



# Corporate & Works Committee

**Agenda:** *Corporate & Works Committee*

**Date:** *Monday 11 December 2006*

**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

7 December 2006

To: Her Worship the Mayor, Councillor Huxley, ex-officio  
Councillors      Julian Martin                      (Chair)  
                         Marcus Ehrlich  
                         Wilhelmina Gardner  
                         Isabelle Shapiro  
                         David Shoebridge              (Deputy Chair)  
                         Fiona Sinclair King  
                         John Walker

Dear Councillors

### **Corporate & Works Committee Meeting – 11 December 2006**

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 11 December 2006 at 6.00pm.**

Gary James  
General Manager

# **Additional Information Relating to Committee Matters**

## **Site Inspection**

Item D4 – 26-28 Royston Street, Paddington

A site inspection of the unmade road reserve will take place at 5.00pm on Monday 11 December prior to the Committee meeting.

## **Other Matters**

Item D5 – Tender Evaluation Process

The Director Technical Services, Warwick Hatton will provide a presentation to the Committee on Council's tender evaluation process.

## Meeting Agenda

<b>Item</b>	<b>Subject</b>	<b>Pages</b>
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 4 December 2006	1
D2	Capital Projects Status Update – 331.G	2
D3	Monthly Financial Report – November 2006	11
D4	26-28 Royston Street, Paddington – Proposed Road Closure & Sale – 395.26-28	14
D5	Tender Evaluation Process – 269.G	23

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

R1	Annandale Street Road & Drainage Reconstruction Works – Tender 06/11	38
R2	Magney Street, Woollahra, Reconstruction Works – Tender 06/10	42
R3	Budget Strategy	46

**Item No:** D1 Delegated to Committee  
**Subject:** **Confirmation of minutes of meeting held on 4 December 2006**  
**Author:** Les Windle, Manager – Governance  
**File No:** See Council Minutes  
**Reason for Report:** The Minutes of the Meeting of Monday 4 December 2006 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 4 December 2006 be taken as read and confirmed.

Les Windle  
Manager - Governance

**Item No:** D2 Delegated to Committee  
**Subject:** **Capital Projects Status Update**  
**Author:** Don Johnston, Manager Finance  
**File No:** 331G  
**Reason for Report:** To provide the Committee with an update on the status of capital projects in the 2006/2007 Budget

**Recommendation:**

THAT the report be received and noted.

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**Background:**

The Committee has previously received projects status updates reports. Based on the feedback from the Committee when those reports were presented, some changes have been made to the information provided in the report which hopefully improves its usefulness.

**Discussion:**

The Capital Projects Status Update Report, as at the end of November, 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. 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.

**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.

Don Johnston  
Manager Finance

Zubin Marolia  
Acting Director Technical Services

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**Annexures:**

1. Capital Projects Status Report – November 2006
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**Item No:** D3 Delegated to Committee  
**Subject:** **Monthly Financial Report - November 2006**  
**Author:** Tracey Walker, Financial Accountant  
**File No:** 987G  
**Reason for Report:** To present the monthly financial report for November 2006

**Recommendation:**

A. THAT the monthly financial report for November 2006 be received and noted.

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**Background:**

The monthly financial report for November 2006 is submitted to the Committee for consideration.

The monthly report includes the following:-

- Summary of Investments.
- Summary of Receipts and Payments and statement of bank balance

Tracey Walker  
Financial Accountant

Don Johnston  
Manager Finance

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**INVESTMENTS AS AT 30/11/06**

