



Corporate & Works Committee

Agenda: *Corporate & Works Committee*

Date: *Monday 21 April 2008*

Time: *6.00pm*

Outline of Meeting Protocol & Procedure:

- The Chairperson will call the Meeting to order and ask the Committee/Staff to present apologies or late correspondence.
- The Chairperson will commence the Order of Business as shown in the Index to the Agenda.
- At the beginning of each item the Chairperson will ask whether a member(s) of the public wish to address the Committee.
- If person(s) wish to address the Committee, they are allowed four (4) minutes in which to do so. Please direct comments to the issues at hand.
- If there are persons representing both sides of a matter (eg applicant/objector), the person(s) against the recommendation speak first.
- At the conclusion of the allotted four (4) minutes, the speaker resumes his/her seat and takes no further part in the debate unless specifically called to do so by the Chairperson.
- If there is more than one (1) person wishing to address the Committee from the same side of the debate, the Chairperson will request that where possible a spokesperson be nominated to represent the parties.
- The Chairperson has the discretion whether to continue to accept speakers from the floor.
- After considering any submissions the Committee will debate the matter (if necessary), and arrive at a recommendation (R items which proceed to Full Council) or a resolution (D items for which the Committee has delegated authority).

Delegated Authority (“D” Items):

- General financial and corporate management of the Council, except those specifically excluded by statute, by Council direction or delegated specifically to another Committee.
- Note: This not to limit the discretions of nominated staff members exercising Delegated Authorities granted by the Council.
- Quarterly review of Council's Management Plan.
- Finance Regulations, including:-
 - Authorisation of expenditures within budgetary provisions where not delegated;
 - Quarterly review of Budget Review Statements;
 - Quarterly and other reports on Works and Services provision; and
 - Writing off of rates, fees and charges because of non-rateability, bad debts, and impracticality of collection.
- Auditing.
- Property Management.
- Asset Management.
- Traffic Management - Works Implementation.
- Works and Services - Monitoring and Implementations.
- Legal Matters and Legal Register.
- Parks and Reserves Management.
- Infrastructure Management, Design and Investigation.
- To require such investigations, reports or actions as considered necessary in respect of matters contained within the Business Agenda (and as may be limited by specific Council resolution).
- Confirmation of Minutes of its Meeting.
- Any other matter falling within the responsibility of the Corporate and Works Committee and not restricted by the Local Government Act or required to be a Recommendation to Full Council as listed below.

Recommendation only to the Full Council (“R” Items):

- Such matters as are specified in Section 377 and within the ambit of the Committee considerations.
- The voting of money for expenditure on works, services and operations.
- Rates, Fees and Charges.
- Donations
- Matters which involve broad strategic or policy initiatives within responsibilities of the Committee.
- Matters not within the specified functions of the Committee.
- Asset Rationalisation.
- Corporate Operations:-
 - Statutory Reporting; - Delegations.
 - Adoption of Council's Management Plans; - Policies.
 - Quality Service/Communications; - Tenders as per Regulation requirements.
 - Leases.
 - Matters reserved by individual Councillors in accordance with any Council policy on "safeguards" and substantive changes

Committee Membership:

7 Councillors

Quorum:

The quorum for a Committee meeting is 4 Councillors.

WOOLLAHRA MUNICIPAL COUNCIL

Notice of Meeting

17 April 2008

To: His Worship The Mayor, Councillor Rundle, ex-officio
Councillors Andrew Petrie (Chair)
 Anthony Boskovitz
 John Comino (Deputy Chair)
 Claudia Cullen
 Marcus Ehrlich
 Fiona Sinclair King
 John Walker

Dear Councillors

Corporate & Works Committee Meeting – 21 April 2008

In accordance with the provisions of the Local Government Act 1993, I request your attendance at a Meeting of the Council's **Corporate and Works Committee** to be held in the **Council Chambers, 536 New South Head Road, Double Bay, on Monday 21 April 2008 at 6.00pm.**

Gary James
General Manager

Additional Information Relating to Committee Matters

Site Inspection

Other Matters

Meeting Agenda

Item	Subject	Pages
1	Leave of Absence and Apologies	
2	Late Correspondence	
3	Declarations of Interest	

Items to be Decided by this Committee using its Delegated Authority

D1	Confirmation of Minutes of Meeting held on 7 April 2008	1
D2	Monthly Financial Report – March 2008	2
D3	Capital Projects Status Update – 331.G	12
D4	Legal Services Tender – 795.G	24

Items to be Submitted to the Council for Decision with Recommendations from this Committee

R1	Trumper Park Tennis Centre Lease – Tender No. 08/02	70
R2	2008/2009 Draft Budget – 331.G 2008/2009	89
R3	Harbour Foreshore Cleaning Project – 1142.G	103

Item No: D1 Delegated to Committee
Subject: **Confirmation of Minutes of meeting held on 7 April 2008**
Author: Les Windle, Manager – Governance
File No: See Council Minutes
Reason for Report: The Minutes of the Meeting of Monday 7 April 2008 were previously circulated. In accordance with the guidelines for Committees' operations it is now necessary that those Minutes be formally taken as read and confirmed.

Recommendation:

That the Minutes of the Corporate and Works Committee Meeting of 7 April 2008 be taken as read and confirmed.

Les Windle
Manager - Governance

Item No: D2 Delegated to Committee
Subject: **Monthly Financial Report – March 2008**
Author: Tracey Walker, Systems & Management Accountant
Michelle Phair, Team Leader Financial Services
File No: 349G
Reason for Report: To present the monthly financial report for March 2008

Recommendation:

A. THAT the monthly financial report for March 2008 be received and noted.

Background:

The monthly financial report for March 2008 is submitted to the Committee for consideration.

The monthly report includes the following:-

- Summary of Investments
- Summary of Receipts, Payments and Bank Balance

Discussion:

Bid Updates:

The latest CDO bids and any other updates will be tabled at the meeting.

Summary of Investments:

Investment portfolio returns for the month of March 2008 were -2.40% for Oakvale Capital and -2.08% for Lehman Brothers. The portfolio returns calculated by Council since the portfolio's inception were 0.27% for Oakvale Capital and -9.74% for Lehman Brothers.

Monthly reports for Oakvale Capital and Lehman Brothers are attached as **ANNEXURES 1 & 2** respectively.

Michelle Phair
Team Leader Financial Services

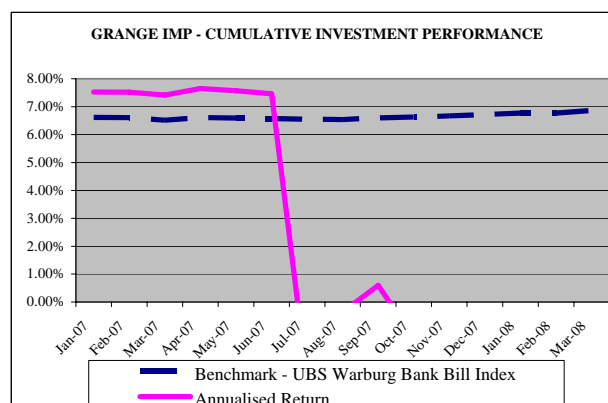
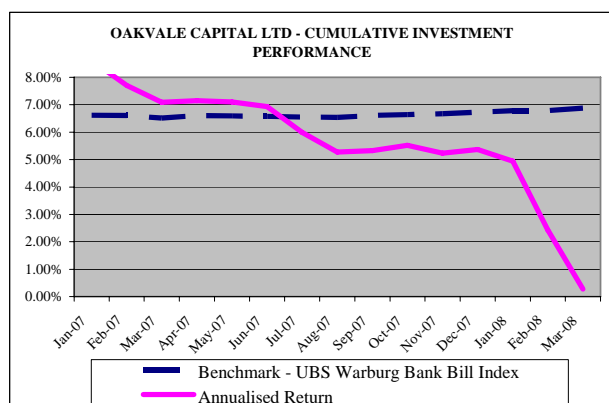
Tracey Walker
Systems & Management Accountant

Don Johnston
Manager Finance

INVESTMENTS AS AT 31 MARCH 2008

CATEGORY	PURCHASE DATE	MATURITY DATE	DAYS	%	FACE VALUE \$	TOTAL \$
1. WMC INVESTMENTS						
<i>BANK WEST</i>						
TERM DEPOSIT	28/02/2008	28/05/2008	90	8.06	1,000,000	
TERM DEPOSIT	19/03/2008	17/06/2008	90	7.93	1,000,000	
TERM DEPOSIT	18/01/2008	17/04/2008	90	7.20	1,500,000	
<i>NAB LIMITED</i>						
BANK BILL	26/02/2008	26/05/2008	90	7.82	2,000,000	
<i>ST GEORGE BANK LTD</i>						
BANK BILL	25/01/2008	24/04/2008	90	7.28	1,000,000	
TERM DEPOSIT	18/03/2008	16/06/2008	90	7.87	1,000,000	
<i>METWAY</i>						
TERM DEPOSIT	20/02/2008	20/05/2008	90	7.86	1,000,000	
TERM DEPOSIT	28/02/2008	28/05/2008	90	8.00	2,000,000	
TERM DEPOSIT	18/03/2008	02/07/2008	106	7.87	1,000,000	
<i>CITIBANK</i>						
TERM DEPOSIT	05/03/2008	04/06/2008	91	8.02	1,500,000	
<i>COMMONWEALTH BANK</i>						
ONLINE SAVER A/C					<u>2,540,713</u>	15,540,713

CATEGORY	SINCE INCEPTION ANNUALISED RETURN %	BENCHMARK %	MARGIN	TECHNICAL VALUATION \$	TOTAL \$
2. OAKVALE CAPITAL Limited					
Funds under management	0.27	6.87	-6.60	<u>7,937,145</u>	7,937,145
* See Annexure 1					
3. LEHMAN BROTHERS (formerly Grange Securities Ltd)					
Individually Managed Portfolio (IMP)	-9.74	6.87	-16.61	<u>15,639,883</u>	15,639,883
* See Annexure 2					
GRAND TOTAL					<u><u>39,117,741</u></u>



I hereby certify that the above investments have been made in accordance with Section 625 of the Local Government Act 1993, Clause 212 of the Local Government (General) Regulation 2005 and Council's investment policy.

