

Corporate & Works Committee

Agenda: *Corporate & Works Committee*

Date: *Tuesday 2 April 2013*

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).

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

- Such matters as are specified in Section 377 of the Local Government Act 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;
 - Adoption of Council's Community Strategic Plan, Delivery Program and Operational Plan;
 - Delegations; and
 - Policies.
- Tenders as per Regulation requirements.
- Leases.
- Matters reserved by individual Councillors in accordance with any Council policy on "safeguards" and substantive changes.

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.
- Statutory reviews of Council's Delivery Program and Operational 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 the Minutes of its Meetings.
- 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 above.

Committee Membership:

7 Councillors

Quorum:

The quorum for a Committee meeting is 4 Councillors.

WOOLLAHRA MUNICIPAL COUNCIL

Notice of Meeting

28 March 2013

To: His Worship the Mayor, Councillor Andrew Petrie ex-officio
Councillors Katherine O'Regan (Chair)
Ted Bennett
Peter Cavanagh
Deborah Thomas
Elena Wise
Susan Wynne (Deputy Chair)
Jeff Zulman

Dear Councillors

Corporate & Works Committee Meeting – 2 April 2013

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 Tuesday 2 April 2013 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 Note Council resolution of 27 June 2011 to read late correspondence in conjunction with the relevant Agenda Item	
3	Declarations of Interest	

Items to be Decided by this Committee using its Delegated Authority

D1	Confirmation of Minutes of Meeting held on 18 March 2013	1
D2	Disclosure of Interest Returns Submitted by Designated Employees during the period January to March 2013 – 169.G	2
D3	Draft Rating Structure – 2013/14 – 33.G 2013/14 & 87.G 2013	5
D4	Draft 2013/14 Fees & Charges – 331.G 2012/13	17

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

R1	Glenmore Road, Paddington – Road Infrastructure Works – Tender No. 13/01	62
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Item No: D1 Delegated to Committee
Subject: **Confirmation of minutes of meeting held on 18 March 2013**
Author: Les Windle, Manager – Governance
File No: See Council Minutes
Reason for Report: The Minutes of the Meeting of Monday 18 March 2013 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 18 March 2013 be taken as read and confirmed.

Les Windle
Manager – Governance

Item No: D2 Delegated to Committee
Subject: **Disclosure of Interest Returns Submitted by Designated Employees During the Period January to March 2013**
Author: Les Windle – Manager Governance
File No: 169.G
Reason for Report: To table the disclosure of interest returns that have been received by Council during the period 1 January to 31 March 2013.

Recommendation:

- A. That the Disclosure of Interest Return of the new designated persons who were required to submit a Primary Return during the period January to March 2013 be tabled.
- B. That Council notes that the Primary Disclosure of Interest Returns have been submitted in accordance with the requirements of the Local Government Act 1993.

Background:

Councillors and designated persons are required to lodge a primary disclosure of interest return within three (3) months of becoming a Councillor or designated person and an annual return for each July 1 to June 30 period.

The purpose of this report is to table the Primary Returns of new staff members determined as Designated Persons who were required to submit a return during the period 1 January to 31 March 2013.

A designated person is described in Section 441 of the Local Government Act as:

S441 Who are “designated persons”?

For the purposes of this Chapter, “designated persons” are:

- *the general manager*
- *other senior staff of the council*
- *a person (other than a member of the senior staff of the council) who is a member of staff of the council or a delegate of the council and who holds a position identified by the council as the position of a designated person because it involves the exercise of functions under this or any other Act (such as regulatory functions or contractual functions) that, in their exercise, could give rise to a conflict between the person’s duty as a member of staff or delegate and the person’s private interest*
- *a person (other than a member of the senior staff of the council) who is a member of a committee of the council identified by the council as a committee whose members are designated persons because the functions of the committee involve the exercise of the council’s functions under this or any other Act (such as regulatory functions or contractual functions) that, in their exercise, could give rise to a conflict between the member’s duty as a member of the committee and the member’s private interest.*

The incumbents of the following Council positions have been determined to be designated persons for the purpose of Section 441 of the Local Government Act:

General Manager	Determined by Local Government Act
Directors	Determined by Local Government Act
Managers	Deemed to exercise designated persons functions
<i>Corporate Services</i>	
Governance & Corporate Planning Coordinator	Exercises designated persons functions
Team Leader – Corporate & Civic Support	Exercises designated persons functions
<i>Planning & Development</i>	
Assessment Officer	Exercises designated persons functions
Assistant Building & Compliance Officer	Exercises designated persons functions
Building & Compliance Officer	Exercises designated persons functions
Coordinator Regulatory Services	Exercises designated persons functions
Development Compliance Officer	Exercises designated persons functions
Duty Planners	Exercises designated persons functions
Environmental Health Officers	Exercises designated persons functions
Executive Planner	Exercises designated persons functions
Fire Safety Officer	Exercises designated persons functions
Food & Health Officer	Exercises designated persons functions
Heritage Officer	Exercises designated persons functions
Senior Assessment Officer	Exercises designated persons functions
Senior Building & Compliance Officer	Exercises designated persons functions
Senior Environmental Health Officer	Exercises designated persons functions
Senior Strategic Planner	Exercises designated persons functions
Strategic Heritage Officer	Exercises designated persons functions
Strategic Planner	Exercises designated persons functions
Team Leader Compliance	Exercises designated persons functions
Team Leader Development Control	Exercises designated persons functions
Team Leader Strategic Planning	Exercises designated persons functions
Urban Design Planner	Exercises designated persons functions
<i>Technical Services</i>	
Business Centres & Street Cleaning Coordinator	Exercises designated persons functions
Coordinator Assets & Parks Maintenance	Exercises designated persons functions
Coordinator Civil Works	Exercises designated persons functions
Coordinator Trees Maintenance	Exercises designated persons functions
Development Engineer	Exercises designated persons functions
Plant and Fleet Coordinator	Exercises designated persons functions
Project Manager Civil Works	Exercises designated persons functions
Project Manager – Open Space	Exercises designated persons functions
Property Officer	Exercises designated persons functions
Project Officer (Sustainable Business)	Exercises designated persons functions
Property Services Coordinator	Exercises designated persons functions
Purchasing Coordinator	Exercises designated persons functions
Senior Tree Officer	Exercises designated persons functions
Team Leader – Development Assessment	Exercises designated persons functions
Team Leader Environment & Sustainability	Exercises designated persons functions
Team Leader – Infrastructure Assets	Exercises designated persons functions
Team Leader Open Space & Rec Planning	Exercises designated persons functions
Trades Supervisor	Exercises designated persons functions
Traffic and Development Assessment Engineer	Exercises designated persons functions
Traffic & Transport Team Leader	Exercises designated persons functions
Tree Officers	Exercises designated persons functions

Section 450A(2)(a) of the Local Government Act requires the returns lodged with the General Manager be tabled at the first meeting held after the last day for lodgement. The purpose of this report is to table the Disclosure of Interest Returns of designated persons received by Council during the period 1 January to 31 March 2013.

Tabling of Returns:

Two new designated persons were required to submit a Primary Disclosure of Interest Return during the period and those designated persons submitted their return in accordance with the legislative requirements.

Conclusion:

The Returns are tabled in accordance with the requirements of the Local Government Act and it is recommended that the information be noted.

