **directly** attributable to State Government cost increases for electricity, gas and mandatory additions to the City’s maintenance cost of street trees under power lines.

(The remainder relates to recurrent initiative program identified by management and Council as high priority and listed above.)

*It will be recommended that Council has no choice other than to directly pass the \$410,000 attributable to State Government cost increases in the form of an additional rate impost of 1.5%.*

This still leaves a recurrent shortfall of \$492,000 p.a.

*It will be recommended to all Directorates and Committees that recurrent programs and expenditure must be **cut** by \$350,000, “allocated” on a pro-rata basis across the organisation.*

This leaves a remaining shortfall of essential recurrent works and services valued at \$142,000 p.a.

*It will be recommended there is no alternative to a further increase of approximately 0.5% in rate revenue to cover this shortfall.*

**This will bring Council’s total rate increase over the previous year to:-**

|                                       |             |                   |
|---------------------------------------|-------------|-------------------|
| <b>LGCI plus 1%</b>                   | <b>4.5%</b> |                   |
| <b>State Government Charges/Costs</b> | <b>1.5%</b> |                   |
| <b>Essential new services</b>         | <b>0.5%</b> |                   |
|                                       |             | <b>Total 6.5%</b> |

**noting that a further 1.3% increase will be averted by cost savings within the organisation.**



(ii) Non-recurrent (Capital) Costs

Council's 15 Year Financial Plan has been predicated on the discipline of ensuring recurrent expenditure needs are met by recurrent income. Recurrent expenditure has been progressively increased throughout the plan to meet recurrent infrastructure renewal costs. It is important that one-off capital funding or savings are not used to fund recurrent initiatives/costs as this only leads to larger shortfalls in subsequent years (evidenced by the State Government's recent high increases).

Matching the City's non-recurrent revenues and costs for this year's Budget results in a one-off funding gain of **\$1,045,000** which, subject to further consideration at either this Committee meeting or the subsequent special City Strategy Committee meeting later in the month, is proposed to be directed towards the City's priority projects.

**B. Proposed Rates % Increase Factor:**

As mentioned earlier in the analysis, the current *Plan for the Future* rating estimates for the 2009-10 year provides for a rates increase % factor equal to the Consumer Price Index (WA) plus a 1% growth factor designed to fund new initiatives & infrastructure renewal.

Over recent years, WALGA has recommended use of the more appropriate Local Government Cost Index (LGCI) which it has now forecast and distributed to WA Councils.

- The LGCI is considered to be a far more accurate cost indicator for local government and whilst slightly higher than CPI, should now be accepted by Council as its annual cost indicator, rather than CPI. The LGCI for 2009/10 is +3.5%.
- As advised earlier, the LGCI cannot account for inordinate increases such as those following from recent State Government announcements.
- Council's +1% allowance in the 15 Year Plan was for new initiatives and services to take the City forward. It was not meant as a cushion to be taken up by increased costs and penalties on current services.
- Council's Budget 2009/10 has been based on LGCI +1% as the base model for recurrent funding.

**In summary then, and as advised earlier, the proposed rates increase for the 2009-10 year is 6.5%.**

**Proposed Specified Area Rates – Harrisdale & Piara Waters**

It is proposed that:

- Specified area rates be introduced in the 2009-10 year to meet the higher than average public open space operational and asset renewal amenity costs associated with the new residential estates in north Forrestdale, eg. Vertu, Heron Park, Arion and Newhaven Estates.
- There will either be one or two specified area rates (SARs) to cover the Harrisdale (covering the Vertu, Heron Park and Arion estates) and Piara Waters (covering the Newhaven estate) areas.

- the specified area rates in the \$ to apply to meet both operational and asset renewal costs for a 6 month period commencing 1<sup>st</sup> January 2010, has been provided in a separate report.

For further details of the above proposed Specified Area Rates, please refer to a separate Report in this Agenda, forwarded under separate cover.