<u>CATEGORY</u>	<u>PURCHASED</u>	<u>MATURING</u>	<u>DAYS</u>	<u>%</u>	<u>B/B</u>	<u>MARGIN</u>	<u>AMOUNT</u> \$	<u>TOTALS</u> \$	<u>% of TOTAL</u>
<b><u>BANKWEST (S&amp;P) RATING, A1)</u></b>									
11AM CALL				5.95			400,888.42		
TERM DEPOSIT	04-Oct-06	03-Jan-07	91	6.29	6.18	0.11	1,000,000.00		
TERM DEPOSIT	22-Nov-06	21-Feb-07	91	6.46	6.36	0.10	1,000,000.00		
TERM DEPOSIT	08-Nov-06	07-Mar-07	119	6.54	6.43	0.11	750,000.00		
TERM DEPOSIT	15-Nov-06	14-Mar-07	119	6.51	6.42	0.09	1,000,000.00	4,150,888.42	15.18%
<b><u>ADELAIDE BANK (S&amp;P RATING AAA)</u></b>									
11AM CALL				6.45			500,000.00	500,000.00	1.83%
<b><u>LOCAL GOVT FINANCIAL SERVICE P/L (S&amp;P RATING, A1)</u></b>									
C.R.I.	20-Nov-06	20-Feb-07	92	6.48	6.36	0.12	1,000,000.00	1,000,000.00	3.66%
<b><u>AUST CENTRAL CREDIT UNION Limited</u></b>									
TERM DEPOSIT	22-Nov-06	21-Mar-07	119	6.62	6.39	0.23	1,200,000.00	1,200,000.00	4.39%
<b><u>CREDIT UNION AUSTRALIA Limited</u></b>									
TERM DEPOSIT	09-Aug-06	06-Dec-06	119	6.46	6.22	0.24	1,500,000.00		
TERM DEPOSIT	06-Sep-06	13-Dec-06	98	6.44	6.19	0.25	2,000,000.00		
TERM DEPOSIT	13-Sep-06	14-Feb-07	154	6.52	6.26	0.26	1,500,000.00	5,000,000.00	18.28%
<b><u>CPS CREDIT UNION (SA) Limited</u></b>									
TERM DEPOSIT	11-Oct-06	11-Apr-07	182	6.56	6.33	0.23	1,200,000.00	1,200,000.00	4.39%
<b><u>GREATER BUILDING SOCIETY Limited</u></b>									
TERM DEPOSIT	12-Sep-06	10-Jan-07	120	6.42	6.20	0.22	1,000,000.00		
TERM DEPOSIT	03-Oct-06	17-Jan-07	106	6.39	6.20	0.19	1,500,000.00		
TERM DEPOSIT	03-Oct-06	31-Jan-07	120	6.41	6.20	0.21	2,000,000.00	4,500,000.00	16.45%
<b><u>HERITAGE BUILDING SOCIETY</u></b>									
TERM DEPOSIT	29-Aug-06	30-Nov-06	93	6.40	6.2	0.20	1,014,956.11		
TERM DEPOSIT	30-May-06	30-Nov-06	184	6.21	6.02	0.19	2,000,391.05		
TERM DEPOSIT	20-Sep-06	22-Dec-06	93	6.50	6.2	0.30	983,708.18	3,999,055.34	14.62%
<b><u>SAVINGS &amp; LOANS CU (SA) Limited</u></b>									
TERM DEPOSIT	18-Oct-06	20-Dec-06	63	6.44	6.22	0.22	1,400,000.00		
TERM DEPOSIT	20-Sep-06	20-Dec-06	91	6.42	6.22	0.20	1,000,000.00		
TERM DEPOSIT	01-Nov-06	03-Jan-07	63	6.54	6.35	0.19	1,400,000.00		
TERM DEPOSIT	27-Sep-06	24-Jan-07	119	6.43	6.23	0.20	1,000,000.00		
TERM DEPOSIT	25-Oct-06	07-Feb-07	105	6.54	6.32	0.22	1,000,000.00	5,800,000.00	21.21%
<b>GRAND TOTAL</b>								<b>27,349,943.76</b>	<b>100.00%</b>

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.

J.C. Blake  
FINANCE OFFICER

D. Johnston  
FINANCE MANAGER

**Summary of Receipts, Payments and Bank Balance**

Cash Book Balance as at 31 October 2006 (131,869.65)

**Receipts**

Rates 4,358,494.33  
Other 3,522,667.29  
**Total Receipts** 7,881,161.62

Description	Amount
Rates	4,358,494
Deposits and Bonds	361,096
Sundry Debtor Receipts	356,809
Parking Fines	316,213
Financial Assistance Grant	302,297
Disposal of Vehicles	254,303
Car Park Lease	214,722
Term Deposits	150,000
Short Term Money Market	150,000
GST Refund - October BAS	137,202

**Payments - Cheque**

Cheque Payments (1,239,820.08)  
Cancelled Cheques 130,380.41  
**Total Cheque Payments for period** (1,109,439.67)

Cheque No.	Cheque Date	Payee	Amount
192872	24/11/2006	State Debt Recovery Office	-121,842.40
192609	08/11/2006	Commissioner of State Revenue	-112,785.00
192727	17/11/2006	Energy Australia	-74,438.66
192818	23/11/2006	Deposit Refund	-64,000.00
192716	17/11/2006	City Ford, Mascot	-53,455.46
192640	10/11/2006	Metropolitan Restorations	-53,350.00
192522	03/11/2006	City Ford, Mascot	-52,012.67
192747	17/11/2006	Premier Parking	-35,207.89
192573	03/11/2006	Sydney City Council	-26,131.96
192606	08/11/2006	Deposit Refund	-25,600.00

**Payments - EFT**

EFT Payments (2,610,992.86)  
Returned EFT Payments 4,138.56  
**Total EFT Payments for period** (2,606,854.30)

EFT No.	EFT Date	Payee	Amount
12696	24/11/2006	Statecover Mutual Limited	-206,140.87
12631	17/11/2006	WSN Environmental Solutions	-121,322.03
12591	17/11/2006	Local Govt Super Scheme	-117,219.41
12655	24/11/2006	Collex Waste Management	-110,618.51
12514	10/11/2006	Hughes Contractors	-83,074.20
12437	03/11/2006	Emoleum (Australia) Ltd	-78,563.56
12446	03/11/2006	G W S Machinery	-59,660.00
12438	03/11/2006	Cunneen & Co	-53,628.30
12520	10/11/2006	Local Govt Super Scheme - Div B	-50,274.77
12573	17/11/2006	Conybeare Morrison & Partners	-47,368.65

**Payments - Direct Debits From Bank A/c**

Payroll (1,854,454.67)  
Councillor Fees (17,406.15)  
Bank Charges (8,631.04)  
Council Rate Payments (34,238.00)  
Credit Card Payments (2,420.40)  
**Total Direct Debits for period** (1,917,150.26)  
**Total Payments** (5,633,444.23)

Cash Book Balance as at 30 November 2006 2,115,847.74

Unpresented Cheques No. of Cheques: 108 87,815.37

Outstanding Deposits & Miscellaneous Items 560,575.71

**Reconciled Cash Book Balance as at 30 November 2006** 2,764,238.82

**Bank A/c Balance as at 30 November 2006** 2,764,238.82

**Unpresented Cheques > \$30,000.00**

Cheque No.	Cheque Date	Amount
Nil		

**Item No:** D4 Delegated to Committee  
**Subject:** 26-28 Roylston Street, Paddington - Proposed Road Closure And Sale  
**Author:** Anthony Sheedy, Property Officer  
**File No:** 395.26-28  
**Reason for Report:** To give consideration to the closure and subsequent sale of unmade roadway adjoining the property.