Les Windle
Manager Governance

Stephen Dunshea
Director Corporate Services

Annexures:

Nil

Item No: D3 Delegated to Committee
Subject: **Draft Rating Structure - 2013/14**
Author: Don Johnston, Manager Finance
File No: 331.G 2013/14 and 87.G 2013
Reason for Report: To present the recommended Rating Structure for 2013/14 for inclusion in the Draft 2013 - 2017 Delivery Program & 2013/14 Operational Plan for the purpose of public exhibition.

Recommendation:

That the Rating Structure attached as Annexure 2 to this report be incorporated into the Draft Delivery Program 2013 – 2017 and 2013/14 Operational Plan for the purpose of public exhibition.

Introduction

This report steps through the process and underlying legislation relating to the preparation of Council's rating structure. By way of background it provides:

- an overview of the categorisation and sub-categorisation of land, and associated limitations,
- the options available to Council for the calculation of rates, and
- the requirements of a rating structure

The report goes on to discuss the current rating structure, and the basis for it, and models alternative scenarios for both residential and business rates.

Following up on the overview report on the general revaluation of land presented to Corporate & Works on 4 March 2013, the report concludes with the results of the detailed modelling of all rateable assessments by summarising the impact of the changes in land values on rates payable.

Background:

Legislative Framework

Categorisation:

The Local Government Act (the Act) permits four categories of rates. The categories of 'ordinary' rates are farmland, residential, mining and business rates. The business category is the 'catch all' category. If a property cannot be categorised as farmland, residential or mining it is categorised as business.

The residential category is defined as:

Land is to be categorised as "residential" if it is a parcel of rateable land valued as one assessment and:

- its dominant use is for residential accommodation (otherwise than as a hotel, motel, guest-house, back packer hostel or nursing home or any other form of residential accommodation not being a boarding house or lodging house prescribed by the regulations); or*
- in the case of vacant land, it is zoned or otherwise designated for use under an environmental planning instrument (with or without development consent) for residential purposes; or*

(c) *it is rural residential land*

The business category is simply defined as:

Land is to be categorised as “business” if it cannot be categorised as farmland, residential or mining

Council’s current rating structure has two categories, residential and business. The proportions of ordinary rates collected from each category are:

Category	2012/13 Rates Levied (\$)	%
Residential	25,853,584	84.7
Business	4,672,815	15.3
	30,526,399	100.0

The spread of land values across the two categories is:

Category	1 July 2012 Land Values (\$)	%
Residential	25,999,038,637	94.7
Business	1,465,677,224	5.3
	27,464,715,861	100.0

The Act also provides for ‘special’ rates to be levied where a council is of the opinion that an area benefits, or will benefit, from particular works, services, facilities or activities. Council utilises these provisions to levy its Environmental & Infrastructure Renewal Levy across the whole local government area.

Sub-categorisation

Under the Act a council may determine a sub-category or sub-categories for one or more of its categories of rateable land. The residential category can be sub-categorised according to whether the land is rural residential land or is within a ‘centre of population’. The business category may be sub-categorised according to a ‘centre of activity’. Council has utilised these provisions in relation to its business category.

The Act is silent on defining ‘centre of population’ and ‘centre of activity’. However, the Division of Local Government offers guidance in its *Council Rating and Revenue Raising Manual* but states that it is for the Council to consider the definition when making decisions in this regard.

The guidelines for ‘centre of population’ are:

- *separate towns or villages may be regarded as discrete centres of population*
- *wherever contiguous urban development exists the criteria that should be present in order to constitute a centre of population are:*
 - * *that there is a discernable community of interest amongst the residents which differs from those living outside that part of the area; and*
 - * *that part of the council area is independently serviced by infrastructure which reflects the focus of that part of the area as a centre of population*
- *a centre of population should not be a device intended to enable rating variations within an homogenous suburb or suburbs, or by street, or by any special feature such as proximity to water.*

The Manual goes on to say that it is clear that sub-categorisation on the basis of centre of population may have limited application within the suburbs of the main urban centres and emphasises that the Act does not permit a council to determine sub-categories solely or predominantly on the basis of land value.

In that regard, if council wishes to minimise the effect of land valuations on total rates payable, the use of base amounts would help to achieve this while not disturbing the land valuation relativities between parcels of land.

The guidelines for ‘centre of activity’ as the basis of business sub-categorisation are:

“... in the view of the Division, the words refer to an area of land (usually comprising more than one parcel of rateable land) at which a complex of “business” activities are carried out in a fairly concentrated manner and with a high degree of congruity and homogeneity, having regard to the geographical cohesion of the land, the use to which it is put, and the comparative independence and self-relatedness of the activity or activities carried on in the area (e.g. a business centre or industrial estate).”

Based on these guidelines, Council has no residential sub-categories, but has adopted thirteen business sub-categories based on business centres. These sub-categories are:

Double Bay
Oxford Street
Rose Bay
Edgecliff
Bellevue Hill
Edgecliff / Grosvenor
Fiveways
New South Head Rd, Vaucluse
Old South Head Road, Rose Bay
Old South Head Road, Vaucluse
Plumer Road
Queen Street
Watsons Bay

Maps of each of the sub-categories will be available at the Corporate & Works Committee meeting if Councillors would like to see the properties that make up each one.

Mixed Development

An exception to the categorisation of rateable land arises when the Valuer General furnishes a valuation under the Valuation of Land Act 1916 for mixed development land. In these instances, the part of the land that is non-residential is categorised as business and the part that is not non-residential is classified as residential. Rates and charges are calculated on the basis of the value apportioned to each category.

For example, a \$1,660,000 valuation with a 68% apportionment factor is rated as:

\$1,128,800	Business (68% of the Land Value)
\$531,200	Residential (balance, or 32%, of the Land Value)
\$1,660,000	Total Land Value

Council has thirty two mixed development properties.

Calculation of Rates Levied

Rates can be calculated in a number of ways, namely

- on a pure ad valorem (rate in the dollar) basis;
- on an ad valorem basis, subject to a minimum rate; or
- using a base amount to levy up to 50% of the rates to be levied to which an ad valorem amount is added to levy the remaining percentage

Rating Structure

Each year, prior to levying its rates, Council is required to adopt its rating structure for the relevant year. The rating structure forms part of Council's Revenue Policy that is required to be included in its annual operational plan. Information with respect to rates proposed to be levied must include:

- the ad valorem amount (rate in the dollar) of the rate, noting any minimum rate
- whether the rate is to have a base amount and, if so:
 - the amount in dollars of the base amount, and
 - the percentage of the total amount payable that the levying of the base amount will produce
- the estimated yield of the rate
- in the case of a special rate, the purpose for which the rate is to be levied; and
- the categories or sub-categories of land in respect of which Council proposes to levy the rate

This is achieved by including Council's rating structure (Annexure 2) in the public exhibition of its annual Delivery Program and Operational Plan.

Discussion:

Existing Rating Structure:

Council's current rating structure was adopted following consideration by the Corporate & Works Committee of reports on a review of the commercial (business) rating structure in December 2002 and on the distribution of rates between the various categories in May 2003, although the structure of the residential rate dates back to the 1994/95 financial year. The rating structure was most recently reaffirmed for the 2012/13 financial year in June 2012.

As already noted, the current structure is comprised of a residential category and a business category, with the business category sub-categorised into thirteen sub-categories. Council also has a special rate for the Environmental & Infrastructure Renewal Levy. Rates in the residential category and the Environmental & Infrastructure Renewal Levy special rate are levied on the basis of collecting 50% of the yield through a base amount and 50% on an ad valorem basis (land value multiplied by a rate in the dollar).