*It was noted the proposed SAR for the above estates would commence at less than \$83.50 per lot for the first half-year, rising to \$187 per annum in 2014/15.*

### **Strategic Projects/Initiatives Commencing in 2009-10**

Details of the proposed funding allocations for capital/strategic projects commencing in 2009-10 include:.

| <b>Frye Park Redevelopment</b>             | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Reserve & Facility Redevelopment           | 2,750,000   | 2,280,000   | 0           | 0           | 0           |
| Dept of Sport and Recreation Grant         | (400,000)   | (900,000)   | 0           | 0           | 0           |
| Federal Govt Community Grant               | (303,000)   | 0           | 0           | 0           | 0           |
| Transfer from Community Facilities Reserve | 0           | (160,000)   | 0           | 0           | 0           |
| Contribution from Sale of POS Land         | (159,000)   | 0           | 0           | 0           | 0           |
| Contribution from Sale of POS Land         | 0           | (153,000)   | 0           | 0           | 0           |
| New Loan Proceeds                          | (1,723,300) | 0           | 0           | 0           | 0           |
| Loan Repayments (20 yrs at 5.5%)           | 0           | 143,100     | 143,100     | 143,100     | 143,100     |
| New Loan Proceeds                          | 0           | (1,067,000) | 0           | 0           | 0           |
| Loan Repayments (20 yrs at 5.5%)           | 0           | 0           | 88,600      | 88,600      | 88,600      |
| Operating / Maintenance Expenses           | 0           | 0           | 55,000      | 55,000      | 55,000      |
| Asset Renewal Allocation                   | 0           | 0           | 100,000     | 100,000     | 100,000     |
|  | 164,700     | 143,100     | 386,700     | 386,700     | 386,700     |

| <b>Piara Waters Sporting Facility</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Construction of Facility              | 910,000     | 3,400,000   | 370,000     | 0           | 0           |
| Dept of Sport and Recreation Grant    | 0           | (500,000)   | 0           | 0           | 0           |
| Developer Contributions               | 0           | (500,000)   | 0           | 0           | 0           |
| Developer Contributions - DCP3        | (910,000)   | (1,000,000) | 0           | 0           | 0           |
| New Loan Proceeds                     | 0           | (1,400,000) | 0           | 0           | 0           |
| Loan Principal Repayments             | 0           | 0           | 39,828      | 42,049      | 44,394      |
| Loan Interest Expense                 | 0           | 0           | 76,460      | 74,239      | 71,895      |
| Operating / Maintenance Expenses      | 0           | 0           | 120,000     | 120,000     | 120,000     |
| Asset Renewal Allocation              | 0           | 0           | 120,000     | 120,000     | 120,000     |
|                                       | 0           | 0           | 726,288     | 356,288     | 356,289     |
|                                       | 0           | 0           | 1,452,576   | 712,576     | 712,578     |

| <b>Replacement of Core Computer System</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Transfer of Funds to Reserve               | 100,000     | 100,000     | 100,000     | 100,000     | 150,000     |

| <b>Aquatic Centre - Upgrade</b>       | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Upgrade of Swimming Areas / Buildings | 350,000     | 1,800,000   | 1,800,000   | 250,000     | 0           |
| Dept of Sport and Recreation Grant    | 0           | (250,000)   | (250,000)   | 0           | 0           |
| Asset Renewal Allocation              | 0           | 0           | 0           | 0           | 143,000     |
| New Loan Proceeds                     | (350,000)   | (1,550,000) | (1,550,000) | 0           | 0           |
| Loan Repayments                       | 0           | 29,000      | 157,748     | 286,495     | 286,495     |
|                                       | 0           | 29,000      | 157,748     | 536,495     | 429,495     |

| <b>Community Facility - Bakers House - Refurbishment</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Fitout of New Location                                   | 90,000      | 500,000     | 160,000     | 0           | 0           |
| Contributions from Developer                             | (90,000)    | (450,000)   | (110,000)   | 0           | 0           |
| Lotterywest Grant  | 0           | (50,000)    | (50,000)    | 0           | 0           |
| Operating / Maintenance Expenses                         | 0           | 0           | 40,000      | 40,000      | 40,000      |
| Asset Renewal Allocation                                 | 0           | 0           | 37,500      | 37,500      | 37,500      |
|  | 0           | 0           | 77,500      | 77,500      | 77,500      |