**Recommendation:**

- A. That the proposal to sell a section of unmade road reserve adjoining 26-28 Roylston St, Paddington be advertised and notified to adjoining properties.
  - B. That a further report be submitted, following part A above.
- 

**Background:**

The Corporate and Works Committee considered this matter on 4 December 2006, where it was resolved:

- A. *That the site be inspected at 5:00 pm prior to the Corporate and Works Committee meeting of 11 December.*
- B. *That the neighbours that would ordinarily be notified, be notified of the inspection.*

Council has received a request from Mr Paul Cohen, owner of 26-28 Roylston Street, Paddington to purchase an irregular shaped section of unmade road adjoining the owner's property. This portion has an estimated average width of 0.75 metres, length 11 metres, and is approximately 8.25 square metres in size.

I note that the topography of the subject land makes it practically unusable for general pedestrian access over the road reserve portion.

The owner has agreed to enter into all necessary easement covenants and pay all Council's costs in connection with purchase of the unmade road portion.

**Conclusion:**

Should the Corporate and Works Committee agree to proceed with this proposal following inspection, it is recommended that in the first instance the proposal be advertised and notified to adjoining property owners.

Anthony Sheedy  
Property Officer

Zubin Marolia  
Acting Director, Technical Services

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**ANNEXURES:**

1. Copy of report to Corporate and Works Committee meeting of 4 December 2006.
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**Item No:** D5 Delegated to Committee  
**Subject:** **Tender Evaluation process**  
**Author:** Zubin Marolia - Acting Director Technical Services  
**File No:** 269.G  
**Reason for Report:** To respond to a resolution of Council of 23 October 2006.

**Recommendation:**

That the report and presentation be noted.

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**Background:**

At the meeting held on 23 October 2006 Council considered a report on the tender for the Fletcher Street Reconstruction and Stormwater Upgrade Works. At that meeting Council resolved to accept the tender and also resolved the following:

- C. That a report be presented to the Committee on the tender process and details considered in the tender analysis including a set of draft tender documents.*

Mr Warwick Hatton, Director Technical Services will provide a presentation to the Committee on Council's tender evaluation process.

A copy of the presentation is attached to the report and a set of tender documents will be tabled at the meeting for the information of Councillors.

**Conclusion:**

It is recommended that the report and presentation be noted.

Zubin Marolia  
Acting Director Technical Services

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**Annexures:**

1. Tender Evaluation Process presentation

**Item No:** R1 Recommendation to Council  
**Subject:** Annandale Street Road and Drainage Reconstruction Works  
**Author:** Joe Cavagnino – Purchasing Coordinator  
**File No:** Tender 06/11  
**Reason for Report:** To recommend to Council the acceptance of a Tender

**Recommendation:**

- A. That Council enter into a Contract with Ozpave (Aust) Pty Ltd for the Annandale Street - Road and Drainage Reconstruction project for the sum of \$206,997.93 (excluding GST) including an allowance for provisional items.
- B. That successful and unsuccessful tenderers be advised accordingly.

**Background:**

Council adopted an Asset Management Strategy in 2005, which includes a detailed condition indicator analysis of all of our infrastructure assets. This condition analysis identified that the road pavement, greater section of kerb, gutter, driveway crossings and footpath in Annandale Street Darling Point, between Loftus Road and Yarranabbe Road, are deteriorated and require renewal.

The works also presented an opportunity to renew and upgrade the capacity of the existing drainage infrastructure network located at the northeastern corner of the site.

The area of works to be carried out under this contract is shown in the location map and aerial photograph below.



## Tender Assessment

Tenders for this work closed at 2.30pm on Thursday 9 November 2006.

A total of six tenders were received, all of which were deemed to be conforming.

The six tenders received are listed in the following table:

<b>TENDERER</b>	<b>LUMP SUM TENDER PRICE</b> as shown on the Tender Form (excluding GST)
C & J Chrisos Constructions Pty Ltd	\$268,415.00
Hughes Corp NSW Pty Ltd	\$504,239.00
North Shore Paving Pty Ltd	\$365,903.00
Ozpave (Aust) Pty Ltd	\$206,997.93
Onyx Building & Maintenance Services Pty Ltd	\$240,567.38
Kingston Industries Pty Ltd	\$307,007.00

The tenders were assessed in accordance with the agreed selection criteria stated in the tender documents. The tender panel comprised Mr Daniel Pearse, Infrastructure Asset Management, Mr John Thomson, Project Manager and Mr Joe Cavagnino, Purchasing Coordinator. Prior to the closing date, the tender panel agreed on the weightings that would be used against the published selection criteria.