The business category and sub-categories are levied on an ad valorem basis, subject to a minimum rate.

The table below outlines the rates levied for 2012/13:

Name of sub-category	Number of Assessments	Ad Valorem Rate in \$	\$ Minimum (M)/ Base Amount (B)	\$ 2012/13 Rates Levied
<i>General Rates</i>				
Residential Rates:				
Residential Category	24,396	0.05118	529.85 (B)	25,853,584
Business Rates:				
Business Category	481	0.25705	546.45 (M)	1,265,744
<i>Sub categories:</i>				
Double Bay	244	0.41987	546.45 (M)	1,462,000
Oxford Street	214	0.3471	546.45 (M)	775,972
Rose Bay	81	0.3590	546.45 (M)	254,901
Edgecliff	178	0.3975	546.45 (M)	345,954
Bellevue Hill	35	0.3084	546.45 (M)	30,180
Edgecliff/Grosvenor	36	0.3058	546.45 (M)	77,515
Five Ways	28	0.2557	546.45 (M)	62,584
New South Head Rd, Vaucluse	26	0.2972	546.45 (M)	41,898
Old South Head Rd, Rose Bay	22	0.2383	546.45 (M)	62,947
Old South Head Rd, Vaucluse	19	0.15805	546.45 (M)	16,747
Plumer Road	3	0.2599	546.45 (M)	11,119
Queen Street	70	0.21868	546.45 (M)	196,029
Watsons Bay	19	0.2502	546.45 (M)	69,226
Total General Rates	25,852			30,526,399
<i>Special Rate</i>				
Environmental & Infrastructure Renewal Levy	25,818	0.006775	70.00 (B)	3,616,075
Total Rates Revenue				34,142,474

Proposed Rating Structure for 2013/14

Within the overall limitation of increasing rates by no more than the rate peg, Council is able to determine the mix between categories and sub-categories within its rating structure and the basis upon which rates are calculated. In setting the rates for 2012/13, the yield from each of the categories and sub-categories was increased by 4.14% in accordance with Council's successful special rate variation application. The approach recommended for the 2013/14 rating year is consistent with this, that is to increase the yield from each category and sub-category by 3.4% in line with the rate peg limit announced by IPART in November 2012.

It is proposed that Council continue its existing rating structure into 2013/14, being:

- Residential Rates and E&IRL - 50% base amount and 50% ad valorem. It is also proposed that eligible pensioners will continue to receive a 100% rebate of the levy at a cost of some \$119,490 for 2013/14.
- Business Rates – ad valorem subject to a minimum

There are numerous options available to Council for changing the current structure, which range from:

- abandoning the current 50/50 base amount/ad valorem structure of the residential rate in favour of a different mix, 30/70 for example,
- the re-introduction of a minimum rate for residential properties, or
- introducing a 50/50 base amount/ad valorem structure (or other mix) into one or all of the business sub-categories

The current rating structure is well established and widely accepted having been in place since 1994/95. In a review of the rating structure conducted in 1997 it was noted that the vast majority of submissions received in conjunction with the 1996/97 Management Plan supported the 50% base amount structure. No complaints have been received in relation to the current structure.

Residential Rates

The current rating structure sees all residential ratepayers contributing a base amount toward Council's core services with the balance of rates paid reflecting the respective land values of properties. Given the range of land values, and their size at the upper end, the 50% base amount structure most equitably distributes the rates levied. It is considered that the services and infrastructure available to the highest valued properties is not so dissimilar as to warrant them paying disproportionately more rates.

To provide an indication of the impact different residential rating structures would have on rates payable in 2013/14, **ANNEXURE 1** provides a comparison of residential rates payable under 10%, 20%, 30%, and 40% base amount scenarios and a minimum rate scenario across a range of land values. All of the alternate scenarios result in significant increases (of up to \$16,053 or 76%) for higher valued properties and decreases for lower valued properties (of up to \$423 or 75%).

Business Rates

The current rating structure sees all business ratepayers making at least a minimum payment toward core services based on the land value of their respective properties. Unlike residential rates, it is considered that the land value of business properties is representative of the specific business centre services received, that is, the larger the property (and street frontage), the more services received.

By way of example, **ANNEXURE 2** provides an indication of the impact of different business rating structures would have on rates payable in the Double Bay Business Centre in 2013/14. 10%, 20%, 30%, 40% and 50% base amount scenarios have been modelled in comparison to the recommended minimum rate structure. All of the alternate scenarios result in significant increases (of up to \$2,471 or 437%) for lower valued properties and decreases for higher valued properties (of up to \$68,581 or 49%). The other sub-categories of business rates would show similar increases and decrease in rates for the base amount scenarios.

Consequently it is recommended that Council retain the existing rating structure and mix.

Detailed Modelling of the Impact of the General Revaluation

An overview of the impact of the general land revaluation (updating land values from a 1 July 2009 base date to 1 July 2012) was presented to the Corporate & Works Committee on 4 March 2013. This reported noted that, while the overall increase in land values was in the order of 3%, changes in values of individual properties varied quite widely. The majority of changes in land values (77%) were in the 5% decrease to 10% increase range.

As part of modelling the draft rating structure for 2013/14, detailed modelling of all rateable assessments has been completed. The tables below summarise the changes in rates levied in 2012/13 to those for 2013/14 (assuming continuation of the current rating structure as recommended) for both residential and business properties.

Residential Rates

As a guide, the preliminary modelling of residential rates indicated that the majority of ratepayers' changes in rates would fall into the 2.2% decrease to 9.9% increase range. The detailed modelling has confirmed that this is the case with 89% of changes in residential rates falling into this range. The table below shows the number of assessments in the ranges used in the overview report, along with the number of valuations to illustrate the mitigating effect the 50% base amount has.

Range	No. of Assessments	% of Assessments	No. of Valuations	% of Valuations
Less than -25%	6	0.0	32	0.3
-20% to -25%	19	0.1	25	0.2
-15% to -20%	34	0.1	80	0.7
-10% to -15%	83	0.3	380	3.2
-5% to -10%	572	2.3	553	4.6
0% to -5%	2,661	10.8	2512	20.8
0% - 5%	15,986	65.1	4701	39.0
5% - 10%	3,969	16.2	2122	17.6
10% to 15%	696	2.8	584	4.8
15% to 20%	344	1.4	410	3.4
20% to 25%	75	0.3	423	3.5
25% to 30%	49	0.2	115	1.0
30% to 50%	40	0.2	91	0.8
Greater than 50%	4	0.0	21	0.2
	24,538	100.0	12,049	100.0

Business Rates

The detailed modelling of business rated assessments across all sub-categories has revealed that, similar to residential properties, the majority of ratepayers' changes in rates fall into the 2.2% decrease to 9.9% increase range, some 76% of assessments.