| <b>Community Sport and Recreation Facilities Fund Initiatives</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Projects - To Be Advised  | 140,000     | 140,000     | 140,000     | 140,000     | 140,000     |
| Dept of Sport and Recreation Grant                                | (40,000)    | (40,000)    | (40,000)    | (40,000)    | (40,000)    |
| Club Contributions  | (40,000)    | (40,000)    | (40,000)    | (40,000)    | (40,000)    |
| Asset Renewal Allocation  | 0           | 5,000       | 10,000      | 15,000      | 20,000      |
| Operating / Maintenance Expenses                                  | 0           | 2,500       | 5,000       | 7,500       | 10,000      |
|   | 60,000      | 67,500      | 75,000      | 82,500      | 90,000      |

| <b>Additional Staff Resources and Associated Expenses</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Additional Full-Time Equivalent Employees                 | 136,580     | 350,830     | 491,130     | 631,430     | 631,430     |
| New Workstations and Modifications                        | 11,200      | 11,200      | 11,200      | 11,200      | 0           |
| Vehicle Acquisition                                       | 27,000      | 28,100      | 27,000      | 56,200      | 27,000      |
| Vehicle Disposal  | 0           | 0           | (18,400)    | (19,100)    | (18,400)    |
| Vehicle Operation   | 8,600       | 17,600      | 17,600      | 26,600      | 26,600      |
|   | 183,380     | 407,730     | 528,530     | 706,330     | 666,630     |

|                              |                |                |                  |                  |                  |
|------------------------------|----------------|----------------|------------------|------------------|------------------|
| <b>Total Funds Allocated</b> | <b>508,080</b> | <b>747,330</b> | <b>2,778,054</b> | <b>2,602,101</b> | <b>2,512,903</b> |
|------------------------------|----------------|----------------|------------------|------------------|------------------|

All other capital/strategic projects detailed in the City's adopted 2008-2023 *Plan for the Future* remain largely unchanged.

### **Remaining steps to adopting the 2009-10 Annual Budget**

The matters that will be reported to the Special City Strategy Committee meeting, tentatively scheduled for Tuesday, 28 July 2009, will include:

- the 30.6.09 year-end surplus position inclusive of carry forwards for works in progress,
- resolutions from each of the Standing Committees/Directorates having considered their respective budget estimates and works programs;
- consideration of other budgetary matters arising between now and the Special City Strategy Committee Meeting.

**CS69/7/09 RECOMMEND**

**That Council approve the following key budget elements/parameters, parts 1 – 5, thereby establishing the framework of the 2009-10 Draft Annual Budget within which the Directorates and Standing Committees can develop their detailed estimates for recommendation to the Special City Strategy Committee Meeting scheduled late July 2009/early August 2009. Final recommendation on the 2009-10 Draft Budget will be made to the Council Meeting to be held on 10<sup>th</sup> August 2009:-**

- 1. the 2009-10 Draft Annual Budget being prepared on the basis of a balanced year-end (30<sup>th</sup> June 2010) financial position;**
- 2. the following schedule of corporate revenue and cost estimate variations (to those currently contained in year 2009-10 of the adopted 2008-2023 Plan for the Future) be included in the 2009-10 Draft Annual Budget;**

| <b><u>Schedule of Proposed Revenue and Cost Estimate Adjustments</u></b> |           |
|--|-----------|
| <b>Recurrent</b>   | <b>\$</b> |
| <b><u>Revenues:</u></b>  |           |
| Rates  | (617,000) |
| Building Licences  | (98,000)  |
| Subdivision Engineering Fees   | 50,000    |
| Kerb Inspection fees   | (37,000)  |
| Other Revenues   | (3,000)   |
| <i>sub total</i>   | (705,000) |
| <b><u>Costs:</u></b>   |           |
| Employee Costs   | 276,000   |
| Graffiti program   | 112,000   |
| Property Management  | 87,000    |
| Office/Administration Costs  | 40,000    |
| Electricity/Gas/Street Tree Pruning                                      | 410,000   |
| <i>sub total</i>   | 925,000   |
| <b><u>New Recurrent Initiatives/Programs</u></b>                         |           |
| POS amenity costs in new residential estates                             | 167,000   |
| Property Management  | 50,000    |
| Light vehicle fleet operational costs                                    | 26,000    |
| Playground maintenance/operations  | 122,000   |
| Natural Areas Management Program   | 200,000   |
| Armadale PCYC contribution   | 22,000    |
| Organisational Development   | 80,000    |
| Mosquito monitoring and treatment  | 5,000     |
| Araluen Botanic Park traffic management                                  | 10,000    |
| <i>sub total</i>   | 682,000   |
| <i>Total</i>   | 902,000   |
| <b>Less Revenue/Cost review savings</b>                                  | (350,000) |
| <b>Less Proposed +1.5% rates increase to fund electricity costs</b>      | (410,000) |
| <b>Less Proposed +0.5% rates increase</b>                                | (142,000) |
| <b>Grand Total</b>   | <b>0</b>  |