The tenders were given a score on each item of the selection criteria, which resulted in a score out of 100, with points being allocated as indicated in the following table.

The following table shows the scores and rankings of all tenders considered;

### TENDER ANALYSIS

<b>TENDERER</b>	<b>Relevant Skills</b> 10	<b>Methodology &amp; programme</b> 20	<b>Relevant Experience &amp; Demonstrated Performance</b> 10	<b>Financial Capacity</b> 5	<b>Environmental &amp; Safety Performance</b> 10	<b>Addressing Tender Requirements</b> 10	<b>Price</b> 35	<b>Total Score</b> 100	<b>Ranking</b>
C & J Chrisos Constructions	7.67	17	8.33	2.5	9.33	9	26.99	80.82	3
Hughes Corp NSW	5.67	11.72	6.67	2.5	7.33	8	14.37	55.26	6
North Shore Paving	8.67	12.17	9.33	2.5	9.67	9.67	19.8	71.8	5
Ozpave (Aust)	7.83	17.33	9.33	2.5	9.67	9	35	90.67	1
Onyx Building	6.33	18.5	6.33	2.5	9.67	7.67	30.12	81.12	2
Kingston Industries	9	14.17	9.67	2.5	9.67	9.67	23.6	78.27	4

1. Relevant skills, relevant experience & demonstrated performance and environmental and safety performance are based on the opinion formed by the assessment panel assessing the information provided in the Tender schedules, known performance by the contractors who have previously worked for Council and verified by responses from referees. The above figures represent the average scores of the assessment panel members.
2. Price – the lowest price is deemed to achieve 100% for that weighting. Other tenderers' prices are then ranked by a percentage fraction of the lowest price.
3. Methodology & programme – the shortest time is deemed to achieve 100% for that weighting. Other tenderers' prices are then ranked by a percentage fraction of the lowest price. This was worth half the score, the other half was given based on the panel's assessment of the manner in which the Tenderer proposed to carry out the work based on his submitted outline programme of work.

4. Addressing tender requirements – points were deducted for missing or incomplete information required to be submitted with the Tender.
5. Financial Capacity – All Tenderers were given a nominal mark of 2.5 with the highest ranked tenderer being checked for financial capability.

The highest ranked tenderer, Ozpave (Aust) Pty Ltd, was invited to a post-tender interview by the tender selection panel. The purpose of the post-tender interview was to clarify certain aspects of the tenderer's offer and his understanding of the work to be carried out. Following, is a brief summary of information provided at the post-tender interview. As the highest ranked tenderer was so far ahead of other tenderers, it was decided not to interview other tenderers at this stage.

**Ozpave (Aust) Pty Ltd** was the highest ranked tenderer and completed all required schedules in the tender document. Ozpave Pty Ltd ranked high in comparison to other tenderers on the lump sum price and scored well in other areas that related to demonstrated experience and performance, environmental and safety performance, and works program.

At the post tender interview, the tender panel asked Ozpave questions in relation to an additional provisional item and Ozpave's capacity to perform the works concurrently with other projects that they currently had ongoing.

Ozpave Pty Ltd responded to the additional provisional item with an explanation that they had tendered prices on Telstra pits provided in Council's plans and any other Telstra pits found during the construction period would be in addition to the tendered price. The tender panel agreed with the additional costs associated with Telstra pits that were not in the original schedule of rates. Ozpave Pty Ltd also confirmed that they would have no trouble in completing the works within the program time frame.

Ozpave Pty Ltd demonstrated a full understanding of the works and confirmed that there would be minimal disruptions to residents. They advised that the road would remain open throughout the contract period and would only need to be closed for one day during the final asphalt phase of construction. This Tenderer is known to Council having successfully completed recent projects for us.

#### **Identification of Income & Expenditure:**

A sum of \$250,870 is allocated in the 2006/07 Infrastructure Renewal Program Budget for the Annandale Street renewal works.

The cost to complete the works using the preferred tenderer is \$206,997.93 (excluding GST). The budget available exceeds the tendered amount and also covers potential variation claims, all project management costs and any further design incidentals.

#### **Conclusion:**

The tender panel recommends that Council enter into a Contract with Ozpave (Aust) Pty Ltd for the Annandale Street Road and Drainage Reconstruction Works Project for the sum of \$206,997.93 (excluding GST), including an allowance for provisional items.

Joe Cavagnino  
Purchasing Coordinator

Zubin Marolia  
Acting Director Technical Services

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#### **Annexures:**

Nil

**Item No:** R2 Recommendation to Council  
**Subject:** **Magney Street, Woollahra, Reconstruction Works**  
**Author:** Joe Cavagnino – Purchasing Coordinator  
**File No:** Tender 06/10  
**Reason for Report:** To recommend to Council the acceptance of a Tender

**Recommendation:**

- A. That Council enter into a Contract with Ozpave (Aust) P/L for the Reconstruction of Magney Street, Woollahra, for the Lump Sum Price of \$162,050.82 (excluding GST).
- B. That the successful and unsuccessful tenderers be advised accordingly.