Range	No. of Assessments	% of Assessments	No. of Valuations	% of Valuations
Less than -25%	4	0.3	3	0.3
-20% to -25%	8	0.6	14	1.4
-15% to -20%	20	1.4	4	0.4
-10% to -15%	12	0.8	29	3.0
-5% to -10%	68	4.7	37	3.8
0% to -5%	275	19.0	212	21.9
0% - 5%	637	43.9	398	41.1
5% - 10%	244	16.8	106	10.9
10% to 15%	80	5.5	95	9.8
15% to 20%	24	1.7	20	2.1
20% to 25%	19	1.3	27	2.8
25% to 30%	33	2.3	4	0.4
30% to 50%	19	1.3	5	0.5
Greater than 50%	8	0.6	15	1.5
	1,451	100.0	969	100.0

Some of the changes between movement in valuations and movement in rates relate to the effect of the minimum rate. For example, the land value of an assessment may have increased from \$60,000 to \$120,000 but, because the assessment is rated at the minimum rate, the increase in rates is 3.4%, notwithstanding the 100% increase in land value. The same can occur for a decrease in land value.

Exhibition of the Rating Structure

For the purposes of public exhibition, Council has to incorporate details of its rating structure into the Draft 2013-17 Delivery Program and 2013/14 Operational Plan. The proposed rating structure for 2013/14, which is consistent with the current rating structure, is attached as **ANNEXURE 3**

Conclusion:

The report outlines Council's existing rating structure and notes that Council can, within its overall rates yield, vary the mix between residential and business rates and/or vary the method of calculating its rates. Information has been provided in Annexure 1 on the sub-categorisation of rates and calculation methods. While there is a range of options regarding Council's rating structure it has been recommended that the current structure be continued for 2013/14.

Don Johnston
Manager Finance

Stephen Dunshea
Director Corporate Services

Annexures:

1. Residential Rates Alternate Scenarios
2. Double Bay Business Rates Alternate Scenarios
3. Draft Rating Structure for 2013/14 – an increase of 3.4% in line with the rate peg limit set by IPART.

Land Value	2013/14 Rates 50% Base Amt (Recommended) \$	2013/14 Rates 10% Base Amt \$	2013/14 Rates 20% Base Amt \$	2013/14 Rates 30% Base Amt \$	2013/14 Rates 40% Base Amt \$	2013/14 Rates Minimum Rate \$
\$35,700 (Smallest LV)	565.70	142.63	248.53	354.43	460.38	473.60
\$100,167	598.91	202.36	301.63	400.89	500.20	473.60
\$200,080	650.40	294.93	383.91	472.89	561.91	473.60
\$350,000	727.64	433.83	507.38	580.93	654.51	473.60
\$509,000 (Minimum Cut Off LV)	809.57	581.15	638.33	695.51	752.72	473.60
\$750,000	933.75	804.44	836.82	869.19	901.58	697.70
\$1,060,000 (average LV)	1,093.49	1,091.66	1,092.12	1,092.59	1,093.06	986.09
\$1,500,000	1,320.21	1,499.33	1,454.50	1,409.68	1,364.84	1,395.41
\$2,000,000	1,577.84	1,962.59	1,866.29	1,770.00	1,673.67	1,860.54
\$2,500,000	1,835.48	2,425.85	2,278.08	2,130.33	1,982.51	2,325.68
\$3,000,000	2,093.11	2,889.11	2,689.87	2,490.65	2,291.34	2,790.81
\$4,000,000	2,608.38	3,815.63	3,513.45	3,211.30	2,909.01	3,721.08
\$5,000,000	3,123.65	4,742.15	4,337.03	3,931.95	3,526.68	4,651.35
\$6,000,000	3,638.92	5,668.67	5,160.61	4,652.60	4,144.35	5,581.62
\$7,010,000	4,159.34	6,604.46	5,992.43	5,380.46	4,768.20	6,521.19
\$8,000,000	4,669.46	7,521.71	6,807.77	6,093.90	5,379.69	7,442.16
\$10,000,000	5,700.00	9,374.75	8,454.93	7,535.20	6,615.03	9,302.70
\$12,500,000	6,988.18	11,691.05	10,513.88	9,336.83	8,159.21	11,628.38
\$15,000,000	8,276.35	14,007.35	12,572.83	11,138.45	9,703.38	13,954.05
\$17,500,000	9,564.53	16,323.65	14,631.78	12,940.08	11,247.56	16,279.73
\$20,000,000	10,852.70	18,639.95	16,690.73	14,741.70	12,791.73	18,605.40
\$40,000,000 (Largest LV)	21,158.10	37,170.35	33,162.33	29,154.70	25,145.13	37,210.80

Land Value	2013/14 Rates Minimum Rate (Recommended) \$	2013/14 Rates 10% Base Amt \$	2013/14 Rates 20% Base Amt \$	2013/14 Rates 30% Base Amt \$	2013/14 Rates 40% Base Amt \$	2013/14 Rates 50% Base Amt \$
\$13,800 (Smallest LV)	565.00	651.08	1,247.46	1,843.81	2,440.15	3,036.51
74,067	565.00	866.29	1,438.76	2,011.20	2,583.63	3,156.07
201,042	822.16	1,319.72	1,841.82	2,363.87	2,885.92	3,407.98
301,570	1,233.27	1,678.71	2,160.92	2,643.09	3,125.25	3,607.41
446,400	1,825.55	2,195.89	2,620.66	3,045.36	3,470.04	3,894.74
690,000	2,821.76	3,065.79	3,393.92	3,721.96	4,049.98	4,378.02
1,040,000	4,253.08	4,315.64	4,504.92	4,694.08	4,883.23	5,072.39
1,500,000 (Average LV)	6,134.25	5,958.30	5,965.10	5,971.73	5,978.35	5,984.98
2,020,000	8,260.79	7,815.22	7,615.74	7,416.03	7,216.31	7,016.61
3,040,000	12,432.08	11,457.64	10,853.52	10,249.08	9,644.63	9,040.19
5,240,000	21,428.98	19,313.84	17,836.98	16,359.58	14,882.17	13,404.77
10,600,000	43,348.70	38,454.40	34,851.23	31,246.98	27,642.72	24,038.47
14,800,000	60,524.60	53,452.60	48,183.29	42,912.48	37,641.66	32,370.85
19,600,000	80,154.20	70,593.40	63,419.93	56,244.48	49,069.02	41,893.57
34,000,000 (Largest LV)	139,043.00	122,015.80	109,129.85	96,240.48	83,351.10	70,461.73

For 2013/14 Council proposes to increase its Rates by 3.4% in line with the rate peg limit set by the Independent Pricing & Regulatory Tribunal in November 2012.

Income:

Number of Rateable Assessments	25,843
Estimated Total Rate Income	\$35,334,979
Estimated Total Domestic Waste Management Charges	\$10,876,840
Estimated Stormwater Management Charges	\$485,410
Estimated Total Rates & Annual Charges	\$46,697,229

Annual Charges:

Stormwater Management Charge:	
Single residential dwelling	\$25.00
Residential strata unit	\$12.50
Business property	\$25.00 plus \$25.00 per 350 m ² (or part thereof) above 350 m ² in land area
Domestic Waste Management Charge (per residential service)	\$418.35