| <b>Schedule of Proposed Revenue and Cost Estimate Adjustments</b>  |             |
|--|-------------|
| <b>Non-Recurrent</b>   | <b>\$</b>   |
| <u>Revenues:</u>   |             |
| Outer Metro Grant Funding  | (141,000)   |
| Grants Commission  | (366,000)   |
| Sale of land   | 105,000     |
| Forecast year end surplus  | (1,356,000) |
| <i>sub total</i>   | (1,758,000) |
| <u>Costs:</u>  |             |
| Pries Park Consultancy   | 60,000      |
| Wireless Communications upgrade                                    | 50,000      |
| Civic Centre/Admin Office upgrade                                  | 113,000     |
| Transfer of funds to Revolving Energy Reserve Account              | 100,000     |
| Abbey Rd/Railway Ave Link Project                                  | 125,200     |
| DSR - Champion Lakes Rowing Storage Facility                       | 60,000      |
| Directional Notices implementation                                 | 30,000      |
| Visitors Centre - various initiatives                              | 20,000      |
| Records management - scanning project                              | 130,000     |
| Light vehicle fleet acquisitions                                   | 94,000      |
| Outer Metro grant project - Aquatic Centre inflatables/shade sails | 19,000      |
| Net adjustments to Strategic project funding                       | (88,200)    |
| <i>sub total</i>   | 713,000     |
| <i>Total</i>   | (1,045,000) |
| <b>Less Proposed Strategic Project Allocation</b>                  | 1,045,000   |
| <b>Grand Total</b>   | 0           |

3. A proposed rates increase factor of 6.5%, the components of which are as follows:
  - 3.5% = Local Government Cost Index (LGCI) forecast for the 2009-10 year;
  - 1.0% = growth factor designed to fund new initiatives & infrastructure renewal;
  - 1.5% = new costs and/or cost increases greater than the LGCI, eg. electricity, gas and tree pruning costs; and
  - 0.5% = new initiatives of a priority recurrent nature not accommodated by the 1% growth factor.
  
4. The proposal to introduce specified area rates on lands in the areas of Harrisdale and Piara Waters to fund the higher (than the standard otherwise applying throughout the remainder of the district) standard of public open space amenity provided in these areas thereby maintaining that greater level of amenity into the future which has a positive impact on property values in these estates to the benefit of property owners, but not to the dis-benefit of residents in other areas.

**5. Allocations be included in the 2009-10 Draft Budget to commence the following strategic projects/initiatives:**

| <b>Frye Park Redevelopment</b>             | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Reserve & Facility Redevelopment           | 2,750,000   | 2,280,000   | 0           | 0           | 0           |
| Dept of Sport and Recreation Grant         | (400,000)   | (900,000)   | 0           | 0           | 0           |
| Federal Govt Community Grant               | (303,000)   | 0           | 0           | 0           | 0           |
| Transfer from Community Facilities Reserve | 0           | (160,000)   | 0           | 0           | 0           |
| Contribution from Sale of POS Land         | (159,000)   | 0           | 0           | 0           | 0           |
| Contribution from Sale of POS Land         | 0           | (153,000)   | 0           | 0           | 0           |
| New Loan Proceeds                          | (1,723,300) | 0           | 0           | 0           | 0           |
| Loan Repayments (20 yrs at 5.5%)           | 0           | 143,100     | 143,100     | 143,100     | 143,100     |
| New Loan Proceeds                          | 0           | (1,067,000) | 0           | 0           | 0           |
| Loan Repayments (20 yrs at 5.5%)           | 0           | 0           | 88,600      | 88,600      | 88,600      |
| Operating / Maintenance Expenses           | 0           | 0           | 55,000      | 55,000      | 55,000      |
| Asset Renewal Allocation                   | 0           | 0           | 100,000     | 100,000     | 100,000     |
|  | 164,700     | 143,100     | 386,700     | 386,700     | 386,700     |