**Background:**

Magney Street is a relatively short cul de sac incorporating seven street trees located in the centre of the roadway. Roots of the street trees have lifted and deformed the road pavement presenting a risk hazard to vehicular and pedestrian traffic. It was also identified that several of the street trees weren't healthy and are nearing the end of their serviceable life.

Residents in Magney Street were consulted regarding the future of the street trees and pavement condition. The produced design maintains the leafy streetscape character that residents wished to preserve whilst restoring the serviceability of road pavement infrastructure within the street. As such, sections of the road pavement design incorporates flexible and permeable materials, which will accommodate future growth of the street trees. Other works include the reconstruction of the footpath and driveways, reinstatement of sections of sandstone kerb and gutter, removal of two existing street trees and replacement with three new street trees, installation of a new crash barrier and two kerb islands incorporating pram ramps.

The area of works to be carried out under this contract is shown in the location map and aerial photograph following:



## Tender Assessment

A pre-tender meeting was held at Council's offices on Thursday, 2 November 2006. The purpose of the meeting was to give the prospective tenderers an opportunity to ask for clarification of any aspect of the works which they may not have been able to determine from the documents. The meeting also gave Council project managers a forum to explain Council's requirements and specific aspects of the works of which the tenderers should be aware.

Tenders for this work closed at 2.30 pm, 9 November 2006. Seven tenders were received, all of which were deemed to be conforming.

The seven tenders received are listed in the following table:

<b>TENDERER</b>	<b>LUMP SUM TENDER PRICE (as shown on the Tender Form) (excluding GST)</b>
Hughes Group NSW Pty Ltd	377,947.76
Kingston Industries Pty Ltd	224,172.00
Ozpave (Aust) Pty Ltd	162,050.82
Sydney Civil Pty Ltd	252,347.00
North Shore Paving Co Pty Ltd.	263,396.00
Fraser Developments Pty Ltd	250,908.50
Onyx Building & Maintenance Services	209,230.00

The tenders were assessed in accordance with the agreed selection criteria stated in the tender documents. The tender panel comprised; Mr Daniel Pearse from Council's Infrastructure Asset Management Section, Mr Ian Young, Council's Civil Project Manager and Mr Joe Cavagnino, Council's Purchasing Coordinator.

The tenders were given a score on each item of the selection criteria, which resulted in a score out of 100, with points being allocated as indicated in the following table.

The following table shows the scores and rankings of all tenders considered:

## TENDER ANALYSIS

<b>TENDERER</b>	<b>Relevant Skills 10</b>	<b>Methodology &amp; Programme 20</b>	<b>Relevant Experience &amp; Demonstrated Performance 10</b>	<b>Financial Capacity 5</b>	<b>Environmental &amp; Safety Performance 10</b>	<b>Addressing Tender Requirements 10</b>	<b>Price 35</b>	<b>Total Score 100</b>	<b>Ranking</b>
Hughes Group NSW Pty Ltd	5.0	8.1	6.67	2.5	7.17	7.0	15.01	51.44	7
Kingston Industries Pty Ltd	8.5	11.94	8.5	2.5	8.5	8.5	25.30	73.75	2
Ozpave (Aust) Pty Ltd	8.33	16.17	9.33	2.5	8.5	8.33	35.00	88.17	1
Sydney Civil Pty Ltd	6.67	12.61	8.33	2.5	8.33	8.33	22.48	69.25	5
North Shore Paving Co	7.67	9.26	8.50	2.5	8.5	7.67	21.53	65.63	6
Fraser Developments Pty Ltd	6.5	14.71	7.00	2.5	8.17	8.67	22.60	70.15	4
Onyx Building & Services	6.17	12.69	7.00	2.5	8.17	7.00	27.11	70.63	3

6. Relevant skills, relevant experience & demonstrated performance and environmental and safety performance are based on the opinion formed by the assessment panel assessing the information provided in the Tender schedules; known performance by the contractors, who have previously worked for Council; and verified by responses from referees. The above figures represent the average scores of the assessment panel members.

7. Price – the lowest price is deemed to achieve 100% for that weighting. Other tenderers' prices are then ranked by a percentage fraction of the lowest price.
8. Methodology & programme – the shortest time is deemed to achieve 100% for that weighting. Other tenderers' prices are then ranked by a percentage fraction of the lowest price. This was worth half the score, the other half was given based on the panel's assessment of the manner in which the Tenderer proposed to carry out the work, based on his submitted outline programme of work.
9. Addressing tender requirements – points were deducted for missing or incomplete information required to be submitted with the Tender.
10. Financial Capacity – All Tenderers were given a nominal mark of 2.5 with the highest ranked tenderer being checked for financial capability.

The highest ranked tenderer, Ozpave (Aust) Pty Ltd, was invited to a post-tender interview by the tender selection panel. The purpose of the post-tender interview was to clarify certain aspects of the tenderer's offer and his understanding of the work to be carried out. Following is a brief summary of information provided at the post-tender interview. As the highest ranked tenderer was so far ahead of other tenderers, it was decided not to interview other tenderers at this stage.