Minimums / Base / Ad Valorem Information

	<u>Rate in \$</u>	<u>Base / Minimum</u>
Category - Residential	0.051527	+ \$547.30 Base Charge
Category - Business	0.26516	with a \$565.00 minimum rate
Business Sub Categories:		
- Double Bay	0.40895	with a \$565.00 minimum rate
- Oxford Street, Paddington	0.36752	with a \$565.00 minimum rate
- New South Head Road, Rose Bay	0.34750	with a \$565.00 minimum rate
- Edgecliff	0.40937	with a \$565.00 minimum rate
- Bellevue Hill	0.30148	with a \$565.00 minimum rate
- Edgecliff / Grosvenor Streets, Woollahra	0.30247	with a \$565.00 minimum rate
- Five Ways, Paddington	0.26012	with a \$565.00 minimum rate
- New South Head Road, Vacluse	0.30840	with a \$565.00 minimum rate
- Old South Head Road, Rose Bay	0.22188	with a \$565.00 minimum rate
- Old South Head Road, Vacluse	0.14495	with a \$565.00 minimum rate
- Plumer Road, Rose Bay	0.27957	with a \$565.00 minimum rate
- Queen Street, Woollahra	0.18238	with a \$565.00 minimum rate
- Watsons Bay	0.26759	with a \$565.00 minimum rate
Special Rate:		
Environmental & Infrastructure Renewal Levy (All Categories and sub-categories)	0.006847	+ \$72.00 Base Charge

Rates Structure - 2013/14 Rating Year

Rate Category under the Local Government Act 1993	Method of Levying Rate	Yield \$	Minimums / Base Amount / Ad Valorem - Rate in \$	Number of Assessments	No. of Mins	% of Mins
Ordinary Rate - Residential	Base Charge - 50% Ad Valorem - 50%	26,763,742	\$547.30 (Base Amount) 0.051527 cents in \$	24,424		
Ordinary Rates - Business	Ad Valorem - subject to a minimum	1,305,112	0.26516 cents in \$/\$565.00 (minimum)	479	150	31.3
Business Sub Categories:						
- Double Bay	Ad Valorem - subject to a minimum	1,524,573	0.40895 cents in \$/\$565.00 (minimum)	245	31	12.7
- Oxford Street Paddington	Ad Valorem - subject to a minimum	795,580	0.36752 cents in \$/\$565.00 (minimum)	210	14	6.7
- Rose Bay(New South Head Road)	Ad Valorem - subject to a minimum	263,563	0.34750 cents in \$/\$565.00 (minimum)	81	9	11.1
- Edgecliff	Ad Valorem - subject to a minimum	354,417	0.40937 cents in \$/\$565.00 (minimum)	176	76	43.2
- Bellevue Hill	Ad Valorem - subject to a minimum	31,206	0.30148 cents in \$/\$565.00 (minimum)	35	16	45.7
- Edgecliff / Grosvenor Streets, Woollahra	Ad Valorem - subject to a minimum	80,150	0.30247 cents in \$/\$565.00 (minimum)	36	4	11.1
- Five Ways, Paddington	Ad Valorem - subject to a minimum	64,710	0.26012 cents in \$/\$565.00 (minimum)	28	0	0.0
- New South Head Road, Vacluse	Ad Valorem - subject to a minimum	43,321	0.30840 cents in \$/\$565.00 (minimum)	26	7	26.9
- Old South Head Road, Rose Bay	Ad Valorem - subject to a minimum	65,086	0.22188 cents in \$/\$565.00 (minimum)	21	1	8.3
- Old South Head Road, Vacluse	Ad Valorem - subject to a minimum	17,316	0.14495 cents in \$/\$565.00 (minimum)	19	8	42.1
- Plumer Road, Rose Bay	Ad Valorem - subject to a minimum	11,497	0.27957 cents in \$/\$565.00 (minimum)	3	0	0.0
- Queen Street, Woollahra	Ad Valorem - subject to a minimum	201,926	0.18238 cents in \$/\$565.00 (minimum)	70	3	4.3
- Watsons Bay	Ad Valorem - subject to a minimum	71,577	0.26759 cents in \$/\$565.00 (minimum)	18	5	27.8
Special Rate – Environmental & Infrastructure Renewal Levy (All Categories and sub-categories)	Base Charge - 50% Ad Valorem - 50%	3,741,205	\$72.00 (Base Amount) 0.006847 cents in \$	25,843		
Sub Total: Gross Rates Levy		35,334,981				
Less: Pensioner Rates Rebate (Government)		260,000				
Pensioner Rates Rebate (Council)		119,490				
Total: Net Rates Income		34,955,491				

Item No: D4 Delegated to Committee
Subject: **Draft 2013/14 Fees & Charges**
Author: Michelle Phair, Team Leader Financial Services
File No: 331.G 2012/13
Reason for Report: To present the proposed 2013/14 Fees and Charges and recommend their inclusion in the public exhibition of the Delivery Program 2013 to 2017 and 2013/14 Operational Plan.

Recommendation:

THAT the Draft Fees & Charges Schedule for 2013/14 attached as Annexure 1 to this report (circulated separately) be included in the Delivery Program 2013 to 2017 and 2013/14 Operational Plan document for the purposes of public exhibition.

Background:

The Corporate & Works Committee considered the strategy for preparation of the 2013/14 Draft Budget and recommended a series of economic parameters to Council including:

4. *That fees and charges be increased by at least CPI (3%) where practical unless it would have an adverse impact on forecast revenue or users' capacity to pay.*

The Committee also recommended that Council:

- D. *Receives further progress reports in relation to the preparation of Council's 2013/14 Operational Plan and Budget at future Corporate & Works Committee Meetings.*

These recommendations were adopted by Council on 10 December 2012.

This report presents to the Committee the Draft Schedule of Fees & Charges for 2013/14.

Each year Council is required to set its fees and charges as part of its consideration and adoption of the Delivery Program & Operational Plan. The schedule of fees and charges forms part of the Delivery Program & Operational Plan and therefore goes through the same public exhibition process prior to final adoption.

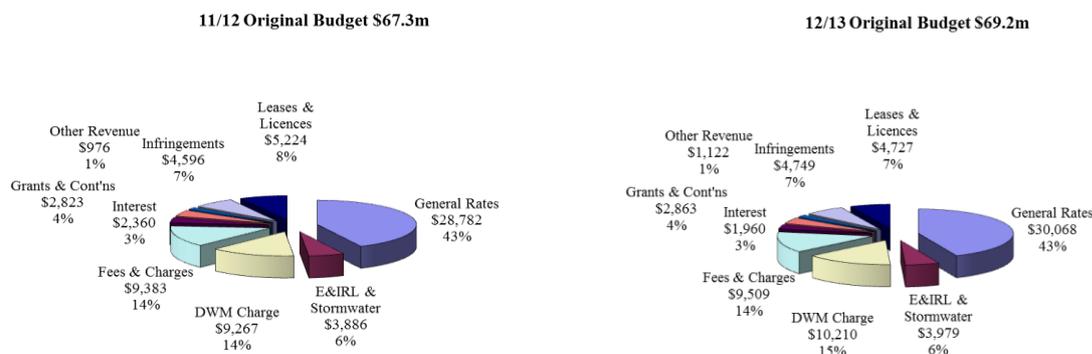
Discussion:

The Draft Schedule of Fees & Charges for 2013/14 is attached as **ANNEXURE 1** (circulated separately). The Annexure provides the following information:

- Comparative fees and charges for 2012/13 (shaded yellow) and 2013/14 (shaded green);
- The percentage increase or decrease from 2012/13 to 2013/14 (shaded blue);
- Supplementary information, where applicable, about the fee or charge;
- Explanatory comments where applicable, including the identification of new fees and charges.