| <b>Piara Waters Sporting Facility</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Construction of Facility              | 910,000     | 3,400,000   | 370,000     | 0           | 0           |
| Dept of Sport and Recreation Grant    | 0           | (500,000)   | 0           | 0           | 0           |
| Developer Contributions               | 0           | (500,000)   | 0           | 0           | 0           |
| Developer Contributions - DCP3        | (910,000)   | (1,000,000) | 0           | 0           | 0           |
| New Loan Proceeds                     | 0           | (1,400,000) | 0           | 0           | 0           |
| Loan Principal Repayments             | 0           | 0           | 39,828      | 42,049      | 44,394      |
| Loan Interest Expense                 | 0           | 0           | 76,460      | 74,239      | 71,895      |
| Operating / Maintenance Expenses      | 0           | 0           | 120,000     | 120,000     | 120,000     |
| Asset Renewal Allocation              | 0           | 0           | 120,000     | 120,000     | 120,000     |
|                                       | 0           | 0           | 726,288     | 356,288     | 356,289     |
|                                       | 0           | 0           | 1,452,576   | 712,576     | 712,578     |

| <b>Replacement of Core Computer System</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Transfer of Funds to Reserve               | 100,000     | 100,000     | 100,000     | 100,000     | 150,000     |

| <b>Aquatic Centre - Upgrade</b>       | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Upgrade of Swimming Areas / Buildings | 350,000     | 1,800,000   | 1,800,000   | 250,000     | 0           |
| Dept of Sport and Recreation Grant    | 0           | (250,000)   | (250,000)   | 0           | 0           |
| Asset Renewal Allocation              | 0           | 0           | 0           | 0           | 143,000     |
| New Loan Proceeds                     | (350,000)   | (1,550,000) | (1,550,000) | 0           | 0           |
| Loan Repayments                       | 0           | 29,000      | 157,748     | 286,495     | 286,495     |
|                                       | 0           | 29,000      | 157,748     | 536,495     | 429,495     |

| <b>Community Facility - Bakers House - Refurbishment</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Fitout of New Location                                   | 90,000      | 500,000     | 160,000     | 0           | 0           |
| Contributions from Developer                             | (90,000)    | (450,000)   | (110,000)   | 0           | 0           |
| Lotterywest Grant  | 0           | (50,000)    | (50,000)    | 0           | 0           |
| Operating / Maintenance Expenses                         | 0           | 0           | 40,000      | 40,000      | 40,000      |
| Asset Renewal Allocation                                 | 0           | 0           | 37,500      | 37,500      | 37,500      |
|  | 0           | 0           | 77,500      | 77,500      | 77,500      |

| <b>Community Sport and Recreation Facilities Fund Initiatives</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Projects - To Be Advised  | 140,000     | 140,000     | 140,000     | 140,000     | 140,000     |
| Dept of Sport and Recreation Grant                                | (40,000)    | (40,000)    | (40,000)    | (40,000)    | (40,000)    |
| Club Contributions  | (40,000)    | (40,000)    | (40,000)    | (40,000)    | (40,000)    |
| Asset Renewal Allocation  | 0           | 5,000       | 10,000      | 15,000      | 20,000      |
| Operating / Maintenance Expenses                                  | 0           | 2,500       | 5,000       | 7,500       | 10,000      |
|   | 60,000      | 67,500      | 75,000      | 82,500      | 90,000      |

| <b>Additional Staff Resources and Associated Expenses</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Additional Full-Time Equivalent Employees                 | 136,580     | 350,830     | 491,130     | 631,430     | 631,430     |
| New Workstations and Modifications                        | 11,200      | 11,200      | 11,200      | 11,200      | 0           |
| Vehicle Acquisition                                       | 27,000      | 28,100      | 27,000      | 56,200      | 27,000      |
| Vehicle Disposal  | 0           | 0           | (18,400)    | (19,100)    | (18,400)    |
| Vehicle Operation   | 8,600       | 17,600      | 17,600      | 26,600      | 26,600      |
|   | 183,380     | 407,730     | 528,530     | 706,330     | 666,630     |

|                              |                |                |                  |                  |                  |
|------------------------------|----------------|----------------|------------------|------------------|------------------|
| <b>Total Funds Allocated</b> | <b>508,080</b> | <b>747,330</b> | <b>2,778,054</b> | <b>2,602,101</b> | <b>2,512,903</b> |
|------------------------------|----------------|----------------|------------------|------------------|------------------|