M. Phair
TEAM LEADER FINANCIAL SERVICES

D. Johnston
MANAGER FINANCE

Woollahra Municipal Council Portfolio							TECHNICAL VALUATIONS		
Security	Purchase Date	Final Maturity Date	Face Value (FV)	Premium / (Discount)	Purchase Price	31-Jan-07	29-Feb-07	31-Mar-08	
LEHMAN BROTHERES (formerly GRANGE SECURITIES)									
Issued by non-ADIs									
Lehman Global Property Note	13/06/2007	15/06/2009	60,000	0	60,000	54,660	54,168	54,450	
Herald Limited (Quartz AA)	04/07/2007	20/12/2010	400,000	2,428	402,428	266,368	300,284	283,400	
BELO (Kalgoorlie AA+)	27/02/2007	27/02/2012	500,000	0	500,000	487,550	484,250	445,375	
Magnolia (Flinders AA)	08/06/2007	20/03/2012	500,000	4,950	504,950	370,060	283,555	326,400	
Omega (Henley AAA)	20/12/2006	22/06/2012	450,000	0	450,000	318,398	325,854	307,580	
Helium (Esperance AA+)	04/07/2007	20/03/2013	500,000	125	500,125	336,580	335,570	315,880	
Zircon (Merimbula AA)	06/06/2007	20/06/2013	250,000	0	250,000	142,053	146,435	124,763	
Corsair (Torquay AA)	04/07/2007	20/06/2013	500,000	400	500,400	326,290	332,015	293,755	
Start (Blue Gum AA-)	08/01/2007	22/06/2013	400,000	1,316	401,316	268,348	263,408	234,564	
Corsair (Kakadu AA)	22/01/2007	20/03/2014	500,000	-50	499,950	246,475	250,070	219,425	
Helium (Scarborough AA)	17/01/2007	23/06/2014	400,000	844	400,844	255,228	253,532	228,996	
Helium (Scarborough AA)	04/07/2007	23/06/2014	500,000	1,320	501,320	319,035	316,915	286,245	
Helium (Scarborough AA)	23/07/2007	23/06/2014	500,000	850	500,850	319,035	316,915	286,245	
Zircon (Coolangatta AA)	20/03/2007	20/09/2014	500,000	0	500,000	276,495	286,115	251,945	
Beryl (AAA Global Bank Note)	03/04/2007	20/09/2014	100,000	0	100,000	88,019	81,256	80,968	
Zircon (Coolangatta AA)	04/07/2007	20/09/2014	500,000	-50	499,950	276,495	286,115	251,945	
Beryl (AAA Global Bank Note)	04/07/2007	20/09/2014	350,000	-25	349,976	308,067	284,396	283,388	
Aphex (Glenelg AA-)	04/07/2007	22/12/2014	500,000	145	500,145	346,205	345,070	314,390	
Aphex (Glenelg AA-)	10/01/2007	22/12/2014	500,000	-30	499,970	346,205	345,070	314,390	
MAS6-7 (Parkes IIA 'AA-')	13/06/2007	20/06/2015	450,000	2,822	452,822	205,560	186,611	151,763	
MAS6-7 (Parkes IIA 'AA-')	04/07/2007	20/06/2015	500,000	2,700	502,700	228,400	207,345	168,625	
Zircon (Miami AA)	16/04/2007	20/03/2017	50,000	-5	49,996	26,591	27,056	23,565	
			8,910,000	37,706	8,947,706	5,812,116	5,712,004	5,248,056	
Issued by ADIs									
ANZ Principal Protected Yield Curve Note (AA)	17/07/2007	17/07/2008	100,000	0	100,000	91,716	91,712	91,173	
Bank of Queensland (BBB+)	04/07/2007	30/10/2008	1,000,000	10,620	1,010,620	1,003,110	1,007,780	1,013,200	
Home Building Society FRN (BBB+)	10/01/2007	17/08/2009	500,000	6,080	506,080	507,145	498,835	500,100	
Home Building Society FRN (BBB+)	11/01/2007	17/08/2009	500,000	6,070	506,070	507,145	498,835	500,100	
Royal Bank of Scotland (AA)	04/07/2007	28/10/2009	500,000	2,000	502,000	495,170	497,360	493,180	
Elders Rural Bank Sub Debt (BBB-)	04/07/2007	23/03/2010	500,000	3,880	503,880	491,660	493,525	482,065	
NM Rothschild FRSD (unrated)	09/07/2007	10/08/2010	1,000,000	1,310	1,001,310	987,580	971,230	967,360	
HSBC Sub Debt (AA-)	04/07/2007	20/05/2011	500,000	-50	499,950	494,875	481,970	479,250	
Suncorp Metway Sub Debt (A)	19/01/2007	22/06/2011	500,000	705	500,705	488,270	486,810	474,860	
St George Bank Sub Debt (A+)	10/01/2007	26/07/2011	1,000,000	1,120	1,001,120	967,960	964,240	956,620	
HSBC FRN (AA-)	07/02/2007	22/09/2011	500,000	1,170	501,170	481,965	473,925	464,020	
CBA FRN (AA)	19/01/2007	28/09/2011	500,000	1,600	501,600	488,695	488,580	476,630	
CBA FRN (AA)	31/01/2007	28/09/2011	500,000	1,635	501,635	488,695	488,580	476,630	
CBA FRN (AA)	04/07/2007	28/09/2011	500,000	1,805	501,805	488,695	488,580	476,630	
Westpac FR Sub Debt (AA)	07/02/2007	24/01/2012	500,000	295	500,295	483,365	480,775	476,115	
Royal Bank of Scotland (AA)	31/07/2007	17/02/2012	1,000,000	1,460	1,001,460	982,000	961,890	932,040	
Adelaide Bank FRN (BBB+)	04/07/2007	28/03/2012	500,000	885	500,885	487,040	489,710	477,870	
			10,100,000	41,400	10,141,400	9,935,086	9,864,337	9,737,843	
Macquarie Cash Trust (AAA)			CASH	0	CASH	64,913	148,464	3,985	
Bank West 11am at call			650,000	0	650,000	650,000	650,000	650,000	
			650,000	0	650,000	714,913	798,464	653,985	
Total Lehman Brothers			19,660,000	79,106	19,739,106	16,462,114	16,374,805	15,639,883	

Security	Purchase Date	Final Maturity Date	Face Value (FV)	Premium / (Discount)	Purchase Price	31-Jan-07	29-Feb-07	31-Mar-08
OAKVALE CAPITAL								
Aramis (Merrill Lynch) - ABS	02/04/2007	20/12/2012	1,000,000	0	1,000,000	997,153	828,981	611,076
Momentum CDO-Credit Linked Note	29/06/2007	30/06/2012	1,000,000	0	1,000,000	965,960	973,290	932,230
Emerald Reverse Mortgage Series 2007-1 Class B	06/07/2007	06/07/2011	1,000,000	0	1,000,000	996,070	994,690	994,900
Merrill Lynch-Blackrock Diversified Credit Fund	05/01/2007		3,000,000	0	3,000,000	3,037,793	2,981,480	2,972,846
Adelaide Bank MF-AMF Yield Fund (AAA Saver)			2,426,093	0	2,426,093	2,426,093	2,426,093	2,426,093
Total Oakvale Capital			8,426,093	0	8,426,093	8,423,069	8,204,534	7,937,145
WMC Investments								
St George Bank Bill (7.28% 90 days)	25/01/2008	24/04/2008	1,000,000	0	1,000,000	1,000,000	1,000,000	1,000,000
St George Term Deposit (7.87% 90 days)	18/03/2008	16/06/2008	1,000,000	0	1,000,000	1,000,000	1,000,000	1,000,000
NAB Bank Bill (7.82% 90 days)	26/02/2008	26/05/2008	2,000,000	0	2,000,000	2,000,000	2,000,000	2,000,000
Citibank Term Deposit (8.02% 91 days)	05/03/2008	04/06/2008	1,500,000	0	1,500,000	1,500,000	1,500,000	1,500,000
Bank West Term Deposit (8.06% 90 days)	28/02/2008	28/05/2008	1,000,000	0	1,000,000	1,000,000	1,000,000	1,000,000
Bank West Term Deposit (7.14% 63 days)	00/01/1900	25/03/2008	0	0	0	1,000,000	1,000,000	MATURED
Bank West Term Deposit (7.93% 90 days)	19/03/2008	17/06/2008	1,000,000	0	1,000,000	1,000,000	1,000,000	1,000,000
Bank West Term Deposit (7.20% 90 days)	18/01/2008	17/04/2008	1,500,000	0	1,500,000	1,500,000	1,500,000	1,500,000
Metway Term Deposit (7.86% 90days)	20/02/2008	20/05/2008	1,000,000	0	1,000,000	1,000,000	1,000,000	1,000,000
Metway Term Deposit (8.00% 90days)	28/02/2008	28/05/2008	2,000,000	0	2,000,000	0	2,000,000	2,000,000
CBA Term Deposit (7.04% 60days)	18/03/2008	02/07/2008	1,000,000	0	1,000,000	1,000,000	1,000,000	1,000,000
CBA Online Saver			CASH	0	CASH	2,321,956	2,828,016	2,540,713
Total WMC Investment			13,000,000	0	13,000,000	15,321,956	16,828,016	15,540,713
Total Portfolio			41,086,093	79,106	41,165,198	40,207,139	41,407,355	39,117,741

Summary of Receipts, Payments and Bank Balance

Cash Book Balance as at 29 February 2008 - 200,843.63

Receipts

Rates 1,495,540.10
Other 6,470,093.81 7,965,633.91

Total Receipts

Description	Amount
Sundry Debtors Control	- 484,460.96
Parking Fines	- 294,442.00
Deposits & Bonds Control Account	- 227,394.05
Disposal of Council's Fleet	- 214,334.59
Other Developer Contributions	- 142,138.53
Car Park Leases	- 125,868.29
Trade Waste Debtors	- 121,271.15
Work Zone Charges	- 110,491.10
Development Application Fees	- 60,071.79
Build/Construction LS Levy	- 53,037.50

Payments - Cheque

Cheque Payments (1,475,537.64)
Cancelled Cheques 55,163.76
Total Cheque Payments for period (1,420,373.88)

Cheque No	Cheque Date	Payee	Description	Amount
199014	27/03/2008	NSW Fire Brigades	4th Quarter Payment	- 435,570.00
198944	20/03/2008	Energy Australia	Street Lighting - February	- 71,030.74
198914	19/03/2008	Withheld	Security Deposit Refund	- 70,000.00
199006	27/03/2008	Corporation Sole EPA Act	EPA Payment	- 59,698.00
198867	13/03/2008	State Debt Recovery Office	Infringement Processing Fees - February	- 57,633.40
198857	20/03/2008	State Debt Recovery Office	Infringement Processing Fees - December	- 45,796.30
198817	06/03/2008	Suttons City Holden-Rosebery	Purchase of Council's Fleet	- 39,489.91
198995	20/03/2008	United Holden	Purchase of Council's Fleet	- 39,434.75
198960	20/03/2008	Subaru Rushcutters Bay	Purchase of Council's Fleet	- 35,635.83
198842	13/03/2008	Energy Australia	Street Lighting - Various Locations	- 31,657.25

Payments - EFT

EFT Payments (5,219,137.73)
Returned EFT Payments
Total EFT Payments for period (5,219,137.73)

Reference	EFT Date	Payee	Description	Amount
1594	11/03/2008	Tropic Asphalt	Progress Payment - Drummalbyn Road	-231,198.90
16877	10/03/2008	Eco Civil Constructions Pty Ltd	Progress Payment - Rose Bay Promenade	-713,540.81
16923	13/03/2008	GMM Urban Pty Ltd	Progress Payment - Drummalbyn Road	-126,312.30
16931	13/03/2008	Local Govt Super Scheme-Div.A	Employee Superannuation Contributions	-132,873.80
16970	20/03/2008	Build & Const Ind L S Payments Corp	LS Levy Payment - February	-75,690.29
17025	27/03/2008	Collex Waste Management Pty Ltd	Weekly Recycling Collection - February	-112,676.05
36	06/03/2008	Australian Taxation Office	PAYG Tax Wk 36	-96,077.47
37	18/03/2008	Australian Taxation Office	PAYG Tax Wk 37	-93,988.14
38	20/03/2008	Australian Taxation Office	PAYG Tax Wk 38	-109,100.80
39	27/03/2008	Australian Taxation Office	PAYG Tax Wk 39	-93,132.14

Payments - Direct Debits From Bank A/c

Payroll (1,212,023.23)
Bank Charges (24,111.27)
Credit Cards (2,624.59)
Total Direct Debits for period (1,238,759.09)

Total Payments

- 7,878,270.70

Cash Book Balance as at 31 March 2008

- 113,480.42

Unpresented Cheques No. of Cheques: 156 747,632.50
Outstanding Deposits & Miscellaneous Items 5,956.19
Reconciled Cash Book Balance as at 31 March 2008 640,108.27
Bank A/c Balance as at 31 March 2008 640,108.27

Unpresented Cheques > \$30,000.00

Cheque No.	Cheque Date	Payee	Amount
198914	19/03/2008	Withheld	70,000.00
198857	20/03/2008	State Debt Recovery Office	45,796.30
199014	27/03/2008	NSW Fire Brigades	435,570.00

Item No: D3 Delegated to Committee
Subject: **Capital Projects Status Update**
Author: Michelle Phair, Team Leader Financial Services
File No: 331G
Reason for Report: To provide the Committee with an update on the status of capital projects in the 2007/2008 Budget

Recommendation:

THAT the report be received and noted.

Discussion:

The Capital Projects Status Update Report, as at the end of March, is attached as **ANNEXURE 1**. The report shows the previous status and the current status of the projects and highlights those projects where the status has changed as an indication of progress. A further column indicates the forecast status of each project as at 30 June 2008, be it 'Completed', 'Commenced' or 'Not Commenced'. The report also provides the projects budgets, year to date (YTD) expenditure and brief comments.

Within the Infrastructure Renewal Program, the projects have been grouped by Ward. The other projects are grouped into the program areas of:

- Environmental Works
- Open Space
- Roads, Traffic & Streetscapes
- Other Council Properties
- Other Infrastructure

Within each of these program areas the projects are grouped by cost centre to indicate the nature of the project.

Budget Review March 2008 Quarter:

Projects shown with expenditure greater than the budget forecast will be addressed in the budget review for the March 2008 quarter.

Conclusion:

The status of each of the projects in the Capital Budget has been updated by the relevant Manager and is provided for the information of the Committee.

Michelle Phair
Team Leader Financial Services

Warwick Hatton
Director Technical Services

Annexures:

1. Capital Projects Status Report – March 2008

Item No: D4 Delegated to Committee
Subject: **Legal Services Tender**
Author: Geoff Clarke - Director Corporate Services
File No: 795.G
Reason for Report: For the committee to approve the tender specification prior to the calling of tenders.

Recommendation:

That the tender document be endorsed and that the calling of tenders proceed.