### **Ozpave (Aust) Pty Ltd**

The tender from Ozpave gave the highest ranking under the assessment scoring system and their price was the lowest of all tenders received. Ozpave have recently completed and are currently undertaking works for Council and are considered to be capable of undertaking the required proposed works. The only concern the assessment panel had with recommending the awarding of this contract to Ozpave was that, as there are other contracts currently being undertaken by Ozpave and they also may be successful with their tenders for other proposed works for Council, they may not have the capacity to carry out the contract within the submitted programme. With this concern in mind, a meeting was held with the director of Ozpave, Mr Glen Dawes, on Friday 24 November 2006 and, at this meeting, Mr Dawes advised that his company would be in a position to carry out the works as tendered under their present work load and commitments.

Therefore, based on the results of the tender assessment and the ranking of the tenderers, the information presented to the tender panel and the demonstrated previous experience with similar works, the panel considered that Ozpave (Aust) Pty Ltd is capable of completing the project and should be awarded the contract.

### **Identification of Income & Expenditure:**

A sum of \$279,409 is allocated in the 2006/07 Infrastructure Renewal Program Budget for the Magney Street refurbishment works.

The cost to complete the works using the preferred tenderer is \$162,050.82 (excluding GST). The budget available exceeds the tendered amount and also covers potential variation claims, all project management costs and any further design incidentals.

### **Conclusion:**

The tender panel recommends that Ozpave Pty Ltd be awarded the Contract for the Magney Street, Woollahra, Reconstruction Works for the tendered lump sum price of \$162,050.82.

Joe Cavagnino  
Purchasing Coordinator

Zubin Marolia  
Acting Director Technical Services

**Item No:** R3 Recommendation to Council  
**Subject:** **Budget Strategy**  
**Author:** Don Johnston, Manager Finance  
**File No:**  
**Reason for Report:** To provide the Committee with an overview of the continuing issues facing Council in preparing the 2007/2008 Budget and to propose a strategy for its preparation.

**Recommendation:**

- A. THAT the existing Budget Strategy continue for the 2007/2008 Budget and that a Preliminary Draft Budget be brought to the first Corporate & Works meeting in March 2007 with a view to holding a Strategy & Corporate meeting thereafter.
- B. THAT Council reaffirm its earlier resolutions to apply for a special variation for 2007/2008 to fund the Infrastructure Renewal Strategy, replacing the amount foregone in its 2006/2007 special variation application.
- 

**Background:**

Each year Council is required to adopt a Management Plan for the following year, part of which is a Budget for that year.

This report sets out the constraints and issues facing us in preparing next year's Budget. While these are similar to past years, this report recaps them and recommends continuing the current strategy in preparing the 2007/2008 budget.

**Introduction:**

The strategy for the preparation of the 2007/2008 budget has to have regard to:

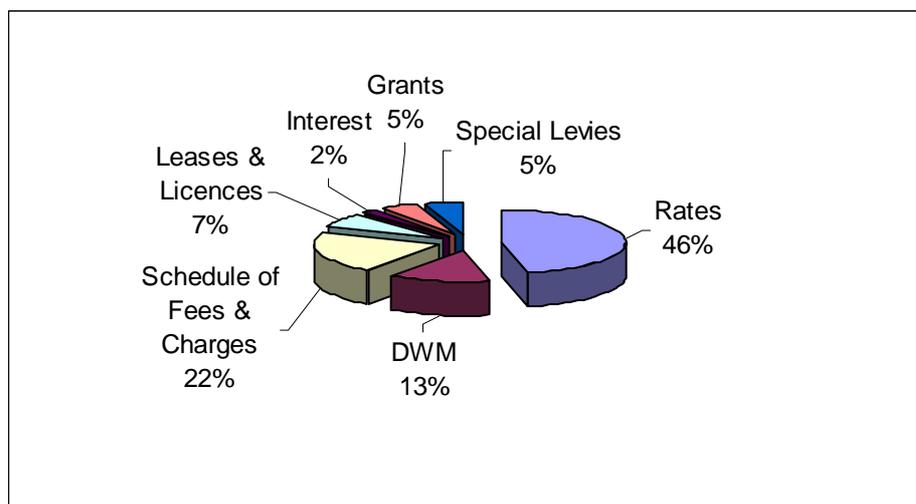
- A review of the operating budget;
- Constraints on revenue raising;
- Our application for Special Variation for the Infrastructure Levy following the cessation of Environmental Levy;
- Potential to introduce a Stormwater Management Charge;
- Inflationary pressures on expenditure and additional expenditure requirements;
- Section 94A levy receipts; and
- Consideration of further borrowings, particularly in regard to the Streetscapes Improvements Strategy

This report will briefly cover each of these issues and proposes consideration of the draft budget by the Strategic & Corporate Committee in the new year.

**Constraints on Revenue Raising:**

The constraints facing council regarding its capacity to raise income are well known and have been reported to the Committee on a number of occasions.

The graph below shows how our income in the 2006/2007 Budget is made up. Half of it comes from Rates including Special Levies, with a further 13% coming from the Domestic Waste Management Charge. Another 14% comes from grants, interest and leases & licences combined. The remaining 22% is generated from the various fees and charges set out in the Schedule of Fees & Charges adopted each year.