**Moved Cr Zelones  
 Motion Carried (7/0)**

*Cr Reynolds declared a financial interest in Recommendation CS69/7/0, part (6), on the basis that it has an effect on him as Mayor of the City of Armadale. Cr Reynolds left the meeting at 9.25 pm.*

**CS70/7/09 RECOMMEND**

**That Council approve the following key budget elements/parameters, part 6, thereby establishing the framework of the 2009-10 Draft Annual Budget within which the Directorates and Standing Committees can develop their detailed estimates for recommendation to the Special City Strategy Committee Meeting scheduled late July 2009/early August 2009. Final recommendation on the 2009-10 Draft Budget will be made to the Council Meeting to be held on 10<sup>th</sup> August 2009:-**

- 6. the following Schedule of Councillor Fees, Allowances, Reimbursements and Benefits be included in the 2009-10 Draft Annual Budget, and provision be made in the 2009-10 Draft Annual Budget to provide the position of Mayor with a fully maintained motor vehicle and that a Council Policy relating to the provision/use of a Mayoral vehicle be developed for Council's consideration and approval.**

| <b>Councillors Fees and Allowances for the 2009-2010 Year</b>   |                                    |                                    |
|---|------------------------------------|------------------------------------|
| - As per the Local Government Act 1995, the following fees, allowances and reimbursements are proposed to be paid to Councillors.   |                                    |                                    |
|   | <b>2008-2009<br/>Budget<br/>\$</b> | <b>2009-2010<br/>Budget<br/>\$</b> |
| <b>Annual Attendance Fees</b>   |                                    |                                    |
| Mayor   | 14,000                             | 14,000                             |
| Councillors   | 91,000                             | 91,000                             |
| <b>Annual Local Government Allowance</b>  |                                    |                                    |
| Mayor   | 55,220                             | 60,000                             |
| Deputy Mayor  | 13,805                             | 15,000                             |
| <b>Telecommunications Allowance</b>   |                                    |                                    |
| Councillors   | 25,270                             | 26,180                             |
| <b>Information Technology Allowance</b>   |                                    |                                    |
| Councillors   | 14,000                             | 14,000                             |
| <b>Travelling Allowance</b>   |                                    |                                    |
| Councillors   | 14,000                             | 12,000                             |
| <b>Communications Reimbursement</b>   |                                    |                                    |
| Councillors   | 12,600                             | 13,048                             |
| <b>Child Minding Reimbursement</b>  |                                    |                                    |
| Councillors   | 3,200                              | 3,200                              |
| <b>Vehicle for Mayor's Position</b>   |                                    |                                    |
| Mayor   | 0                                  | 14,000                             |
| <b>Notes:</b>   |                                    |                                    |
| 1. The Annual Attendance Fees of \$14,000 for the Mayor and \$7,000 for Councillors equate to the maximum levels prescribed.  |                                    |                                    |
| 2. The Annual Local Government Allowance for the Mayor's position is set at 0.0012 (which is less than the prescribed factor of 0.002) of the City's operating revenue for 2007-2008 financial year (\$54.3m). The prescribed maximum allowance is 0.002 of operating revenue or \$60,000, whichever is the lesser. |                                    |                                    |
| 3. The Annual Local Government Allowance for the Deputy Mayor's position is set at 25% (which is the maximum % prescribed of the allowance for the Mayor's position).   |                                    |                                    |
| 4. The proposed Telecommunications Allowance of \$1,870 per annum/Councillor includes a 3.5% increase and is less than the maximum prescribed of \$2,400 per annum/Councillor.  |                                    |                                    |
| 5. The Information Technology Allowance of \$1,000 per annum/Councillor is the maximum as prescribed.   |                                    |                                    |
| 6. The proposed Travelling Allowance estimate of \$ is based on kilometres travelled in the course of Council duties performed by Councillors multiplied by the mileage rate as per the Local Government Officers' (WA) Award 1999.   |                                    |                                    |
| 7. The proposed Communications Reimbursement of \$932 per annum/Councillor includes a 3.5% increase and is administered in accordance with Council Policy and Management Practice EM9.  |                                    |                                    |
| 8. The proposed Child Minding Reimbursement rate of \$20 per hour, is as prescribed.  |                                    |                                    |
| 9. The proposed vehicle for the Mayor's position is to be provided in accordance with Council Policy with Council to be reimbursed for any private use of the vehicle.  |                                    |                                    |