Background:

The Council at its meeting on 10 March 2008 resolved in the following terms:

1. *That the Recommendations for Items R1 to R3 of the Legal Sub-Committee meeting held on 26 February 2008 be noted.*
2. *That Council proceed to tender for the provision of legal services in a manner similar to the 2005 tender process.*
3. *That the tender documents include:*
 - a) *the basis on which the prospective tenderers will retain counsel*
 - b) *the basis on which the prospective tenderers will select or agree to Court appointed experts and the basis on which they will make such decisions.*
 - c) *a requirement for successful tenderers to advise of staff changes*
 - d) *a requirement for regular reporting of case outcomes*
4. *That the revised tender document be submitted to the Corporate and Works Committee for review prior to the calling of tenders.*
5. *That the confidential Agenda and Reports for the meeting of the Legal Sub-Committee meeting held on 26 February 2008 remain confidential.*

Proposal:

The revised tender document is attached for review. The specific items for review as identified in the resolution can be found in the document as follows:

- a) the basis on which the prospective tenderers will retain counsel (Sec 3.3.3)
- b) the basis on which the prospective tenderers will select or agree to Court appointed experts and the basis on which they will make such decisions. (Sec 3.3.3)
- c) a requirement for successful tenderers to advise of staff changes (Sec 2.12)
- d) a requirement for regular reporting of case outcomes (page 22, 24, & 28)

Timetable for Selection process:

The timetable proposed for the letting of tenders is as follows:

- Committee Approval Monday 21 April 2008
- Tenders called Tuesday 29 April 2008
- Tender's briefing session Thursday 8 May 2008
- Tenders close Tuesday 27 May 2008
- Short listing of tenderers Tuesday 16 June 2008
- Interviewing of Short listed tenderers week commencing 30 June 2008
- Recommendation to Corp & Wks Com'ttee Monday 22 July 2008
- Successful Tenderers determined Council meeting 28 July 2008

The above timetable is based on the last legal services tender process. It is a tight timetable but realistic.

It is proposed that the legal sub-committee will

- approve the short listing of tenderers for interview,
- carry out the interviews and
- make a recommendation to the Corporate and Works Committee.

Members of the Corporate and Works Committee who have a particular interest in the tender process should attend the relevant sub committee meeting so that any delays are minimised.

This process needs to be completed before the end of the term of this Council so as to reduce the likelihood of the new Council recommencing the tender process.

Conclusion:

The items required by the Council to be included in the tender document have been added. Following approval by the committee, tenders will be called.

Geoff Clarke
Director Corporate Services

Annexures:

Annexure 1 - Tender for Legal Services

Item No: R1 Recommendation to Council
Subject: Trumper Park tennis centre lease
Author: Warwick Hatton, Director Technical Services
File No: Tender No 08/02
Reason for Report: To recommend to Council the acceptance of a Tender

Recommendation:

- A. That, subject to satisfactory outcome of financial checking, Council accept the offer of Brian Gaitz Tennis Academy Pty Ltd for the lease of the Trumper Park Tennis Centre for the commencing rental sum of \$142,000 (excluding GST).
- B. That successful and unsuccessful tenderers be advised accordingly.

Executive Summary

The lease of the Trumper Park Tennis Centre is currently on monthly holdover. A Request for Tender was advertised in September 2007. Six tenders were received and evaluated. The outcome was that the tenderer offering the highest rental return was not ranked high due a number of factors other than the rental offered, whereas the rental offer of the tenderer ranked highest on the full range of factors was significantly below the highest rental offer. The tender assessment was complicated by the inclusion by tenderers of varying proposals for capital works upgrades. It was therefore recommended to the Corporate and Works Committee that the Council's interests would not be served by accepting a tender without further exploration of possible options. Council subsequently resolved: "...not to accept any of the tenders and invite, in accordance with clause 167 of the Local Government (General) Regulation, fresh tenders...".

The lease rent is currently \$128,703 pa plus GST. Prior to inviting fresh tenders, Egan National Valuers (NSW) were commissioned to provide a valuation of potential rental revenue. Based on comparison with comparable rental evidence, Egan valued the market rent, after taking into account an estimated cost of \$175,000 to carry out the mandatory court surfacing and fencing works, at \$150,000. (It should be noted, however, that the cost estimates obtained by a number of tenderers to carry out the mandatory works exceeded \$175,000.)

In weighting the selection criteria prior to the tender close, and in evaluating the tenders received, the tender panel considered that the Council should seek to achieve an increase in rental return over the existing rent, but should also take into account the relative experience and expertise of potential operators, and their business plans of how the centre would be developed and run as a community recreational facility. The recommendation is considered to reflect this balance.

The outcome of this second tender call has similarities to the previous result, in that the tenderer offering the highest rental has ranked lower due a number of factors other than the rental, whereas the highest ranked tenderer has offered a significantly lower rent. However, the comparison is not influenced this time by varying proposals for capital works and other enhancements. The choices are, in the view of the panel, firstly, between either higher rent or greater demonstrated experience of tennis centre management, and secondly, between either the operation continuing at current levels or growth of the Centre as a community recreation facility.

Summary of the four top ranked tenders:

4th: At the top of the range of rental offers, Hamptons are offering \$42,000 pa more than the current rental (32% increase). As a company, they have no experience in this field, and their income projections appear high compared with other tenderers. On the other hand, in discussing the business plan at the interview, the tenderer provided a considered analysis of the current state of the centre and some innovative ideas for its development as a community meeting place and recreation facility.

In the middle range of rental offers are Stephen Day, Brian Gaitz and Nazija.

3rd: Stephen Day is offering \$18,000 pa more (14% increase). At interview he demonstrated a commitment to developing the centre as a community recreation facility. His business plan reflects this goal. It is extensively researched and appears well thought out. However, his previous experience is of managing such a centre as an employee manager, not as lessee.

2nd: Nazija is offering \$11,000 pa more (8.5% increase). This is the current lessee who has run the Palms Tennis Centre for 20 years. It is noted there has been concern about the quality of maintenance of the courts in the recent past. The business plan indicates that the centre would continue to be run at similar levels of activity to the present (the tender refers to 36% court usage which is quite low), and provide similar services and facilities as at present.

1st: Brian Gaitz is offering \$13,000 pa more (10% increase). He is a highly experienced tennis centre operator. His business plan indicates he would offer high quality service, and would seek to expand the business, broaden the customer base and increase the usage rate of the courts. The panel considers this approach of attracting new customers will give a greater variety of users access to Council's recreational facility, and is more sustainable for the Council's recreational strategies in the long term.

Therefore, the tender panel is of the opinion that the tender of Brian Gaitz Tennis Academy Pty Ltd is the most advantageous to Council in terms of providing increased revenue to Council while managing and developing the facility to benefit the community.

Background

The lease of the Trumper Park Tennis Courts has expired. The lease is currently on monthly holdover. The current lessee, the Proprietor of Nazija Holdings Pty Ltd (t/a Palms Tennis Centre), has held the leasehold interest for the past 20 years. Lease rent is currently \$128,703 pa plus GST. All six tennis court surfaces, fences, court lights and kiosk / pro shop / change rooms, and the cabanas now require refurbishment and/or upgrade.

A Request for Tender was advertised in September 2007. Six tenders were received and evaluated. The outcome of this process was that the tenderer offering the highest rental return was not ranked high due a number of factors other than the rental offered, whereas the rental offer of the tenderer ranked highest on the full range of factors was significantly below the highest rental offer. The tender assessment was complicated by the inclusion by tenderers of varying proposals for capital works upgrades.

It was therefore recommended to the Corporate and Works Committee that the Council's interests would not be served by accepting a tender without further exploration of possible options. Subsequently, Council resolved 17 December:

- A. *That, having regard to all the circumstances, it appears to not be most advantageous to the Council to accept any of the tenders in their current form and, therefore, that Council resolve not to accept any of the tenders and invite, in accordance with clause 167 of the Local Government (General) Regulation, fresh tenders based on the same or different details.*
- B. *That until such time [as] a decision is reached on the granting of a lease for the Trumper Park Tennis Courts, the information contained in this report and in the current tenders be treated as Commercial In Confidence.*
- C. *That the fresh tenders are to be assessed by an assessment panel of members not including any of the original panel.*

Following this resolution, the tender brief was revised to clarify Council's objectives, including a mandatory requirement that tenderers renovate court surfaces and fencing to Council specifications in the first year of the lease. Further, as inspection by Council's electrical contractor had also identified that non-compliant electrical wiring had been installed during the current lease and that the standard of tennis court lighting did not meet acceptable lighting levels for night time play, it was decided that Council would rectify the sub-standard court lighting and associated electrical distribution before commencing a new lease.

A new Request for Tender was advertised in February 2008. Eight tenders were received. This report addresses the assessment of the tenders.

Invitation to Tender

Tender 08/02 for Trumper Park Tennis Courts Lease was advertised in the Tenders section of the Sydney Morning Herald on Tuesday 5, 12 and 19 February 2008, and in the Wentworth Courier on Wednesday 6, 13 and 20 February 2008. Tenders closed at 2.30pm) on Thursday 28 February 2008. Eight tenders were received prior to the closing date and time. During the tender period, 20 February, a pre-tender meeting was held. All tenderers who had registered their interest in the tender were invited to attend. Questions raised by tenderers were answered and a record of the questions and answers was circulated to all tenderers who attended, or who were unable to attend but registered their wish to receive information.

All the tenders received by the closing date and time are listed in Table 1:

Table 1

TENDERER
Arie Shatar/Abraham Shatar
Brian Gaitz Tennis Academy Pty Ltd
Etele Enterprise Pty Ltd
Hamptons Development Group Pty Ltd
Nazija Holdings Pty Ltd (t/a Palms Tennis Centre)
Paddington Tennis Pty Ltd
Stephen Baseden Day
Tenservs Management and Coaching

Tender Assessment

In accordance with the Council resolution, the tender assessment panel comprised members not included in the previous panel, namely, Mr Mark Ramsay, in place of the Purchasing Coordinator, Mr Warwick Hatton) in place of the Property Officer, and Ms Michelle Phair) as the independent member.

Council has resolved that a probity adviser should be included during the tender assessment stage for high risk, high value or sensitive projects. This lease was deemed to meet this definition and it was agreed that a probity adviser should be included in the tender process. Mr Les Windle acted as Probity Adviser.

Prior to the closing date, on 5 February 2008, the tender panel agreed on the weightings that would be used against the advertised selection criteria.

The tenders deemed conforming and their offers of commencing annual rentals are listed in Table 2:

Table 2

TENDERER	Rental offer (First year payment)
Arie Shatar/Abraham Shatar	\$155,000
Brian Gaitz Tennis Academy Pty Ltd	\$142,000
Etele Enterprise Pty Ltd	\$140,000
Hamptons Development Group Pty Ltd	\$170,000
Nazija Holdings Pty Ltd (t/a Palms Tennis Centre)	\$140,000
Paddington Tennis Pty Ltd	\$130,000
Stephen Baseden Day	\$147,000
Tenservs Management and Coaching	\$130,000

The tenders were assessed in accordance with the selection criteria stated in the tender documents. Two tenderers were requested to complete schedules which had not been included with their tender submissions. The schedules subsequently received did not alter the offers.

The tenders were given a preliminary score on each item of the selection criteria, which resulted in a total score out of 100. Tenderers were ranked in accordance with their scores.

Post-Tender Interviews were conducted with the three tenderers offering the highest annual rentals (Hamptons, Abraham and Arie Shatar, and Stephen Day). The purpose of the interviews was to review and test the information provided by the tenderers with regard to the published selection criteria, and where necessary to raise questions which the panel had regarding aspects of the tenders. The Probity Adviser attended these interviews.

Interviews were not conducted with two tenderers with the next highest annual rental offers (Gaitz and Nazija). In the case of Brian Gaitz, he had been interviewed on two occasions in connection with the previous tender invitation, and his tender submission was substantially unchanged; in the case of Nazija, the principal, Wolfie Pizem, had been interviewed on two occasions in connection with the previous tender invitation, and, although added detail was provided compared with the previous tender submission, the fundamentals of the offer had not changed.

Interviews were not conducted with the three remaining tenderers either because of the low level of their rental offers or their low scores generally.

Following the interviews, where considered appropriate, the panel amended tenderers' scores and rankings. Final scores and rankings are shown in Table 3.

Tenders were assessed against the following criteria:

Demonstrated Experience and Qualifications: Information was requested pertaining to personal experience and relevant qualifications of each member of the bid team, and the team's experience in similar business. From this information the tender panel assessed the level of demonstrated experience and qualifications for each tenderer.

Business Plan: This was scored on the information provided under the requested headings of estimates of income, estimates of capital costs, overheads (estimates of expenditure), proposed fee structure on which income estimate was based, estimates of projected numbers of customers, and staffing mix and ratios.

Mandatory Works: This was scored on whether an undertaking was given to carry out the works in the time frame required, and the level of detail and feasibility of the proposed implementation.

Occupational Health & Safety: Information was requested on the occupational health and safety systems proposed. From this information the evaluation panel assessed demonstrated level of appreciation of Occupational Health & Safety issues and the measures proposed to manage these.

Capacity: Information was requested pertaining to the management team skills and experience and stated financial capability (to be subject to further financial checking of a recommended tenderer).

Rental Offer: the highest offer was deemed to achieve 100% of the score for this criterion. The other tenderers' offers were divided by the highest rental offer to give their respective scores as percentages.

Tender assessments (in order of ranking from 8th to 1st)

Tenservs Management & Coaching

Tenservs Management & Coaching offered the (equal) lowest return to Council of \$130,000 pa (plus GST).

The tender panel ranked this tender 8th with a score of 59.96 / 100, reflecting the poor rental offer, limited business plan, and generally limited supporting detail.

This tenderer manages and operates a similar tennis centre at Latham Park in Randwick Council LGA. The principal of Tenservs, Eduard Platkov, is a professional Tennis Coach.