22% of our income represents around \$11.2m. Of this, \$5m is limited by statute. The remaining \$6.2m is set by Council. The major sources of income that make up some 75% of the \$6.2m are:

Income Source	06/07 Budget
Parking Meter Charges	1,213,000
Trade Waste Charges	1,182,400
Kindergarten Fees	502,740
Road Restoration Charges	508,000
Residential Parking Permits	275,000
Work Zone Charges	280,000
PCA Service Fees	175,000
Sportsfield Lease	154,500
Compliance Levy	150,000
Construction Certificate Applications	150,000
Hoarding Application Fees	120,000
	<b>4,710,640</b>

There is very limited scope for Council to raise any significant additional revenue.

Notwithstanding this limitation, part of the budget process is to review our Schedule of Fees & Charges. Part of the strategy for developing next year's budget is to increase fees and charges by at least the CPI where practical. Any opportunities for additional fees and charges are to be proposed.

### Special Rate Variations

Going back to 2002/2003 Council sought and received approval for an Environmental Levy to fund a specific program of works. During the preparation of the 2005/2006 budget Council recognised the need for additional investment in infrastructure asset renewal. An initial 5 year program of works was identified and application was made for an Infrastructure Levy to fund these works in conjunction with extending the Environmental Levy for the remaining 2 years of its originally planned 5 year term. The Minister did not approve the Infrastructure Levy application but instead only approved a 2 year continuation of the Environmental Levy. The Environmental Levy ceases this year.

For 2006/2007, an application for a combined Environmental and Infrastructure Levy was made. It was proposed to introduce a Stormwater Management Charge in conjunction with this new levy, having taken all stormwater management works out of the proposed program. Approval of this application was in the form of:

- A new Infrastructure Levy of \$1.483m
- A continuing Environmental Levy of \$1.04m for 2006/2007

As a result of this approval, Council had to abandon its introduction of a stormwater management charge as the continuing environmental works program contained stormwater management works.

With the cessation of the Environmental Levy, it is proposed that a special variation application be made to extend the Infrastructure Levy into a combined Environmental and Infrastructure Levy, excluding stormwater drainage works, and introduce a stormwater management charge, along the lines of our 2006/2007 application.

### Additional requirement from the DLG in regard to Special Variation Applications

For the first time this year, the Department has required Councils to complete a survey indicating their intention to apply for a special variation. The survey is due back to the Department by 31 March. While there are resolutions supporting the intention to apply for a special variation for 2007/2008 as outlined above, there is not a sufficiently specific resolution to allow the survey to be completed. As such, part of the recommendation, to this report is to re-affirm Council's intention to apply for a special variation in specific terms.

### Potential Stormwater Management Services Charge

Last year parliament passed legislation permitting Councils to levy a per property annual charge for "additional" stormwater management activities. The intention of the charge is to allow Councils to raise stormwater management revenue in addition to that already provided through Council's general income. The charge was not available to us during 2006/2007 due to the Environmental Levy in place at the time. That is, the levying of both would be seen as "double dipping".

The maximum annual charge for land categorised as residential is \$25 / property and for land categorised as business, \$25 plus an additional \$25 / 350m<sup>2</sup> or part thereof for land exceeding 350m<sup>2</sup>. As residential strata lots require less stormwater runoff management, the service charge is effectively capped at 50%, (\$12.50 per unit), of the adopted charge applied to standard residential properties.

On this basis, introducing the charge could raise around \$450,000 per annum.

Council must make a reasonable estimation of their additional annual stormwater management costs. The charge levied must be the lower of: (a) the maximum annual charges or (b) the cost of providing the additional stormwater management services.

Implementation of the charge does not require Ministerial approval however formal community consultation must occur via the inclusion of proposed stormwater management activities in Council's draft Management Plan.

### General Rate Variation

It is difficult to anticipate the quantum of the general rate variation approved by the Minister each year. It is prudent to be a little conservative in this regard and perhaps have additional funding available in the final stages of budget preparation rather than the converse. We propose to provide for a 3% general variation in the Draft Budget. On a rate base of \$24.5m this will yield an additional \$735,000.

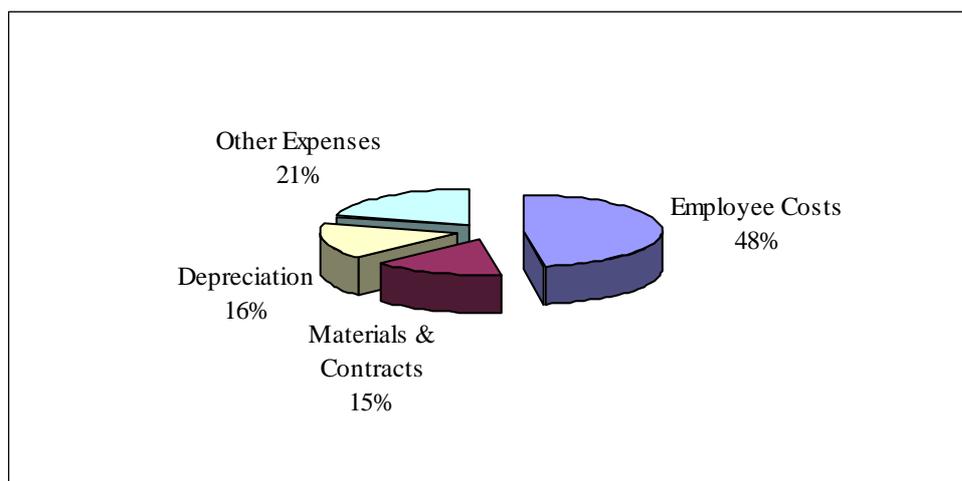
Part of the budget strategy will be to continue to take up the full amount of the general rate variation specified by the Minister for Local Government.