N.B. In accordance with the report shown in Attachment "A-1".

Moved Cr Butterfield  
Motion Carried (6/0)

*Cr Reynolds returned to the meeting at 9.40 pm.*

**CS71/7/09 RECOMMEND**

7. That Council recommit the matter of the 2009-10 Draft Annual Budget to the Special Meeting of the City Strategy Committee scheduled to be held late July/early August 2009 for recommendation to Council, following consideration of:
  - resolutions from each of the Standing Committees/Directorates having considered their respective budget estimates and works programs;



- **the 30th June 2009 year-end financial position inclusive of the proposed carry-forward budgets for works in progress as at 30th June 2009;**
- **other matters subsequently arising having budgetary implications.**

Moved Cr Butterfield  
Motion Carried (7/0)

**MEETING DECLARED CLOSED AT 9.42 PM**

**SPECIAL CITY STRATEGY COMMITTEE**

**SUMMARY OF "A" ATTACHMENTS**

**7 JULY 2009**

| <b>Attachment<br/>No.</b> | <b>Subject</b>   |         |
|---------------------------|--|---------|
| <b>A-1</b>                | Elected Members – Fees and Allowances and Vehicle<br>for Mayoral use | 42 - 44 |

**Councillors Fees, Allowances and Reimbursements for 2009-10**

Presented in the Table hereunder for Council's consideration and determination, is the schedule of Councillor Fees, Allowances and Reimbursements proposed for inclusion in the 2009-10 Draft Annual Budget.

| <b><u>Councillors Fees and Allowances for the 2009-2010 Year</u></b>  |                             |                             |
|---|-----------------------------|-----------------------------|
| - As per the Local Government Act 1995, the following fees, allowances and reimbursements are proposed to be paid to Councillors.   |                             |                             |
|   | <b>2008-2009<br/>Budget</b> | <b>2009-2010<br/>Budget</b> |
|   | <b>\$</b>                   | <b>\$</b>                   |
| <b>Annual Attendance Fees</b>   |                             |                             |
| Mayor   | 14,000                      | 14,000                      |
| Councillors   | 91,000                      | 91,000                      |
| <b>Annual Local Government Allowance</b>  |                             |                             |
| Mayor   | 55,220                      | 60,000                      |
| Deputy Mayor  | 13,805                      | 15,000                      |
| <b>Telecommunications Allowance</b>   |                             |                             |
| Councillors   | 25,270                      | 26,180                      |
| <b>Information Technology Allowance</b>   |                             |                             |
| Councillors   | 14,000                      | 14,000                      |
| <b>Travelling Allowance</b>   |                             |                             |
| Councillors   | 14,000                      | 12,000                      |
| <b>Communications Reimbursement</b>   |                             |                             |
| Councillors   | 12,600                      | 13,048                      |
| <b>Child Minding Reimbursement</b>  |                             |                             |
| Councillors   | 3,200                       | 3,200                       |
| <b>Notes:</b>   |                             |                             |
| 1. The Annual Attendance Fees of \$14,000 for the Mayor and \$7,000 for Councillors equate to the maximum levels prescribed.  |                             |                             |
| 2. The Annual Local Government Allowance for the Mayor's position is set at 0.0012 (which is less than the prescribed factor of 0.002) of the City's operating revenue for 2007-2008 financial year (\$54.3m). The prescribed maximum allowance is 0.002 of operating revenue or \$60,000, whichever is the lesser. |                             |                             |
| 3. The Annual Local Government Allowance for the Deputy Mayor's position is set at 25% (which is the maximum % prescribed of the allowance for the Mayor's position).   |                             |                             |
| 4. The proposed Telecommunications Allowance of \$1,870 per annum/Councillor includes a 3.5% increase and is less than the maximum prescribed of \$2,400 per annum/Councillor.  |                             |                             |
| 5. The Information Technology Allowance of \$1,000 per annum/Councillor is the maximum as prescribed.   |                             |                             |
| 6. The proposed Travelling Allowance estimate of \$ is based on kilometres travelled in the course of Council duties performed by Councillors multiplied by the mileage rate as per the Local Government Officers' (WA) Award 1999.   |                             |                             |
| 7. The proposed Communications Reimbursement of \$932 per annum/Councillor includes a 3.5% increase and is administered in accordance with Council Policy and Management Practice EM9.  |                             |                             |
| 8. The proposed Child Minding Reimbursement rate of \$20 per hour, is as prescribed.  |                             |                             |