The information provided in the business plan regarding projected income, operating costs and capital expenditure was poor. Information on fee structure was considered satisfactory. No information was provided regarding projected customer numbers, and staffing ratios. The limited information in the business plan suggests that this tenderer would aim to promote greater usage of the facility by a wider range of customers, and the tenderer has pointed to success in this regard at Latham Park.

The tenderer has committed to carrying out the upgrading works, but has provided little detail of how this would be implemented. It is indicated that the works would be funded by a loan.

The tenderer has provided some detail of policy on Occupational Health & Safety, including reporting forms and hazard inspection reports to be used.

Little detail was provided as to management team capability. Documentation was provided of the assets held to substantiate net worth and financial capacity, and statements of business accounts were submitted.

In addition to the mandatory upgrading works, this tender included proposals to expand the kiosk and install a pro-shop.

Etele Enterprise Pty Ltd

This tenderer has offered a rent of \$140,000 pa (plus GST). This is the (equal) 2nd lowest rental offer received.

The tender was ranked 7th with a score of 67.32 / 100. This reflects the generally poor level of detail in the tender, the comparatively limited team experience as tennis centre owners/operators, and the poor rental return to Council.

The principals of this group combine professional tennis coaching and business skills. Etele Hajdu has 15 years of experience coaching tennis players and managing tennis centres in Hungary and Australia. Other members of the team have business and accounting experience, although not in the management of a centre of this type.

The business plan provides satisfactory information with some detail on projected income, operating costs, fee structure and numbers of customers, but little detail on capital costs and staffing ratios. It indicates that it is the intention of the tenderer to promote greater usage of the facility by a wider range of customers.

The tenderer has committed to carrying out the upgrading works, but has provided little detail of how this would be implemented.

Limited detail was provided by way of a short summary of intentions to involve staff in the implementation and running of Occupational Health & Safety systems. The tenderer has not indicated an intention to outsource the management of this issue to specialist consultants.

The team demonstrates good professional tennis skills but limited experience in the management of such a centre. Little information was provided about financial capacity.

In addition to the mandatory upgrading works, this tender included proposals to paint the kiosk and pro-shop, repair pergolas and cabanas, and carry out landscaping. Cost estimates were included.

Arie & Abraham Shatar

This tenderer has offered a rent to Council of \$155,000 pa (plus GST). This is the 2nd highest rental return offered. An interview was held with this tenderer.

Although the rental offer is at the high end of the range, this tender was ranked 6th by the panel, with a score of 69.6 / 100, reflecting the limited supporting detail, in the tender submission and at interview, for many aspects of the tender.

This tenderer comprises four partners, being Abraham, Arie and Tamara Shatar, and Megan Smith. Each partner brings different skills and experience, that may be applied to managing and operating the tennis centre, namely business, tennis coaching, hospitality, computer systems analysis and office management,. The kiosk would be run by Megan Smith who has seven years experience in café management and hospitality.

The tenderer provided evidence of managing and operating tennis centres at two locations. Arie Shatar is an experienced level 3 professional tennis coach who has been coaching for 11 years in Australia and internationally.

The business plan includes detailed information (but only for one year) on projected income and expenditure, capital costs and projected customer numbers, and provides details of the fee structure and staffing ratios. The business plan states that this tenderer would aim to promote greater usage of the facility by a wider range of customers. The business plan was discussed at the interview, and some additional clarifying information was requested. *This was provided, but the panel has concluded this tender does not address this matter as well as other tenders.*

The tenderer has committed to carrying out the upgrading works, and has provided some detail of how this would be implemented. The works may be funded from capital or from a loan. The business plan allows for loan repayments over 14 years.

No detail was provided on Occupational Health & Safety and procedures. Reference had been made in the tender to gaining assistance from Workcover, which was not considered an acceptable response. OHS was discussed at the interview, but the panel has concluded this tender does not address this matter as well as other tenders.

Information was provided as to management team capability. Documentation was provided of the assets held to substantiate net worth and financial capacity. Personal and partnership tax returns were submitted.

In addition to the mandatory upgrading works, this tender included proposals to refurbish the kiosk and change rooms, establish a pro-shop, repair or replace the gazebos, create an outdoor dining area, and create a play area with soft fall and shade structure. Some cost estimates were provided. The tender also proposes to establish a web-site and client database, and to provide innovative services such as video stroke analysis.

Paddington Tennis Pty Ltd

This tenderer has offered a rent of \$130,000 pa (plus GST). This is the (equal) lowest rental offer received.

This tender was ranked 5th with a score of 74.96 / 100. This reflects the generally good detail in the tender submission, but qualified by the comparatively limited experience as owners/operators, and the poor rental return to Council.

This is a new venture formed by two tennis professionals. Suzy Ellis has managing experience and extensive coaching experience, and Craig Davison has extensive coaching experience.

The information provided in the business plan regarding projected income, operating costs, capital expenditure, fee structure, customer numbers, and staffing ratios was considered satisfactory. Compared to other tenders, the proposed fees appear high, and the estimates of customers per week very high, yet the projected revenues and rent offered are comparatively low. The detail in the business plan suggests that this tenderer would aim to promote greater usage of the facility by a wider range of customers.

The tenderer has committed to carrying out the upgrading works, and has provided a well detailed, workable plan of how this would be implemented.

Documentation was provided of the assets held to substantiate net worth and financial capacity. The renovation works would be funded from bank loans.

The tenderer has provided a general overview of Occupational Health & Safety issues and some detail of intended policies. It is planned to outsource management of this area to specialist consultants.

The team demonstrates extensive professional tennis skills and experience in management of tennis centres.

In addition to the mandatory upgrading works, this tender included proposals to replace the court lighting, install a security system, upgrade the kiosk and change rooms, create a lounge area, upgrade the landscaping, and install new indoor and outdoor furniture. Cost estimates and time frames were included.

Hamptons Development Group Pty Ltd

This tenderer has offered a rent to Council of \$170,000 (plus GST). This rent is the highest offered. An interview was held with this tenderer.

This tenderer was ranked 4th by the panel with a final score of 80.63 / 100, which takes into account the high rent offered, the panel's assessment of the team's capacity to operate and develop such a facility, and the level of information provided in the tender and supplemented at interview, on the business plan, the implementation of the mandatory works, and Occupational Health & Safety management.

Hamptons Development Group is described as "a multi-disciplinary firm, keen to expand into the leisure field" which has engaged for this purpose "suitable personnel" with experience in the tennis industry, namely Chris Steel, who is stated to have extensive experience as an elite coach in Australia and overseas. The other team members acknowledge they have no previous experience in managing a tennis facility; their past business experience is in site and project development.

The business plan included satisfactory information on the fee structure, but included only 1 year's information on projected income and expenditure, and limited information on capital costs, staffing ratios and customer numbers. Further information was requested and provided, through the interview process, on capital costs, staffing ratios and customer numbers. The projected revenue estimate is very high compared with other tenders. The business plan states that this tenderer would aim to promote greater usage of the facility by a wider range of customers. In discussing the business plan at the interview, the tenderer provided a considered analysis of the current state of the centre and some innovative ideas for its development as a community meeting place and recreation facility.

The tenderer has committed to carrying out the upgrading works, and has provided details of how this would be implemented.

The tenderer provided a general overview of Occupational Health & Safety policy, with limited reference to the Tennis Centre site and operation.

Some detail was provided as to management team capability and financial capacity. Financial details were provided for Hamptons Development Group Pty Ltd, but it was noted Hamptons only commenced operations in 2006. Financial details were also provided for Bluestone xxx and for Lance Hodginkson, who is described as Principal in the proposed management structure and who will finance the project. Documentation provided of the assets held indicates very good financial capacity, (subject to checking).

In addition to the mandatory upgrading works, this tender included proposals to upgrade the kiosk, provide improved outdoor and indoor seating, and a lounge area, and refurbish the change rooms.

A lump sum estimate was provided. The tender also proposes to install on-line booking and a website. Barbecue facilities, an on-site creche and children's play area are included as "future possibilities".

Stephen Day (Papa,a Pty Ltd)

This tenderer has offered a rent to Council of \$147,000 pa (plus GST). This offer is the 3rd highest received. An interview was held with this tenderer.

This tender was ranked 3rd with a score of 84.59 / 100. Relative to other tenders received this tenderer has offered a return in the higher end of the range and has provided a well researched and comprehensive business plan, but has scored lower on business experience and capacity.

Stephen Day is an experienced professional tennis coach. He has been providing tennis coaching programs to adults and schoolchildren since 1990, and has acted as instructor and subsequently as manager at the Lyne Park tennis centre between 1990 and 1999. This would be the first owner /operator business for this tenderer. The tender proposes that the tennis centre kiosk operation would be operated by Anne Ramea, who has previous experience in the hospitality industry.

The information provided in the business plan regarding projected income, operating costs, capital expenditure, fee structure, and staffing ratios was very detailed and provided projections through the term of the lease. Information was provided regarding projected customer numbers at the interview. The business plan of this tenderer appears to have been extensively researched and well thought out. The plan proposes to promote greater usage of the facility by a wider range of customers.

The tenderer has committed to carrying out the upgrading works, and has provided a well detailed, workable plan of how this would be implemented. The works will be funded from a combination of cash and a loan.

The tenderer proposes to outsource Occupational Health & Safety management to specialist consultants. He has provided full details of policies and procedures and has had an inspection carried out of current hazards.

Documentation was provided to substantiate net worth and financial capacity. This tenderer has previous experience as a manager of a tennis centre but no previous experience as a business owner /operator. Documentation provided of the assets held indicates satisfactory financial capacity, (subject to checking).

In addition to the mandatory upgrading works, this tender included proposals to upgrade the kiosk, change rooms and pro-shop, repair the cabanas, upgrade the landscaping and create "playing grounds". The tender also proposes to set up an on-line booking system and a website. These works are proposed to be carried out at the commencement of the lease. The tender also includes proposals to investigate after nine months the need for upgraded lighting, and further works to the club house.

Nazija Holdings Pty Ltd (t/a Palms Tennis Centre)

This tenderer has offered a rent to Council of \$140,000 pa (plus GST). This is the (equal) 2nd lowest rental return offered.

This tenderer (Principal, Wolfie Pizem) was interviewed on two occasions in connection with the previous tender invitation. Although added detail was provided compared with the previous tender submission, the fundamentals of the offer have not changed and it was not considered that an interview was required on this occasion.

Based on the tender submission and this tenderer's demonstrated experience in running the centre to date, this tender was ranked 2nd by the panel, with a score of 85.44 / 100.

This is the current lessee of the Trumper Park Tennis Centre. A rent of \$128,703 pa plus GST is currently paid. The lessee has managed this Tennis Centre for the past 20 years and therefore has extensive experience in managing and operating the Centre, and has a good record of paying the rent promptly.

The Centre operation has generally been run satisfactorily over the past 20 years of lease tenure. However, questions have arisen recently in respect of the quality of maintenance carried out by the lessee at the centre. A recent dilapidation report for the tennis centre identified many defects in the court surfaces, fences, etc, and, as a matter of safety, urgent electrical works required in the Kiosk electrical distribution board. Apparently, this last hazard was in existence for some time, but the lessee had not acted to rectify it. Rectification works have now been carried out at the lessee's cost.

The information provided in the business plan regarding projected income, operating costs, capital expenditure fee structure and customer numbers, was considered satisfactory, although there was limited information about staffing ratios. The projected estimates for staff wages appear very low compared with other tenders, and these, combined with the projections of court usage in the business plan suggests that this tenderer proposes to manage the centre at the current relatively low levels, rather than promoting greater usage of the facility by a wider range of customers.

The tenderer has committed to carrying out the upgrading works, and has provided an outline, with limited detail, of how this would be implemented.

The tenderer proposes that Occupational Health & Safety management will be outsourced to specialist consultants, has provided full details of policies and procedures and has carried out an inspection of current hazards. The tender also includes the proposed provision of an AED heart starting device to the tennis centre as a customer safety measure.

The tenderer has a satisfactory track record of managing the centre, with the exception of the qualifications recorded above regarding maintenance. Documentation provided of the assets held indicates very good financial capacity, (subject to checking).

In addition to the mandatory upgrading works, this tender included proposals to refurbish the kiosk and pro shop, upgrade the lighting, rebuild the court shelters, and install new furniture. Cost estimates are provided but no time frame.

Brian Gaitz Tennis Academy Pty Ltd

This tenderer has offered a rent to Council of \$142,000 pa. This is the 3rd lowest rental offer received.

This tenderer was interviewed on two occasions in connection with the previous tender invitation. His tender submission is substantially unchanged and it was not considered that an interview was required on this occasion.

The tender was ranked 1st with a score of 88.41 / 100. This reflects the extensive professional and business experience of the tenderer and his team, and the detailed information provided regarding Occupational Health & Safety, capital works and business plan.

Brian Gaitz has extensive experience of managing tennis centres at two locations. He is an experienced professional tennis coach, and has been providing tennis coaching programs to tennis professionals, adults and schoolchildren since 1980. He managed the Sydney International Tennis Centre as Director of Tennis and has been responsible for developing the Leyton Hewitt Tennis Academy.