Overview of Council's Operating Income

The graphs below show how Council's income in the original 2011/12 and 2012/13 Budgets are made up. In 2012/13 almost half of it comes from Rates including Special Levies and the Stormwater Management Charge (\$34m), with a further 15% (\$10.2m) coming from the Domestic Waste Management Charge. Another 22% (\$15.4m) comes from grants, interest, infringements, leases & licences and other combined. The remaining 14% is generated from the various fees and charges set out in the Schedule of Fees & Charges adopted each year.



The preliminary draft 2013/14 Budget, currently under review by staff, proposes fees & charges income of around \$10.2m. Of this, \$1.8m is made up of fees and charges limited by statute and as a consequence cannot be increased by Council. The remaining \$8.4m is set by Council. The major sources of income that make up over 80% of the \$8.4m, together with their 2012/13 comparative are:

Income Source	12/13 Original Budget \$'000	12/13 Revised Forecast \$'000	13/14 Preliminary Draft Budget \$'000
Trade Waste Charges	1,855	1,945	2,032
Parking Meter Charges	1,750	1,750	1,750
Road Restoration Charges	1,100	1,215	1,263
Kindergarten Fees	746	758	799
Work Zone Charges	500	425	455
Residential Parking Permits	350	350	360
Building Hire	200	216	225
Compliance Levy	190	150	150
	6,691	6,809	7,034

The table below shows the budgetary impact of the proposed changes to fees and charges for 2013/14 in more detail.

Income Source	12/13 Original Budget \$'000	13/14 Draft Budget \$'000	Revenue		Fee or Charge
			\$ Increase (Decrease)	% Increase (Decrease)	% Increase (Decrease)
<i>Fees & Charges set by statute:</i>					
Development Application Fees	600,000	600,000	0	0.0	
s.96 Amendment Applications	230,000	230,000	0	0.0	
Advertising & Neighbourhood Notification Fees	320,000	320,000	0	0.0	
s.149 Planning Certificates	245,000	265,000	20,000	8.2	
Interest on Overdue Rates & Charges	165,000	160,000	(5,000)	(3.0)	
s.603 Certificates	92,000	100,000	8,000	8.7	7.7
Filming Fees	24,000	40,000	16,000	66.7	
Building Certificate Applications	70,000	60,000	(10,000)	(14.3)	
Part 4A Certificate Registration Fees	44,000	42,000	(2,000)	(4.5)	
Other	21,730	50,800	29,070	133.8	
Total Income from Statutory Fees & Charges	1,811,730	1,867,800	56,070	3.1	
<i>Fees & Charges set by Council:</i>					
			0		
Trade Waste Service	1,855,000	2,032,000	177,000	9.5	10
Parking Meter Charges	1,750,000	1,750,000	0	0.0	2.4 to 2.9
Road Restoration Charges	1,100,000	1,263,105	163,105	14.8	1.7
Preschool Fees	745,590	798,580	52,990	7.1	3.2 to 8.3
Work Zone Charges	500,000	455,000	(45,000)	(9.0)	2.5 to 3.2
Residential Parking Permits	350,000	360,000	10,000	2.9	3.9 to 5.0
Council Venue Hire	200,330	224,600	24,270	12.1	(20.0) to 5.4
Compliance Levy	190,000	150,000	(40,000)	(21.1)	0
Outstanding Orders & Notices Certificates	100,000	100,000	0	0.0	3
Credit Card Usage Fee	90,000	95,000	5,000	5.6	0
Vehicle Crossing Inspection Fees (Works in roadways)	90,000	80,000	(10,000)	(11.1)	2.99
Hoarding Application Fees	80,000	80,000	0	0.0	3.5
Crane Permits	80,000	80,000	0	0.0	2.9
File Retrieval Charges	75,500	75,000	(500)	(0.7)	3.5 to 4.0
Deposit Administration Fees	72,500	70,000	(2,500)	(3.4)	2.7
Tree Pruning	70,000	75,000	5,000	7.1	Various
PCA Service Fee	60,000	40,000	(20,000)	(33.3)	0 to 12.5
Fire Safety Lodgement Fee	60,000	70,000	10,000	16.7	6.7
Paid Waste Service	55,000	31,000	(24,000)	(43.6)	3
Premises Inspection Fees	50,800	53,500	2,700	5.3	3.5
Mobile Bin Sales	50,000	2,000	(48,000)	(96.0)	3
Casual Park & Sportsfield Hire	64,000	78,000	14,000	21.9	2.6 to 3.5
Library Fines	47,000	40,000	(7,000)	(14.9)	20
Wedding Photos	46,000	35,000	(11,000)	(23.9)	2.6 to 3.7
TPO Application Fees	46,000	46,000	0	0.0	4.0 to 4.3
Construction Certificate Application Fees	40,000	30,000	(10,000)	(25.0)	11.4 to 106.9

Income Source	12/13 Original Budget \$'000	13/14 Draft Budget \$'000	Revenue		Fee or Charge
			\$ Increase (Decrease)	% Increase (Decrease)	% Increase (Decrease)
Waste Container Licences	35,190	36,110	920	2.6	2.6 to 3.8
Annual Administration Fee - Food Premises	26,730	30,000	3,270	12.2	4.6
Pre Lodgement Advice Fees	22,200	22,000	(200)	(0.9)	3.4 to 3.5
Water Craft Storage Fees	18,000	21,000	3,000	16.7	2.6 to 3.3
Other	193,300	194,720	1,420	0.7	Various
Total Income from Fees & Charges Set by Council	8,163,140	8,417,615	254,474	3.1	

Reviews of the schedule of fee and charges and associated income forecasts are an integral part of the development of a draft budget each year and continue in relation to the 2013/14 Budget. Income forecasts are primarily the result of forecast levels of activity based on current trends, but also take into account any increases in the fees and charges themselves. This is particularly the case for fees and charges set by statute where the majority of the fees and charges remain unchanged. In some instances where activity can be variable, notwithstanding a proposed increase in the relevant fee or charge, income forecasts can be left unchanged or reduced. Examples of this are Parking Meter Charges and Outstanding Orders and Notices Certificates.

Domestic Waste Charges

Council's Domestic Waste Management Charge is calculated based on the 'reasonable cost' of providing the service. It includes all direct costs and an attribution of management and supervision, corporate overheads and customer service.

The Charge has been calculated to increase by \$44.70 (11.95%) for 2013/14, from \$373.95 to \$418.65, of which \$19.20 relates to a \$500,220 (16%) increase in Tipping Charges. Additionally, for the first time in 2013/14 a proportion of the Business Centres team has been included as staff are involved in Clean Up Services. Other increases include workers' compensation, due to updated claims experience data, and an increase in the Customer Service attribution to better reflect the level of service provided in responding to customer enquiries.

For comparative purposes, the 2012/13 Domestic Waste Management Charges for Waverley and Randwick are \$420 and \$465.11 respectively.

Based on a Council resolution, the Additional Domestic Waste Service Charge is set at 25% above the DWM Charge.

Income Source	12/13 Original Budget \$'000	13/14 Draft Budget \$'000	Revenue		Fee or Charge
			\$ Increase (Decrease)	% Increase (Decrease)	% Increase (Decrease)
Domestic Waste Management Charge	9,742,382	10,905,160	1,162,778	11.94	11.95
Additional Domestic Waste Service	468,000	523,350	55,350	11.83	11.82
	10,210,382	11,428,510	1,218,128	11.93	

Percentage changes in 2013/14 Fees & Charges of note:

As noted in the background to the report, the broad parameter adopted by Council is for fees and charges to be increased by 3%. The table below draws to the Committee's attention, those fees and charges that vary significantly to this parameter. New fees have also been highlighted.