It is also proposed, commencing the 2009-2010 financial year, that the position of Mayor of the City of Armadale be provided with a fully maintained vehicle and that the provision and use of the Mayoral vehicle be administered in accordance with Council Policy.

The rationale for providing the Mayor's position with a vehicle includes:

- the City has now reached a point in its growth and maturity both locally and nationally where it would be reasonable to expect the position of Mayor to be provided with a vehicle for the performance of the many and varied duties and responsibilities required of the Office of the Mayor;
- the number of occasions requiring the presence of the Mayor as the City's leader and representative has increased significantly in recent times and to continue to expect the Mayor to use his/her private vehicle for organisational business purposes, is considered no longer reasonable;

The essential terms of the proposed Council Policy relating to the provision of a vehicle for the position of Mayor and its use, are suggested to include:

- the Mayor's position shall, for the purposes of carrying out the duties and responsibilities of that office, be entitled to receive the provision of a fully maintained sedan type motor vehicle with unrestricted use for all official and social duties connected to the office of Mayor and for personal private use (see note on reimbursement below);
- the costs associated with the Mayor's private use of the vehicle shall be reimbursed by the Mayor. The calculation of the reimbursement for the private use is by way of a log book in accordance with the requirements of the Australian Tax Office;
- the purchase and replacement/changeover of the Mayor's vehicle will be administered in accordance with the City's Light Vehicle Fleet Acquisition and Disposal practices;
- the standard of vehicle to be provided for the Mayor's position, will be equivalent to that applying to Senior Officers of the City;
- the provision of a Mayoral vehicle for official business will not be at the reduction of the fees, allowances and reimbursements ordinarily payable to the Mayor's position as approved by Council under section 5.98, 5.98A, 5.99 and 5.99A of the Local Government Act 1995;
- Use of the vehicle shall be consistent with the conditions applying to Senior Officers as provided for in Council's Policy Manual – the Vehicle Use Management Practice ADM9 specifically refers;

While the current Mayor has indicated an interest in a car of a lesser standard than might be permitted by the new Policy, it is nonetheless important that this be at the Mayor's discretion rather than a reduction in the Policy. The estimated annual cost (as per the proposed Policy) to the City of providing the position of Mayor with a fully maintained vehicle is \$8,000 operating cost (less reimbursement for private use, estimated at \$4,000) and \$6,000 vehicle changeover over cost.

#### Committee Discussion

*Committee expressed the view that the vehicle should be of a standard commensurate with the position, to a value similar to that provided for designated Senior Officers of the City, to be agreed between the Chief Executive Officer and Mayor of the day.*

*In response to a Committee question, it was agreed that the Mayor would reimburse the City for all private use, which would be substantially more than paid by officers who "purchase" private use as part of their negotiated employment package.*

**Recommendation to City Strategy (refer part 6)**

**That the Schedule of Councillor Fees, Allowances and Reimbursements as presented in the above Report commentary be approved for inclusion in the 2009-10 Draft Annual Budget.**

**That provision be made in the 2009-10 Draft Annual Budget to provide the position of Mayor with a fully maintained motor vehicle and that a Council Policy relating to the provision/use of a mayoral vehicle be developed for Council's consideration and approval.**