The business plan includes good information on capital cost and staffing ratios, satisfactory information on fee structure and customer numbers but limited detail (only one year) on projected income and expenditure. Further information was requested and provided, through the interview process, on this aspect of the tender.

The business plan indicates this tenderer would aim to promote greater usage of the facility by a wider range of customers. The tennis centre in Bondi currently managed by Mr Gaitz has been sold to a developer and will cease to operate shortly. It proposed by Mr Gaitz that once the centre closes that the clients would move to Trumper Park with him. (It should be noted that these clients may choose to move to this or to other tennis facilities, once the Bondi Tennis Club closes.)

The tenderer has committed to carrying out the upgrading works, and has provided details of how this would be implemented.

Documentation was provided of the assets held to substantiate net worth and financial capacity. The renovation works would be funded from a bank loan.

The tenderer proposes to outsource Occupational Health & Safety management to specialist consultants. He has provided full details of policies and procedures and Occupational Health & Safety management systems including a checklist of current hazards identified.

The tenderer has demonstrated a good track record of managing tennis centres. Documentation provided of the assets held indicates good financial capacity, (subject to checking).

In addition to the mandatory upgrading works, this tender included proposals to upgrade the kiosk, upgrade and expand the pro shop, and upgrade the lighting. The tender proposes these works will be undertaken in the first year and cost estimates are provided.

Table 3 shows the scores and rankings of all tenders considered.

Table 3

TENDER SCORING FORM									
SELECTION CRITERIA	Weighting	1 Arie Shatar	2 Brian Gaitz	3 Etele	4 Hamptons	5 Nazija	6 Paddington	7 Stephen Day	8 Tenservs
1. DEMONSTRATED EXPERIENCE & QUALIFICATIONS									
1. WEIGHTED SCORES	20	15.00	20.00	15.00	15.00	20.00	15.00	15.00	15.00
2. BUSINESS PLAN									
2. WEIGHTED SCORES	15	8.75	11.88	8.75	10.63	8.13	9.38	12.50	3.75
3. MANDATORY WORKS									
3. WEIGHTED SCORES	5	3.13	4.38	3.13	3.75	4.38	5.00	5.00	3.13
4. OH&S									
4. WEIGHTED SCORES	10	0.00	10.00	2.50	2.50	10.00	5.00	10.00	5.00
5. CAPACITY									
5. WEIGHTED SCORES	10	6.25	8.75	5.00	8.75	10.00	10.00	7.50	2.50
6. RENTAL OFFER									
6. WEIGHTED SCORES	40	36.47	33.41	32.94	40.00	32.94	30.59	34.59	30.59
TOTALS	100	69.60	88.41	67.32	80.63	85.44	74.96	84.59	59.96
RANKING		6	1	7	4	2	5	3	8

Valuation

Prior to the tender period, as a guide to the tender assessment, a valuation was commissioned from Egan National Valuers (NSW). The valuation was based on comparison with comparable rental evidence. Egan are of the opinion that the Centre should attract a rent in the order of \$30,000 per court. After taking into account an estimated cost of \$175,000 to the lessee of carrying out the mandatory court surfacing and fencing works, to be amortised over 7 years, Egan have estimate the market rent for the Centre to be \$150,000. (It should be noted that the cost estimates obtained by a number of tenderers to carry out the mandatory works exceeded \$175,000.)

In weighting the selection criteria prior to the tender close, and in evaluating the tenders received, the tender panel considered that the Council should seek to achieve an increase in rental return over the existing rent, but should also take into account the relative experience and expertise of potential operators, and their business plans of how the centre would be developed and run as a community recreational facility. The recommendation is considered to reflect this balance.

Outcome

The outcome of this second tender call has similarities to the previous result, in that the tenderer offering the highest rental has ranked lower due a number of factors other than the rental, whereas the highest ranked tenderer has offered a significantly lower rent. However, the comparison is not clouded this time by varying proposals for capital works and other enhancements. The choices are, in the view of the panel, firstly, between either higher rent or greater tennis centre management experience, and secondly, between either business at current levels or growth of the Centre as a community recreation facility.

Summary of the four top ranked tenders:

4th: At the top of the range of rental offers, Hamptons are offering \$42,000 pa more than the current rental (32% increase). As a company, they have no experience in this field, and their income projections appear high compared with other tenderers. On the other hand, in discussing the business plan at the interview, the tenderer provided a considered analysis of the current state of the centre and some innovative ideas for its development as a community meeting place and recreation facility.

In the middle range of rental offers are Stephen Day, Brian Gaitz and Nazija.

3rd: Stephen Day is offering \$18,000 pa more (14% increase). At interview he demonstrated a commitment to developing the centre as a community recreation facility. His business plan reflects this goal. It is extensively researched and appears well thought out. However, his previous experience is of managing such a centre as an employee manager, not as lessee.

2nd: Nazija is offering \$11,000 pa more (8.5% increase). This is the current lessee who has run the Palms Tennis Centre for 20 years. It is noted there has been concern about the quality of maintenance of the courts in the recent past. The business plan indicates that the centre would continue to be run at similar levels of activity to the present (the tender refers to 36% court usage which is quite low), and provide similar services and facilities as at present.

1st: Brian Gaitz is offering \$13,000 pa more (10% increase). He is a highly experienced tennis centre operator. His business plan indicates he would offer high quality service, and would seek to expand the business, broaden the customer base and increase the usage rate of the courts. The panel considers this approach of attracting new customers will give a greater variety of users access to Council's recreational facility, and is more sustainable for the Council's recreational strategies in the long term.

Therefore, the tender panel is of the opinion that the tender of Brian Gaitz Tennis Academy Pty Ltd is the most advantageous to Council in terms of providing increased revenue to Council while managing and developing the facility to benefit the community.

Identification of Income and Expenditure:

Current revenue to Council is \$128,703 pa plus GST. The recommended tender will increase this to \$142,000 plus GST in the first year, adjusted by CPI yearly, and subject to a market rent review in the seventh year, prior to an option to renew being taken up.

Conclusion:

The tender panel recommends that Council grant a Lease to Brian Gaitz Tennis Academy Pty Ltd for the Trumper Park Tennis Centre for the commencing rental sum of \$142,000 (excluding GST).

Mark Ramsay
**Manager Depot & Waste
Services**

Michelle Phair
**Team Leader Financial
Services**

Warwick Hatton
Director Technical Services

Annexures:

1. Extract from *Invitation to Tender – Section 1: 1.1 Background*
2. Survey Plans of lease area and kiosk building
3. Aerial view of Tennis Centre site

Item No: R2 Recommendation to Council
Subject: **2008/2009 Draft Budget**
Author: Don Johnston, Manager Finance
File No: 331G 2008/2009
Reason for Report: To introduce the 2008/2009 Draft Budget to the Committee and to determine its future consideration by either the Strategic & Corporate Committee or Councillor workshops

Recommendation:

- A. That the 2008/2009 Draft Operating and Capital Budgets be incorporated into the 2008/2011 Management Plan for the purposes of public exhibition noting that:
- The withdrawal of the superannuation 'holiday' is to be funded from the improved 2006/2007 working funds position;
 - The contribution to Double Bay Centre Management is to be funded from the additional proceeds from the Cosmopolitan Centre commercial arrangements and the remaining additional proceeds will be earmarked for the 2009/2010 contribution; and
 - \$1.1m in interest earnings will be transferred to the Property Reserve
- B. That the 2008/2009 Draft Operating and Capital Budgets be further considered at a Strategic & Corporate Committee meeting if required.

Executive Summary:

An update report on the progress in preparing the draft 2008/2009 budget was presented to the Corporate & Works Committee on 3 March 2008. That report highlighted the significant difficulties facing Council in terms of substantial increases in expenditure and our inability to fully absorb these increased costs without impacting on services or service levels.

This report presents to the Committee an operating budget that meets its strategy target. In doing so, it draws on our improved 2006/2007 working funds position to fund the withdrawal of the superannuation 'holiday' and additional proceeds from the Cosmopolitan Centre commercial arrangements to fund the initial contribution for Double Bay Centre Management. These funding recommendations, which free up some \$521,000, are made based on the potential return of a partial superannuation 'holiday' in 2009/2010.

The operating budget, incorporating the recommendations in this report, provides \$4.399m in capital funding which is slightly in excess of the \$4.239m strategy target. In addition to these general funds, further specific allocations of capital revenue are made from the operating budget totalling \$4.55m including the Environmental & Infrastructure Renewal Levy (\$3.2m) and allocations of interest earnings to the Property Reserve (\$1.1m) and Section 94 (\$0.25m).

A preliminary draft capital budget was prepared incorporating all identified capital projects for 2008/2009. The capital budget continues Council's commitment to infrastructure renewal and provides for major open space works at Gap Park (\$787k). It also provides for several traffic and property related projects in addition to funding our operational capital requirements. Certain projects have been recommended for deferral to a future capital budget to bring it into line with the funding available.

The operating budget presented to the Committee makes reasonable allocations to provide for the continuation or restoration of existing services / service levels. The capital budget, as far as possible within our funding constraints, funds all prioritised identified capital projects. Ultimately the allocation of resources within and between the operating and capital budgets is a decision for Council. Comprehensive Internal Budget Working Documents have been circulated with this report to facilitate a review of the services / service levels provided within the operating budget. No cuts to services / service levels have been recommended. Deferred projects in the draft capital budget have been highlighted in red and struck out to allow easy identification and review by Council.

The 2008/2009 Draft Operating and Capital Budgets are submitted to the Committee for consideration and determination of future consideration at a meeting of the Strategic & Corporate Committee if required.

Financial Summary

	\$000's	\$000's	\$000's
	07/08 Original Budget	08/09 Draft Budget	\$ Change ⁽¹⁾
Income Statement			
Total Revenues	58,444	60,650	2,206
Total Expenses	55,957	59,687	3,730
Change in Net Assets from Operations	2,487	963	(1,524)

(1) Explanations of major increases appear on pages 4 & 5

The Operating Budget includes:

- Continuation of existing services / service levels (Page 7)
- 3.2% permissible Rate increase provided an additional \$817k (Page 6)
- \$1.1m of increases in expenditure funded from general revenue (Page 3)
- Repayments for \$6.525m 2007/2008 loan program
- \$1.1m in interest transferred to the Property Reserve

The Capital Budget comprises:

	\$000's	\$000's	\$000's
Program	07/08 Original Budget	08/09 Draft Budget	\$ Change
Environmental & Infrastructure	4,705	4,787	82
Stormwater Drainage ⁽¹⁾	600	475	(125)
Public Open Space	970	1,299	329
Traffic	522	927	405
Harbourside Projects	100	0	(100)
Business Centres ⁽²⁾	6,846	0	(6,846)
Public Transport	0	80	80
Property	455	631	176
Operating Capital	3,253	3,263	10
	17,451	11,462	(5,989)

(1) The 07/08 Budget included \$150,000 in grant funded projects

(2) Includes \$6.525m loan program

Working Funds: \$2.945m (still very sound after funding superannuation 'holiday' withdrawal)

Current Ratio: 2.5:1 (well in excess of 1:1 minimum acceptable level)

(NOTE: Workings Funds and Current Ratio are based on figures as at the December Quarterly Review and may change after completion of March Quarterly Review)

Background:

A progress update on the preparation of the 2008/2009 Preliminary Draft Budget was presented to the Corporate & Works Committee on 3 March 2008. The Committee resolved:

- 1. That the update on the preparation of the 2008/2009 preliminary draft budget be received and noted*
- 2. That a further report be presented to the Corporate & Works Committee in April with detailed estimates of operating income and expenditure and a comprehensive capital budget*

This report responds to Part 2 of the resolution and gives the Corporate & Works Committee an opportunity to consider the draft budget prior to further consideration by full Council.

Introduction:

The earlier report to the Committee reiterated the difficulties Council is facing in preparing its 2008/2009 budget and, in doing so, reaching its strategy target of \$4.239m in capital funding available from the operating budget. The draft operating budget presented to the Committee at that time fell short of this target by some \$553k.

There are several key increases in expenditure funded from general revenue that were noted in the earlier report including:

	\$'000
Retirement Scheme Superannuation	321
Insurance Premiums	230
Double Bay Business Centre Contribution	200
Fire Brigades Levy	190
IT contracts	104
Tipping Charges	70
	1,115

The increases in each of these areas are well above the rates increase of 3.2% and current inflation (2.4% December 2007, although more recent forecasts have it well above 3%). In the context of a relatively finite revenue base, increases of this magnitude cannot be fully absorbed.

The earlier report noted the increases in expenditure, in gross terms, and provided an indication of the efforts made to contain the overall increase in expenditure to a reasonable level.

That section of the report has been reproduced below.