Fee or Charge	% Change	Page Ref.	Comments
Complying Development and Construction Certificates	11.4 to 106.9	1-2	106.9 % increase in minimum fee as it has been estimated that a minimum of 2 hours work is required to assess the simplest application, while the logarithmic formula has been adjusted to reflect more complex assessment than Construction Certificates
Section 603 Certificates	7.7	3	Increase in fee set by Division of Local Government from \$65 to \$70. Last increase was in 2011/12.
Mental Health Course	76	4	Reduction in Council subsidy.
Compliance Cost Notices	100	4	New fees based on recent amendment to the EP&A Regulation
Concurrence fee (relating to development applications requiring concurrence form another authority)	28	8	Change to the Regulation increasing the fee.
Section 96 DA modification where DA involves erection of a dwelling house costing \$100,000 or less	26.7	11	Change to the Regulation increasing the fee.
Boarding House inspection fees	100	19	New fee based on the introduction of the Boarding Houses Act 2012.
Library Bag	-21.1	19	New recyclable bag now available. Fee reflects lower production cost.
Inter-Library Loans	17.7	19	Rounding. Fees for 2013/14 are \$4 and \$2 per item, increasing from \$3.40 and \$1.70
Overdue Books	20	19	Rounding. Fee increases from 25 to 30 cents per day
Local Writers' Festival – attendance by Woollahra Library Friends	20	20	Rounding and brings fee closer to that for general public attendance. Increases from \$20 to \$30.
Park Hire (McKell Park event bond)	100	21	New bond arising from Notice of Motion adopted on 10 December 2012.
Access through public open space	0	23	No increase proposed as it may discourage residents from applying for approval
Principal Certifying Authority Service Fees (minimum fee)	12.5	24	Increase reflects estimate of a minimum of 3 hours work to inspect the simplest development and issue the required certificate
Preschool Fees	0	25	Currently under review. The fee will be confirmed prior to the Schedule going on public exhibition.
Restoration Charges	1.7	26-29	Fee based on contract rate
Swimming Pool Inspections	100	32	New fees based on guidance from Division of Local Government, but Regulation is yet to be passed.
Visitor Parking Permits	0	32	Rounding and fee only introduced in 2012.
Tree View Pruning	51.5	34	Recent changes to view pruning procedure have resulted in many instances of additional staff inspections to finalise a request. The basis of the fee for the pruning itself has changed from an hourly rate to 'As per contractors quote'
Venue Hire – Vaucluse Bowling Club	0	36	No increase proposed as we Council is having difficulty hiring the venue.
	100	36	New fees for daytime functions in conjunction with bowling activities.
Venue Hire – E J Ward (Community/Arts Groups weekly hire)	-20.0	38	Reduced with a view to stimulating demand.
Venue Hire – Cosmopolitan Centre Bay Room	100	38	New fees consistent with other venues.

Conclusion:

Income derived from the schedule of fees and charges is forecast to be in the order of \$10.2m in the draft 2013/14 Budget. This represents an increase of some \$311k from the 2012/13 original budget, or 3.1%. Details of this increase are provided in the report.

The schedule of fees and charges and associated income forecasts are reviewed each year as an integral part of preparing a draft budget and continue in relation to the 2013/14 Budget. Generally, income forecasts are based on the level of activity but also have regard to any proposed increase in the fee or charge itself. Further, where activity can be variable, income forecasts can be left unchanged or reduced notwithstanding a proposed increase in the fee or charge. It is a combination of these considerations that give rise to the income forecasts in the budget each year.

Council is required to adopt its fees and charges each year following public exhibition. The fees and charges proposed for 2013/14 are detailed in Annexure 1. It is recommended that the fees and charges contained in Annexure 1 be included in the Delivery Program 2013 to 2017 and Operational Plan 2013/14 for the purposes of public exhibition.

Michelle Phair
Team Leader Financial Services

Stephen Dunshea
Director Corporate Services

Annexures:

1. Draft Schedule of Fees and Charges for 2013/14 for public exhibition (circulated separately)

Item No: R1 Recommendation to Council
Subject: **Glenmore Road, Paddington - Road Infrastructure Works**
Author: Sam Badalati – Project Manager
File No: Tender No 13/01
Reason for Report: To recommend to Council the acceptance of a Tender.

Recommendation:

- A. That Council enter into a Contract with Melhemcorp Pty Ltd for the lump sum of \$208,612 excluding GST plus costs arising from use of provisional items.
- B. That successful and unsuccessful tenderers be advised accordingly.

Background

In 2011 we undertook an extensive consultation with local residents and the community regarding the proposed reinstatement of a roundabout at the intersection of Glenmore Road and Cascade Street, Paddington. A total of 349 submissions were received by Council in response to this consultation. Of these submissions, 303 (86.8%) supported the proposal to reinstate the roundabout and 46 (13.2%) were against the proposal.

The Community and Environment Committee subsequently resolved at their meeting on 16 April 2012:

- A. That the reinstatement of a roundabout at the Glenmore Road / Cascade Street / Hampden Street intersection be approved and designed in line with the concept plan attached as Annexure 1.
- B. That the final design be submitted to the Woollahra Traffic Committee before being issued for construction.

Council included the reconstruction of Glenmore Road, Paddington as part of its 2012/13 Traffic Capital Works Program. The area of works to be carried out under this contract is shown on the following aerial photograph.



Works to be constructed under the Contract comprise the construction of a roundabout and associated road pavement, kerb, footpath and driveways and drainage works at the intersection of Glenmore Road, Hampden Road and Cascade Street, Paddington.

Invitation to Tender

Tender No. 13/01 for the reconstruction work at the intersection of Glenmore Road, Hampden Road and Cascade Street, Paddington was first advertised in the Tenders section of the Sydney Morning Herald commencing on Tuesday 5 February 2013, and in the Wentworth Courier on Wednesday 6 February 2013.

A pre-tender meeting was held on Wednesday 20 February 2013. 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 registered on Council's website. Tenders for this project closed at 2:30pm on Thursday 28 February 2013. Seven (7) tenders were received by the closing date and time. No late tenders were received.

Tender Assessment

The tender assessment panel comprised Mr David Byatt as the convenor and independent member of the tender panel, Mr Michael Casteleyn as the Commissioning Officer, and Mr Sam Badalati as the Project Manager. Prior to the tender closing date, the tender panel agreed on the following weightings that would be used against the advertised selection criteria:

Cost and Pricing	45%
Demonstrated experience and capacity	25%
Program and methodology	15%
Management systems (OHS, quality and environment)	10%
Duration of works	5%

Council has resolved that a probity adviser should be included during the tender assessment stage for high risk, high value or sensitive projects. This project was deemed not to require a probity adviser.

The tenders were first checked for conformance and were all accepted by the evaluation panel as having met the requirements for further consideration

The tender prices were then ranked excluding any provisional amount. Provisional amounts apply where the final cost cannot be determined.