	07/08 Original Budget	08/09 Draft Budget	\$ Inc.	% Inc.
Overall increase in operating expenditure	55,645	59,246	3,601	6.5
<u>Increases in essential expenditure:</u>				
Retirement Scheme Superannuation	324	710	386	119.1
Tipping Charges	2,149	2,438	289	13.4
Insurance Premiums	2,221	2,460	239	10.8
Interest on Loans	192	675	483	251.6
Double Bay Business Centre Cont'n	0	200	200	100.0
Fire Brigade Levy	1,588	1,778	190	12.0
IT contracts	500	604	104	20.8
Street Lighting Charges	1,053	1,106	53	5.0
Election Expense	50	100	50	100.0
	8,077	10,071	1,994	24.7
Overall increase after essential expenditure	47,568	49,175	1,607	3.4
<u>Increases in other expenditure</u>				
Parks & Street Trees contracts	322	495	173	53.7
Self funded losses (Insurances)	365	525	160	43.8
Organics Trial	10	150	140	1,400.0
	697	1,170	473	67.9
Overall increase after essential & other exp.	46,871	48,005	1,134	2.4

Applying a 'normal' level of increase to these items would result in an overall increase in expenditure of 2.8% which is in line with the annual CPI increase as at December 2007 which was 2.4% [more recent forecasts are well above 3%], acknowledging that materials costs and salaries and wages increase at a higher rate than CPI.

The earlier report also discussed the increases (or decreases) in operating revenues. That section of the report has been reproduced below.

Review of Operating Revenue

Operating revenue in the 2007/2008 original budget totalled \$56.785m. The preliminary draft budget for 2008/2009 as it stands includes total operating revenue of \$59.041m, an increase of \$2.3m or 4%.

The increases within each category of revenue are summarised below.

	07/08	08/09		
	Original	Draft		
	Budget	Budget	\$ Inc.	% Inc.
<i>Rates & Annual Charges</i> ^[1]	35,617	36,928	1,311	3.7
<i>Fees & Charges</i>	5,023	5,167	144	2.9
<i>Interest</i> ^[2]	2,897	3,170	273	9.4
<i>Grants & Contributions</i>	2,547	2,427	(120)	(4.7)
<i>Other Revenue</i>	10,701	11,350	649	6.1
	56,785	59,041	2,256	4.0

Rates & Annual Charges

The draft budget includes an estimated 3% permissible increase in rates for 2008/2009. The Domestic Waste Management charge, arising from the need to cover increases in superannuation and tipping changes has been forecast to rise by 5.4% from \$267 to \$281.35. The increases in superannuation and tipping charges add approximately \$2.50 and \$8.50 respectively to the DWM charge.

[1] Since these figures were reported an additional 0.2% (\$54k) has been added to rate income

Fees & Charges

Revenue from fees and charges has, overall, increased generally in line with inflation. Some decreases in revenue have been forecast for PCA Service fees, Development Application and related fees, Construction Certificates, Advertising Fees and Hoarding Applications.

Interest

Forecast interest on investments has increased due to an increase in funds invested and increased rates of return. It should be noted that from the interest earned transfers are made to the Section 94 Contributions Reserve (from unexpended contributions) and Property Reserve (from the WWPP proceeds and Cosmopolitan Centre arrangements).

[2] Since these figures were reported an additional 0.25% in returns has been factored in increasing income by \$108,000.

Grants & Contributions

The decrease in this category relates purely to a \$150,000 grant for flood studies in the 07/08 operating budget that will not be received in 08/09.

Other Revenues

Almost half of the forecast increase in revenue in this area relates to parking fines which are estimated to increase by \$300k. A similar increase in revenue has been taken up in the 07/08 budget forecasts. This increase aside, other revenues are forecast to increase by 3.2% which is generally in line with CPI and the forecast permissible increase in rates.

The transfers of interest to reserves were not quantified in the earlier report. Some \$250,000 is forecast to be returned to the section 94 / 94A reserves as interest earned on unspent contributions. A further \$1,104,000 is earmarked for transfer to the Property Reserve as interest on the Waverley / Woollahra Process Plant proceeds and Cosmopolitan Centre funds. The transfer of interest to section 94 is a statutory requirement while the transfer to the Property Reserve is a policy decision of Council.

Updates since the earlier report:

Superannuation Holiday

Confirming the General Manager's verbal advice at the Committee meeting, Council has received formal advice of the withdrawal of the superannuation 'holiday'. The advice from the Superannuation Scheme's Chief Executive Officer reads, in part:

*"As most people are aware, both the share market and credit markets suffered dramatic falls in January 2008. This has caused our surplus to diminish quite significantly and as a result we are advising Councils that they are required to contribute **the full "notional" rate for the period 1 July 2008 to 30 June 2009.***

While I understand that Councils will be disappointed that the full "notional" contribution rate is recommencing, investment markets worldwide remain uncertain and it is prudent to use our remaining surplus as a buffer against any further market downturn.

The Board will review the financial position of the Scheme early in 2009 and if it has improved we hope to be in a position to pass some of this improvement back to Councils by way of reduced contributions."

Based on the current performance of superannuation funds generally it is probable that the full notional rate may continue beyond 2008/2009. However, the return to some level of partial 'holiday' (perhaps not half) has not been ruled out.

Primarily as a result of the 'holiday' withdrawal (but partly due to the annual increase in salaries), related superannuation expenses have been increased by \$386k in the 2008/2009 budget. \$65k of this will be passed on through an increase in the Domestic Waste Management charge while the balance (\$321k) will need to be funded from general revenue.

This is a major contributing factor in Council initially not reaching its strategy target.

Ministerial announcement of rate increase for 2008/2009

The Minister for Local Government has announced a 3.2% permissible increase in rates for 2008/2009. Our preliminary draft budget factored in 3%. In accordance with Council's resolution relating to the 2008/2009 rating structure the additional increase has been taken up. The additional revenue, some \$54,000 has been incorporated into the budget and, fortuitously, covers the incorporation of an increase in the contribution to the Holdsworth Street Community Centre of \$50,000 discussed later in the report.

Section 94A contributions

While it has been reported that the proposed reforms in regard to section 94 and 94A were only intended to apply to six growth councils, we are still getting mixed messages. There is still the potential for the reforms to have an impact on our capacity to levy contributions. The draft Bill has only very recently been released and needs to be reviewed.

We have budgeted for the continued receipt of section 94A contributions.

NSW Planning System Reforms

The earlier report noted:

The NSW Government has released a discussion paper, "Improving the NSW Planning System", which contains more than 90 recommendations to improve the planning system. Recommendations include:

- *New targets to reduce the processing times of development applications and local plans;*
- *Allowing more small scale development, such as home renovations, to be approved within ten days if set standards are met;*
- *Tailoring development application assessment and local plan-making systems to the size and complexity of proposals;*
- *Increasing online planning information and support;*
- *Improved oversight of the building certification system; and*
- *Reducing the Minister's determination role for development proposals and increasing the use of assessment panels.*

Despite the potential for a decrease in the number of applications to be processed by Council as a result of these proposals, the 2008/2009 budget has been set with no change to current levels. We will continue to monitor changes to the planning system and will review Council forecasts once a final decision is reached.

Since then, the Director Planning & Development has met with the Director General of the Department of Planning. The advice received was that the Department is pressing ahead with the reform proposals.

This advice has since been confirmed by the release of the draft Bill. Preliminary reading of the Bill indicates that the State Government has pressed ahead with its proposals. It is too early at this stage to anticipate what impact this might have on Council in terms of its budget. The 2008/2009 draft budget has been prepared on the basis of no change. The Bill will be reviewed, and when its impacts are more fully quantified, consequential changes can be made to the budget in the ordinary course of the quarterly review process.

Detailed Estimates of Operating Income & Expenditure:

Detailed estimates of operating income and expenditure have been prepared and have been circulated with this report (in a separate document) as **ANNEXURE 1**. Annexure 1 shows details of operating income and expenditure for every cost centre together with a summary of any project related expenditure.

Supplementing the detailed estimates are the Internal Budget Working Documents. The Working Documents have, as resolved by Council, been updated for the 2008/2009 draft budget. They consolidate the budget into functional areas and provide:

- the associated management plan objectives;
- core activities;
- statistics;
- summary of resources;
- why we do it; and
- phase up / phase down implications.

The Working Documents provide valuable information to assist Council in assessing current services and service levels, the budgets associated with delivering those services and implications for increasing or decreasing resources in each of those service areas. The Working Documents have been circulated separately to the business paper for internal use as part of the budget consideration process.

The allocation of resources within the operating budget, and indeed between the operating and capital budgets, is a policy decision for Council. The preliminary draft budget has been prepared on the basis of continuing to provide the established services and service levels, the exception for 2008/2009 being the inclusion of a \$200,000 provision for Double Bay Centre Management and an increase in the contribution to the Holdsworth Street Community Centre. Where increased service level standards, for example in parks and street trees maintenance, have impacted on our ability to achieve adopted scheduled service levels, additional resources have been provided to reinstate those service levels.

Comprehensive Capital Budget:

A 2008/2009 preliminary draft capital budget has also been prepared. When initially prepared, the identified capital projects exceeded our available funding target. As a result, projects were further prioritised to bring the funding requirement into line with funds available.

The 2008/2009 draft capital budget has been circulated with this report (as a separate document) as **ANNEXURE 2**. All projects identified in the initial preliminary draft have been left in the document but highlighted in red and struck out to indicate their deferral to a future capital works program.

The 2008/2009 draft capital budget provides for expenditure totalling \$11.46m. The 2007/2008 capital budget totalled \$17.45m including a \$6.525m loan program. Loan funds aside, the 2007/2008 capital budget would have been \$10.9m. The proposed 2008/2009 draft capital budget is some \$0.5m greater than that amount, an increase of 4.9%.

Council may wish to review the priorities and re-incorporate a deferred project in favour of a project left in the draft capital budget. In undertaking this review it is important to remember that the projects in the Infrastructure Renewal Program have been included based on asset condition driven priorities. There is no capacity to introduce new projects into the works program, although a small provision (\$100,000) has been made for minor capital works in road and footpath maintenance to enable prompt response to local needs as they are identified.

The capital budget also includes a program of open space works, including Gap Park (\$787k), funded from section 94A. There was some doubt surrounding our ongoing capacity to levy section 94A contributions but our latest advices indicate that proposed changes to this legislation will only impact upon six developing councils.

Further in regard to section 94A contributions, the overall capital works program includes \$655,000 for works at Lyne Park to upgrade the pedestrian walkway from the end of the recently completed Rose Bay Promenade project to the boat ramp, incorporating new pavement, balustrades, lighting and tree planting. These works are high priority but have been proposed for deferral at this stage given our funding constraints, although the opportunity may arise to fund the project during 2008/2009. The draft budget provides \$537,500 for self harm minimisation initiatives at Gap Park fully funded from section 94A. It is anticipated, but cannot be quantified at this stage, that this project will be eligible for grant funding from other spheres of government. This grant funding, hand-in-hand with any additional section 94A contributions that might be received, could see sufficient contributions freed up to allow the Lyne Park Works to proceed.

This will need to be monitored over the course of 2008/2009 and introduced into the budget, if possible, in a quarterly review.

The budget also includes provision for the replacement of parking meters at an estimated cost of \$400,000. This replacement has been funded from early non-plan car parking contributions. Another important provision is \$100,000 for feasibility studies to progress projects under consideration by the Assets Working Party. This provision has been funded from the Property Reserve.

The value of works to be funded from general revenue in the preliminary draft capital budget presented to the Committee is \$4.396m which is slightly in excess of the strategy target of \$4.239m.

Funding Opportunities for 2008/2009:

The earlier report to the Corporate & Works Committee raised the prospect of utilising the \$400,000 additional proceeds from the Cosmopolitan Centre commercial arrangements to fund the Double Bay Centre Management contribution. There is a nexus between the two and it would not be unreasonable, in transition to a potential special rate levy, to use this as a source of funding for the 2008/2009 contribution. In this regard, a special variation application for such a small amount might not be favourably considered given our overall financial position and reserve levels. Strategically, it may be better to roll this amount into a larger future application. In the meantime, the remaining \$200,000 from the additional Cosmopolitan Centre proceeds could be applied to the 2009/2010 Centre Management Contribution if it is required.

Alternatively, the earlier report raised the possibility of using the improved 2006/2007 working funds result to fund the contribution. The Committee may recall that our 2006/2007 working funds result exceeded expectations by some \$1.2m.

Given that, as outlined above, we are potentially looking at a funding issue isolated to 2008/2009, the improved working funds position could also be utilised to fund the withdrawal of the superannuation 'holiday'.

Notwithstanding these considerations, it would be prudent to transfer the improvement in working funds to reserve to enable future allocations from it in future years' budgets.

In the light of the earlier discussion regarding a special variation application, another possibility, not for the 2008/2009 budget but the 2009/2010 budget, is to extend that application to recover the impost of the extraordinary increase in the NSW Fire Brigades contribution. Such increases in the Fire Brigades contribution are one of the circumstances identified by the Department of Local Government as an appropriate reason for applying for a special variation application.

When considering this possibility Council will need to bear in mind applications for the renewal of our Environmental & Infrastructure Renewal Levy. The current combined levy was put in place through two special variation approvals, the first in 2006/2007 and the second for this year, 2007/2008. Both approvals were for five years. Applications to renew these approvals would need to be made for the 2011/2012 and 2012/2013 financial years respectively.

Even at this higher level there is concern that such an application may not be well received. Notwithstanding this, the option can be considered as part of the 2009/2010 budget preparation cycle after a decision in regard to funding the Double Bay Centre Management contribution is made.

Further Consideration of the 2008/2009 Preliminary Draft Budget:

In the past, following preliminary consideration by the Corporate & Works Committee, the draft budget has been considered by either a Councillor Workshop or the more formal Strategic & Corporate Committee. To allow a recommendation to go to Council for adoption it is recommended that the next consideration of the budget be at a Strategic & Corporate Committee, if required.

To bring together a draft budget for incorporation into the management plan and public exhibition, the funding issues outlined in this report need to be resolved.

Operating Budget:

Changes to the operating budget:

Since the Committee last considered the budget a number of changes have been made. These are:

- Additional interest on investments. Since the last meeting the Reserve Bank increased official cash rates by 0.25%. We have included this increase into our forecast return on investments, increasing interest income by \$108,000.
- There were a number of Traffic projects rolled into the 2008/2009 draft budget that will be funded as part of the revotes and rollover process at year end. The value of these projects is \$80,000.
- The contribution to the Holdsworth Street Community Centre has been increased by \$50,000. The Centre's 2008/2009 Strategic plan was considered at the Community & Environment Committee on 31 March 2008. In part it was resolved:

That Council reaffirm the Funding and Management Agreement and consider the budget request by Holdsworth Street Community Centre in its deliberations for the 2008/2009 budget.

The submission received from the Centre for an increase in Council's contribution from \$670,000 to \$720,000 was well received by the Committee and has been incorporated into the draft budget.

- The Minister announced the permissible increase in Rates for 2008/2009 as 3.2%. In accordance with Council's resolution in regard to its 2008/2009 rating structure, the full amount of this increase has been taken up. The resultant \$54,000 increase in rate revenue has been included in the draft budget.

While assisting in bridging the funding gap, these changes only provide \$192k of the required \$553k. To find the additional funding required in the operating budget, the options are:

1. Service / service level cuts with reference to the Internal Budget Working Documents (\$361k, representing the original \$553k less the net \$192k in changes noted above)
2. Fund the Double Bay Centre Management contribution from the \$400,000 additional proceeds from the Cosmopolitan Centre commercial arrangements (\$200k) associated with a special variation application for the 2009/2010 contribution
3. Fund the Double Bay Centre Management contribution from the \$400,000 additional proceeds from the Cosmopolitan Centre commercial arrangements (\$200k) and earmark the balance of the additional proceeds to fund the 2009/2010 contribution
4. Fund the Double Bay Centre Management contribution from the 2006/2007 improved working funds result (\$200k)

5. Fund the withdrawal of the superannuation 'holiday' from the 2006/2007 improved working funds result (\$321k)
6. A combination of the above options

Option 1 is not recommended at this stage. There is the potential for this funding gap to be an issue for 2008/2009 alone. Should a partial superannuation 'holiday' be reintroduced (and this has not been ruled out by the Board) and should Council proceed with the introduction of a special rate levy, or other funding mechanism, for the Double Bay Centre Management contribution the strategy target should be achievable in 2009/2010 without recourse to service / service level cuts.

Notwithstanding this, the Internal Budget Working Documents have been circulated to Councillors to facilitate a review of the various functional areas of Council and the budgeted resources to deliver each area's services. Ultimately, the continuation of existing services and service levels is a policy decision for Council.

Option 2 is not recommended. There is a concern that a special variation application for this amount, given our overall financial position and reserve levels, may not receive favourable consideration. An alternative approach, rolling it up into a larger application including increased Fire Brigades contributions, can be considered for 2009/2010 after a decision is made on the funding for the Double Bay Centre Management contribution.

Option 3 is recommended. There is a nexus between the two. Council will recall that we received an additional \$400,000 payment by way of compensation for removal of the Bay Street stairs and inclusion of the facilities manager's office. Using this additional payment to fund the 2008/2009 Centre Management contribution, and earmarking the balance for the 2009/2010 contribution, would leave Council in the same financial position which was originally anticipated as a result of these commercial arrangements.

Option 4 is not recommended. Utilisation of the additional proceeds from the Cosmopolitan Centre, where there is a nexus, is the preferred funding option.

Option 5 is also recommended. Any cuts in services / service levels for 2008/2009 will generate ongoing savings that may not be necessary. This option would provide an opportunity to hold over any need to cut services or service levels to 2009/2010 depending on the outcomes of future consideration of the superannuation 'holiday' and special rate for the Double Bay Centre Management contribution.

Option 6 is at the discretion of Council. It might wish to force the fiscal discipline of driving reduced expenditure into the budget, but not to the full extent of the current funding gap. Again it is emphasised that the allocation of resources and changes to services / services levels is a policy decision for the Council.

Outcome of the recommended options:

Adopting Options 3 and 5 will free up an additional \$521k in funding. This will result in, in net terms, \$4.399m in capital funding available from the operating budget. This is slightly in excess of the strategy target of \$4.239m.

It is important to note that this is not the only capital funding provided from the operating budget. The operating budget also includes funding that is specifically earmarked for capital expenditure in addition to the \$4.399m mentioned above. Total capital funding from the operating budget is some \$8.9m comprising:

	\$'000
Environmental & Infrastructure Renewal Levy	3,201
Interest transfer to Property Reserve	1,104
Interest transfer to Section 94 & 94A	250
“General” operational funding	4,399
	8,954

The transfer of interest to the Property Reserve will see total funds held at 30 June 2009 approaching \$16.3m. A further \$4m is payable under the Cosmopolitan Centre Agreement for Lease when the draft plan of subdivision is executed. This could be as early as the 2009/2010 financial year.

Capital Budget

As noted above, the 2008/2009 draft capital budget totals some \$11.46m. To bring the draft budget into line with available funding, in line with the recommendations in this report, a number of projects have had to be deferred to a future budget. These projects have been highlighted in red and struck out. Council may wish to review the prioritisation of projects with a view to reinstating a deferred project in favour of one remaining in the draft capital budget.

Financial Summary:

Adopting the recommendations outlined in this report will see Council remain in a sound financial position. In this context, it needs to be noted that a write down in the value of investments as a result of the credit crisis will have some impact on our financial position. Any change to our financial position will not impact on day-to-day works and services or allocations to future capital works programs. Given continuing market volatility, and the actions of the Investment Working Group, this cannot be quantified at this point.

The budget outcomes are summarised below:

	\$000's	\$000's	\$000's
	07/08 Original Budget	08/09 Draft Budget	\$ Change ⁽¹⁾
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Total Revenues	58,444	60,650	2,206
Total Expenses	55,957	59,687	3,730
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	17,451	11,462	(5,989)

(1) The 07/08 Budget included \$150,000 in grant funded projects

(2) Includes \$6.525m loan program

Working Funds: \$2.945m (still very sound after funding superannuation 'holiday' withdrawal)

Current Ratio: 2.5:1 (well in excess of 1:1 minimum acceptable level)

(NOTE: Workings Funds and Current Ratio are based on figures as at the December Quarterly Review and may change after completion of March Quarterly Review)

Conclusion:

The withdrawal of the superannuation 'holiday' and introduction of the Double Bay Centre Management contribution, along with other substantial unfunded increases in expenditure have made it particularly difficult to meet the budget strategy target. Notwithstanding additional rates and interest revenue, a further \$361k was required to reach \$4.239m in capital funding available from the operating budget that would see the target being met.

The report discusses the possibility of these difficulties relating to 2008/2009 in isolation. There is the possibility of a partial superannuation 'holiday' being reintroduced for 2009/2010 and Council has already resolved to consider the introduction of a special rate to fund the Double Bay Centre Management Contribution in 2009/2010 and beyond. Council is in the fortunate position of having the opportunity to draw on additional funds received from the Cosmopolitan Centre commercial arrangements and an improved working funds position to hold over any potential cuts to services / service levels until these matters are determined.

To this end, the report recommends:

- Funding the Double Bay Centre Management contribution from the \$400,000 additional proceeds from the Cosmopolitan Centre commercial arrangements (\$200k) and earmark the balance of the additional proceeds to fund the 2009/2010 contribution; and
- Funding the withdrawal of the superannuation 'holiday' from the 2006/2007 improved working funds result (\$321k)

These funding recommendations increase capital funding from the operating budget to \$4.399m which is slightly in excess of the strategy target.

We do not resile from a review of the operating budget and have circulated the Internal Budget Working Documents with this report to facilitate such a review. The funding recommendations above are made based on the possibility of the re-introduction of a partial superannuation 'holiday' and consideration of a special rate levy for the Double Bay Centre Management contribution. These decisions will be made prior to or during the consideration of the 2009/2010 budget. Any decisions to cut services / service levels can be deferred until then without any adverse impact on Council's overall financial position.

The 2008/2009 preliminary draft capital budget has been the subject of further review. Projects have had to be deferred to future capital budgets to bring the 2008/2009 draft budget into line with the funding available. Council may wish to revisit the prioritisation of projects in the capital budget, re-introducing a deferred project in favour of one that remains in the draft budget.

Ultimately the allocation of resources within and between the operating and capital budgets is a decision for Council. The operating budget presented to the Committee makes reasonable allocations to provide for the continuation or restoration of existing services / service levels. The capital budget continues Council's commitment to infrastructure renewal and provides for major open space works at Gap Park. It also provides for several traffic and property related projects in addition to funding our operational capital requirements.

The 2008/2009 Draft Operating and Capital Budgets are submitted to the Committee for consideration and determination of future consideration at a meeting of the Strategic & Corporate Committee if required.

Don Johnston
Manager Finance

Gary James
General Manager

Annexures:

1. Detailed Estimates of Operating Income and Expenditure (**circulated on 15 April 2008**)
2. 2008/2009 Preliminary Draft Capital Budget (**circulated on 15 April 2008**)

NOTE: Please bring the Annexures and Internal Budget Working Documents circulated on 15 April to Committee

Item No: R3 Recommended to Council
Subject: **Harbour Foreshore Cleaning Project**
Author: Melanie Tasker - Sustainability Projects Coordinator
David Sheils - Manager Public Open Space
File No: 1142.G
Reason for Report: To outline how proposed mechanical beach cleaning would be incorporated into Council's Foreshore Cleaning Program, including detailed costs, plant and funding options and staff scheduling.

Recommendations:

- A. That Council include mechanical beach cleaning into the Foreshore Cleaning Program.
- B. That Council note the proposed changes to beach cleaning and staff schedules to improve the Program.
- C. That Council consider funding the required upgrade works to beach access points at Watsons Bay and Camp Cove, as part of the draft 2008/09 Capital Works Program.
- D. That the purchase of a beach cleaning machine and tractor, be funded from the Environmental Levy, specifically the Harbour Foreshore Cleaning Project listed in the Environmental Works Program (EWP) and the EWP Reserve.
- E. That Council proceed with the purchase of a Barber Surf Rake Model 400HD at a cost of \$59,300 (GST exclusive) and one Massey Ferguson, Model 5435 2/4 wheel drive tractor at a cost of \$68,300 (GST exclusive) for use in mechanical beach cleaning.

Background:

This report addresses the Harbour Foreshore Cleaning Project listed in the Environmental Works Program (EWP) in Section 2.2 - Stormwater Systems (Including Floodplain Management & Environmental Monitoring) contained within the 2007-10 Management Plan.

The Community and Environment Committee, at its meeting of 31 March 2008, considered a report on our Harbour Foreshore Cleaning Program (see Annexure) and resolved:

- B. That a further report be prepared for the second Corporate and Works Committee Meeting in April that details how mechanical beach cleaning may be incorporated into Council's beach cleaning program including detailed costs, plant and funding options and staff rosters*

The report outlined the following information:

- Cleaning issues specific to harbourside beaches in the Woollahra LGA
- Primary differences between harbourside and ocean beaches
- Status of the current Foreshore Cleaning Program including
 - i. staff rosters
 - ii. beach cleaning schedules
 - iii. complementary cleaning programs provided by NSW Maritime.

The report also outlined a number of potential opportunities to improve the actual and perceived cleanliness of our beaches. These opportunities for improvement were listed in two categories; *Preventing local litter reaching harbour beaches* and *Beach cleaning operations*. This report deals specifically with opportunities listed in the *Beach cleaning operations* category including:

1. investigation into the possibility of utilising mechanical beach cleaning devices that may supplement current cleaning methods; and
2. the review of beach cleaning frequency.

To assist in understanding the potential and suitability of mechanical beach cleaning for Woollahra Municipality's beaches, a trial was conducted with positive results in terms of cleaning effectiveness and positive community feedback.