All figures in the tables are net of GST:

TENDERER	LUMP SUM TENDER PRICE	TIME (Weeks)
Melhemcorp Pty Ltd	\$208,612	7
Statewide Civil Pty Ltd	\$225,443	8
Citywide Civil Engineering Pty Ltd	\$227,207.55	8
Stateline Asphalt Pty Ltd	\$286,290	14
Pensar Civil Pty Ltd	\$355,681	13
Castlereagh Building & Construction Pty Ltd	\$476,651	12
North Shore Paving Co Pty Ltd	\$481,550	12

Provisional Amounts

It is normal practice to allow tenderers to submit provisional rates for tasks or activities that could possibly apply, or where it is not practical to determine the quantity required. For such items provisional rates are sought from the tenderer and these are used only if applicable. Part of the original brief was the augmentation of the existing drainage at the intersection by upgrading the pipe sizes and improving the pits collecting the stormwater. At the time of going to tender the preconstruction estimate showed that there was insufficient funding to carry out the drainage work. In order to price the drainage components of the work they were included in the tender document as provisional items. Carrying out the drainage works at the same time as the road works have the following advantages:

- Community is less disadvantaged by having works carried out in one time period.
- Better price being achieved by works being carried out at the same time (economy of scale, contractor having only one set up cost etc).
- Gaining benefits of improved drainage at the intersection.

It is therefore recommended that the drainage works proceed at the same time as the road works.

The score for price is based on the tender lump sum price plus the calculated cost of provisional items based on the rates provided by the tenderers.

The provisional items were quantified and added to the lump tender price. The total sum is shown in the table below.

TENDERER	PROVISIONAL SUM + LUMP SUM TENDER PRICE	TIME (Weeks)
Melhemcorp Pty Ltd	\$251,363	7
Statewide Civil Pty Ltd	\$254,793	8
Citywide Civil Engineering Pty Ltd	\$260,390.55	8
Stateline Asphalt Pty Ltd	\$336,400	14
Pensar Civil Pty Ltd	\$398,715	13
Castlereagh Building & Construction Pty Ltd	\$528,916.64	12
North Shore Paving Co Pty Ltd	\$707,280.05	12

The tender documents were then assessed in detail, including the responses to the qualitative criteria. Lump sum prices were scored relative to the lowest price. The tenders were scored on each item of the qualitative criteria, lump sum prices and price components to achieve a total score out of 100. Tenderers were then ranked in accordance with their scores.

TENDERER	CRITERIA					
	Cost and pricing (45%)	Demonstrated experience and capability (25%)	Program and methodology (15%)	Management Systems (OH & S, Environmental and Quality) (10%)	Duration of works (5%)	TOTAL SCORE (100%)
Melhemcorp Pty Ltd	45	22.66	15	7.5	5	95.16
Statewide Civil Pty Ltd	44.39	22.66	15	8.13	4.38	94.55
Citywide Civil Engineering Pty Ltd	43.44	21.88	15	8.75	4.38	93.44
Stateline Asphalt Pty Ltd	33.62	17.19	15	7.5	2.5	75.81
Pensar Civil Pty Ltd	21.39	22.66	13.75	9.38	2.69	69.86
Castlereagh Building & Construction Pty Ltd	28.37	18.75	3.75	6.88	2.92	60.66
North Shore Paving Co Pty Ltd	15.99	22.66	10	8.75	2.92	60.32

Explanatory notes:

- Cost and Pricing:** Tenderers provided information on estimated quantities and rates that make up the lump sum price, with a weighting of 45%. The lowest tender price received the highest score, with all other prices ranked accordingly using the formula (lowest price/each price)x 45).
- Experience and capacity:** Each tender was scored on scope and complexity of past civil experience, particularly for this type of project where drainage and site access are significant issues.
- Program & Methodology:** Information was requested on each tenderer's approach to the project program and construction methodology to check the tenderer's ability to meet the stated works duration.
- Duration of Works:** The shortest duration of 7 weeks received the maximum score, with others ranked accordingly using the formula (shortest duration in weeks/each duration in weeks) x 5.
- Management Systems: Assessment of Quality, Environment controls and OH & S,** scored according to comprehensiveness of documentation and evidence of it being applied to past projects. The highest scores were allocated for systems with independent accreditation.
- Zero score is given when no information is provided.**

Comment

The two highest scoring tenders are Melhemcorp Pty Ltd and Statewide Civil Pty Ltd. Both contractors are very capable and experienced contractors.

1. Melhemcorp Pty Ltd.

Melhemcorp Pty Ltd is a small civil engineering and building construction company. The company has a strong background in the design and construction of civil and building projects. The company's director is a qualified civil/structural engineer who is hands on, being directly involved on site with all their projects providing proper control of the worksite and good quality control of the works. Melhemcorp is committed to safety and quality in all of their projects.

Melhemcorp Pty Ltd have completed a number of projects for Council including the recently completed works at Hargrave Street, Paddington and Quarry Street car-park, Paddington. They have also carried out the construction of the roundabouts at the intersections of Bellevue Road and Bulkara Road and Bellevue Road and Fairweather Street, Bellevue Hill.

Melhemcorp Pty Ltd is the highest scoring tenderer and also has shortest time frame to complete the work (7 weeks). Melhemcorp Pty Ltd has demonstrated that they are a very capable contractor, completing projects they have been awarded on time, on budget and they have demonstrated good communication and interaction with the residents around the work sites.

2. Statewide Civil Pty Ltd

Statewide Civil has completed many projects of this size and complexity in the past. Statewide Civil's key personnel have over 10 years' experience in the civil and landscaping industry.

Statewide Civil has access to an excellent range of plant and equipment to undertake the works. The proposed program is eight (8) weeks and is considered achievable.

Statewide Civil is ISO 9001 compliant, and information was provided on the OH & S system including Safe Work Method Statements (SWMS), hazard control plans, incident reporting and a training register. Satisfactory Quality and Environmental policies and procedures were also submitted with the tender.

Statewide Civil have completed a number of projects for Council including Duxford Street and Cooper Street in Paddington, Yarranabbe Road in Darling Point and Bellevue Hill shopping centre. On all of these projects they have shown good standard of workmanship and quality, and are very aware of safety issues on the worksite.

Statewide Civil has sufficient capacity to undertake the works and have good understanding of traffic and pedestrian management required for the works. Statewide Civil keeps the residents advised during the works. Unfortunately on this occasion, Melhemcorp's price and time to do the work is better by a slender margin.

Tender Assessment Panel Opinion

Melhemcorp Pty Ltd achieved the highest overall score and has demonstrated that they are a very capable contractor, completing projects they have been awarded on budget and time and they have demonstrated good communication and interaction with the residents around the work sites.

The tender panel agreed that Melhemcorp Pty Ltd provides the best value to Council and recommends they be appointed to carry out the work.

Identification of Income and Expenditure:

All figures in this report exclude GST. The preferred tenderer's lump sum price for this project including provisional items is \$208,612. In addition, an amount of approximately \$42,751 should be allowed for provisional items and \$10,000 for variation claims and project management.

The total funding required for this project is estimated to be \$261,363. A total budget of \$192,308 is available for this project. The shortfall of \$69,055 will be funded from the bicycle program (\$10,000) and from the Floodplains program (\$30,000). The remaining \$29,055 will be adjusted at the next quarterly works review from the infrastructure levy reserve.

The additional costs relate mainly to the provisional drainage items and some additional streetscape upgrade works which were not originally envisaged.

Recommendation:

- A. That Council enter into a Contract with Melhemcorp Pty Ltd for the lump sum of \$208,612 plus provisional sums that are used excluding GST.

Sam Badalati
Project Manager

Jake Matuzic
Manager Capital Projects

Tom O'Hanlon
Director Technical Services

Political Donations – matters to be considered by Councillors at Meetings