Eight of thirteen beaches in the current program were found to be potentially suitable for a mechanical cleaning service. However, of these eight suitable locations, Camp Cove and Watsons Bay would require upgrading works to beach access points before a mechanical beach cleaner of any type could be used. Where beach access for machinery does exist, manual cleaning would still be required in the areas which would not be accessible to the machine such as around the edges and adjacent to retaining walls. Access for machinery would also not be available at some locations during high tides.

An option incorporating both manual and mechanical beach cleaning methods was considered feasible. This would improve the way we clean the beaches, while respecting environmental concerns, staff resourcing and operational logistics eg beach access and waste disposal. The beach grooming provided by the machine would also assist changing the community's perception that Council does not remove litter from the beaches, or its service is infrequent.

The following report details how mechanical beach cleaning might be incorporated into Council's beach cleaning program, including detailed upfront and ongoing costs, plant and funding options and staff rosters. The report also considers the scope and cost of required upgrade works at Camp Cove and Watsons Bay beach access points for beach cleaning machinery.

Proposal:

This report has been grouped under the following sub-headings; Part 1 - Plant machinery, Part 2 - Camp Cove Beach & Watsons Bay Beach access upgrade works and Part 3 – Cleaning Schedules.

Part 1 - Plant machinery

Beach Cleaning Machine

In considering the requirements for potential mechanical beach cleaning machinery, the following specification was developed.

Specification:

- Cleaning capabilities suitable to typical beach rubbish, including; plastics, cigarette butts, large organic debris, sharp shell fragments, broken glass and syringes
- Machine operable during all weather conditions
- Safe operation, the recommended machine will be subject to an internal risk assessment by Council staff
- Normal operating speed of cleaning machine between 2 and 15km/hr
- Hopper dump height not less than 1500mm
- Low maintenance
- Corrosion resistant parts
- Machine weight less than 2000kg

- Manoeuvrability for tight access points ie small turning circle
- Sand tyres or similar for ease of driving on beaches
- Low noise for use in high density residential areas
- Effective cleaning width not less than 1500mm

Three comparable mechanical beach cleaning machines were considered for their feasibility.

Option 1:

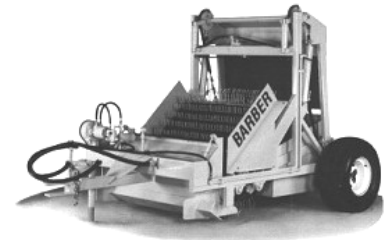
The Boss Beach Cleaner
Distributor: Beach Cleaners
International, Malaga, WA
Weight: 2000kg
Working width: 2500mm

Option 2:

BeachTech 2000 Model
Distributor: Sno-Quip Pty
Ltd, Mittagong, NSW
Weight: 1800kg
Working width: 1800mm

Option 3:

Barber Surf Rake 400HD
Distributor: Jetco
Engineering Pty Ltd,
Lidcombe, NSW
Weight: 1250kg
Working width: 1800mm



Quotes were sought from each of the three suppliers and assessed against the following selection criteria:

Selection Criteria:

1. Price
2. Meets requirements of specification
3. Commitment to environmental sustainability
4. Demonstrated experience/successful machinery operation in similar situations
5. Ease of machine maintenance

1. Price:

In terms of competitive pricing, Option 3 - Barber Surf Rake 400HD Model provided the lowest price. GST exclusive supply and delivery price for each comparable beach cleaning machine was as follows:

Option 1 - \$75,840 Boss Beach Cleaner, Beach Cleaners International

Option 2 - \$93,090 BeachTech 2000 Model, Sno-Quip Pty Ltd

Option 3 - \$59,300 Barber Surf Rake 400HD Model, Jetco Engineering Pty Ltd

2. Meets requirements of specification:

Sno-Quip Pty Ltd addressed most of the specified requirements, highlighting the BeachTech 2000 Models elevated hopper dump height of 2600mm (however dump height of > 1500mm was an unnecessary feature), maintenance-free bearings and outstanding manoeuvrability.

The Boss Beach Cleaner met most of the specified requirements with the exception of weight and maintenance (daily greasing maintenance required). The supplier provided no information regarding machine operation during all weather conditions, machine manoeuvrability or noise levels.

Jetco Engineering was the only supplier to address all requirements of the specification in their quote. Some of the highlighted advantages of the Barber Surf Rake 400HD Model included the following:

- The machine was operable during all weather conditions;
- Provision of important machine safety information;
- Its operation was quieter than the towing tractor;
- Its automatic greasing system;
- Its small size, which increased manoeuvrability and decreased weight.

Accordingly, the Barber Surf Rake 400HD Model was considered the preferred option in terms of meeting requirements of Council's specification.

3. Commitment to environmental sustainability

Jetco Engineering was the only supplier to address, albeit briefly, the request for additional information regarding the environmental impact of proposed beach cleaning machine model(s) on beaches. It was noted that Council policies regarding how machines are used on beaches are more likely to affect the potential environmental impacts. As such, each supplier was given equal weighting for the 'Commitment to environmental sustainability' criterion to avoid biasing the assessment process.

4. Demonstrated experience/successful machinery operation in similar situations

Suppliers were also asked to provide referee details and/or demonstrate successful machinery operation in similar situations. Beach Cleaners International provided no information in response to this selection criterion; however, we have previously consulted with Mosman Council regarding their experience using a Boss Beach Cleaner and received positive feedback regarding maintenance levels and value for money. Sno-Quip Pty Ltd provided a comprehensive list of referees, which included a number of local councils who have purchased and are successfully using BeachTech2000, 3000 and Marina Model cleaners. Jetco Engineering provided two referees, being Waverley and Randwick Councils with favourable feedback.

All referee checks provided positive feedback regarding each of the comparable beach cleaning machine models being considered.

5. Ease of machine maintenance

The Boss Beach Cleaner has only one lube point, which requires daily servicing. All other rotating components and bearings are pre-packed with lubricant and sealed and require checking only once every six months. A comprehensive spare parts manual accompanying the machine further ensures ease of maintenance and identification of sources for parts if required.

The BeachTech2000 machine includes maintenance free bearings but no other comments regarding machine maintenance were included in the quote.

The Barber Surf Rake 400HD, when exposed to moderate annual usage (500hours/year or less), will normally run three to five years before any significant maintenance work is required. A detailed operator, maintenance and spare parts manual is provided with the machine which includes a recommended maintenance program. A comprehensive stock of spare parts is maintained at Jetco Engineering Pty Ltd's Lidcombe premises.

The preferred option, in terms of ease of maintenance, would be either Option 1 or Option 3.

Preferred Option

Based upon assessment of the five selected criteria, Option 3, the Barber Surf Rake 400HD model, is considered the most suitable as a cost efficient machine for use as part of Woollahra Municipality's Foreshore Cleaning Program.

Tractor

The beach cleaning machine is required to be operated by a tractor. In accordance with Council's Procurement Procedure (motor vehicles and plant), the proposed purchase of a suitable tractor was referred to the responsible officer, being the Plant and Fleet Coordinator, Brian Toms. A quote for a suitable machine has been provided from G.W.S. Machinery Pty Ltd, which is supplied under government contract. The purchase cost of the tractor includes essential extra-wide flotation tyres and manufactured rims to suit, ie $\$60,500 + \$7,500 = \$68,000$. There is also potential for the tractor to be used, when not being deployed for beach cleaning on other park projects.

Part 2 - Camp Cove Beach & Watsons Bay Beach access upgrade works

As a result of investigations and the mechanical beach cleaning trial, it was determined that access points at Camp Cove Beach and Watsons Bay Beach would need to be upgraded if they were to be suitable for use by proposed mechanical beach cleaning equipment. It is also noted that upgrading of access points at Camp Cove and Watsons Bay beaches improves pedestrian and disability access to these foreshore sites.

Camp Cove Beach

Currently, access to Camp Cove Beach is via a curved ramp with a tight turning radius, which follows the curve of the retaining wall. The access is secured with a bollard at the top of the driveway ramp. The existing beach cleaning vehicle (Ford Ranger utility) can access the beach via the curved driveway and then drive along the beach strip, minimising time spent traversing between the cleaning site and the ute hopper, where waste is stored for later disposal.

For a tractor and beach cleaning machine, the existing access ramp would need to be widened and straightened. Such work could be done to complement the recently completed Cliff Street drainage and roadway works. Once on the beach, the machine could effectively clean the sandy beach strip in minimum time, however, machine access, as is the case with the current manual cleaning service, would remain dependant on tides. Contents of the cleaning machine hopper would then be dumped into and disposed of using the existing beach cleaning fleet vehicle. The scope of works for the required upgrade to Camp Cove Beach access is estimated to be \$25,000.



Existing access ramp at Camp Cove Beach

Watsons Bay Beach

Currently, access to Watsons Bay Beach is via a narrow set of steps at the Military Rd end of Watsons Bay Beach, just outside Doyles Restaurant. The steps can be accessed via a kerb ramp from the roundabout at the end of Military Road.

The existing beach cleaning vehicle does not directly access Watsons Bay Beach but, instead, parks within close proximity on Military Road or Camp Street at the northern end of Marine Parade. The Camp Street entry is used for bin emptying duties only and is accessed via steep pedestrian stairs.

For a tractor and beach cleaning machine, the existing steps outside Doyles would need to be replaced to create a vehicle accessible ramp.

As with Camp Cove Beach, once the machine and tractor have accessed the beach, an effective mechanical cleaning service could be provided, keeping this highly visited attraction in good condition and aesthetically pleasing as a sandy white beach strip. Again, any cleaning service, manual or mechanical, remains tide dependant. On completion, cleaning machine hopper contents would be dumped into and disposed of using the existing beach cleaning fleet vehicle.

We have also recently installed new dinghy fixing devices to the edge of Marine Parade and we will soon be removing the hazardous concrete and corroded steel footings installed by some dinghy owners along the edge of the beach. The improved storage of dinghies together with introduced mechanical beach cleaning accessed by a new ramp will improve greatly the cleanliness and appearance of the popular beach-front.

The scope of works for required upgrade to the beach access at Marine Parade is estimated to be \$25,000.



Stairs will be replaced by a ramp

Part 3 - Schedules

If mechanical beach cleaning was incorporated into Council's beach cleaning program, cleaning schedules would need to be amended to suit.

The following changes to cleaning schedules would be necessary:

- Increased frequency of cleaning service at high visitation beaches ie Parsley Bay Beach and Double Bay Beach.
- Increased efficiency of service at all beaches in Council's program suitable to mechanical beach cleaning
- Increased frequency of weekend cleaning services when all beaches receive highest usage.

As a result of proposed inclusion of mechanical beach cleaning into Council's beach cleaning program, we are currently reviewing our operations and exploring opportunities to:

- alter start times adjacent to residential areas to avoid excessive noise associated with a beach cleaning machine early in the morning. This is not an issue with manual cleaning activities;

- increase the number of weekend shifts to ensure optimum beach cleaning activities are undertaken for peak use periods with reduced cleaning cycles undertaken mid-week (currently the maximum staffing occurs mid-week); and
- provide more flexible staffing structure to increase or reduce beach cleaning team numbers to ensure optimum cleaning is provided on peak days and/or following storm events when litter is increased. This would also allow for better coverage of the beach cleaning schedule while regular staff are on leave.

The current schedule review aims at improving servicing of beaches whilst maintaining the current level of staff resources.

Identification of Income & Expenditure:

Costing for the proposed mechanical beach cleaning is as follows:

Beach Cleaning machine	Barber Surf Rake 400HD \$59,300
Tractor	\$68,000
Required access upgrade works	\$50,000
Total	\$177,300

Funding currently allocated from the (EWP) Harbour Foreshore Cleaning Project 2007-08 budget is \$30,000. As part of this year's third quarter budget review we have recommended transferring \$105,000 from the EWP Reserve to this project to cover the cost of purchase of the mechanical beach cleaning equipment. A further \$30,000 has been included in the draft 2008-09 EWP budget to cover set-up and operating costs associated with the transition to the new beach cleaning activities.

In addition, a proposed allocation has been made of \$50,000 in the draft 2008/09 Capital Works Program to cover the approximate \$50,000 cost of required to upgrade the beach access at Camp Cover and Marine Parade.

Conclusion:

It is proposed that Council support the inclusion of mechanical beach cleaning into the Foreshore Cleaning Program as part of an improvement program designed to increase cleaning service efficiency and effectiveness, while respecting environmental concerns, staff resourcing and operational logistics.

The following is, therefore, recommended:

- **Plant machinery** - Council purchase a Barber Surf Rake Model 400HD and a Massey Ferguson, Model 5435 2/4 wheel drive tractor at a cost of \$59,300 and \$74,800 respectively for the purposes of mechanical beach cleaning.
- **Camp Cove Beach & Watsons Bay Beach access upgrade works** - Council consider funding the required upgrade works to access points at Watsons Bay Beach and Camp Cove Beach, to allow for future mechanical cleaning at these locations in readiness for the 2008-09 summer swimming season.
- **Schedules** - Council note the proposed changes to beach cleaning and staff schedules currently being explored and outlined in this report.

David Sheils
Manager Public Open Space

Warwick Hatton
Director Technical Services

Annexure:

Community and Environment Committee Report dated 31 March 2008