### Domestic Waste Management (DWM) Charge

There is provision in the legislation for the Minister to impose a limit on the increase in our DWM charge from year to year. This has not happened in the past. The legislation requires that the DWM be based on the reasonable cost of providing the service. This charge will again be reviewed as part of the budget development process to ensure that we are capturing the full cost of the service.

### **Inflationary Pressures on Expenditure and Additional Requirements:**

Our expenditure pattern has remained largely unchanged in recent years. The graph below shows the breakup of our operating expenditure in the 2006/2007 Budget.



### Staffing Costs

#### *Annual Increase*

Using previous Award increases as a guide, a 3% increase in salaries during 2007/2008 will increase costs by some \$660,000.

*Implications of WorkChoices and Skills Shortages*

There is the potential for further increases associated with the current skills shortages and new WorkChoices regime.

A report prepared for NSW Department of Local Government last year identified 92% of respondents reported skills shortages. The report recognised a lack of suitably qualified applicants responding to positions and cases where demand for particular skills exceeded supply in the market place. Naturally this skills shortage creates market pressure for Council to remain competitive in attracting new applicants and to also retain existing employees. This is further exacerbated by the fact that the budget allows for an overall 6% vacancy rate.

Other possible costs resulting from WorkChoices are in the potential for employees to “cash out” part of their sick leave and annual leave entitlements. This could add around 2% to the salaries and wages costs, or, indicatively, \$440,000.

*Council Superannuation Contribution “Holiday”*

Prior to the 2005/2006 budget Council had the benefit of a Superannuation Contribution “holiday” and we were not required to fund employer contributions to the Retirement Scheme within the Local Government Superannuation Scheme for a period of time. This contribution “holiday” has now ceased. We were allowed a partial withdrawal of the contribution “holiday” in the 2005/2006 and 2006/2007 budgets but will need to allow for the full withdrawal in the 2007/2008 budget. There is approximately 80 staff in this scheme as it was closed to new entrants some years ago.

Those staff in the Retirement Scheme may elect to contribute up to 9 percent of their annual salary to the scheme. The Council is required to contribute 1.9 times this amount plus 2.5% of the employee’s annual salary. During the “holiday” the employer contributions were funded by the earnings on the funds held by the Scheme which have been in surplus of assessed requirements.

The full withdrawal of the “holiday” will cost Council in the order of an additional \$250,000.

Other Expenditure

Likewise, there are inflationary pressures on our other areas of expenditure. At least a further \$700,000 will arise from a simple 3.7% CPI increase (CPI as at September 06) in materials & contracts and other expenses. There is potential in these areas for increases to be well beyond CPI. Examples of this lie in the cost of construction materials, street lighting charges and other statutory contributions.

**Other Capital Funding Opportunities**

Section 94A Contributions

Section 94A Development Contributions Plan 2005 previously included a 1% levy on the proposed cost of carrying out development. The levy for the 2007/2008 budget will be as follows:

<u>Proposed Cost of development</u>	<u>Levy</u>
< \$100k	Exempt
\$100k to \$200k	0.5%
> \$200k	1.0%

The impact of these changes are yet to be determined and a careful estimate of Section 94A Contributions will be made for the purposes of the 2007/2008 budget.

Similar to last year, the timing of the receipt of contributions will be an important consideration in this regard.

#### Consideration of further borrowings

Further borrowings may be required to fund the Streetscape Improvement Strategy. This could incur debt servicing costs of up to \$850,000. In the funding strategy proposed for borrowings in this regard, future income streams will be utilised to cover the debt servicing costs. These future income streams will not come to fruition until 2009/2010.

In the current strategy these items remain unfunded.

#### Other Impacts

Other impacts on the 2007/2008 Budget include the sale proceeds of the Waverley/Woollahra Process Plant and income from the Cosmopolitan Commercial Centre. At this stage these funds will not be factored into the Budget until they are realised by Council.

#### **Budget Strategy**

The key objectives of the budget strategy are to:

1. fund the identified capital works program, including the infrastructure renewal strategy; and
2. maintain and enhance service delivery from the Operating Budget.

In recent years this has been achieved through the realisation of real terms savings in the operating budget and the utilisation of special levies. The inflationary pressures faced by Council have been outlined above. Having driven costs down in real terms over recent years, the capacity to absorb these inflationary factors is now significantly diminished.

Part of the strategy for 2007/2008 will be to contain the operating budget to a nil real terms increase. There is, however, an argument for increasing the resources available in the operating budget for improvement of activities such as the internal referrals process related to development applications and forward design of infrastructure projects.

Depending on the outcome of current considerations in regard to streetscape improvement works, there may be a need to provide funds for debt servicing over and above current levels.

It is worth noting that, as per our current strategy and a previous report to Corporate and Works, there is no benefit in the medium term (5-20years) in increasing funding of the Infrastructure Renewal Program. The proposed application to bring the Infrastructure Levy up to \$2.5m is based on Council receiving the best value for its investment by spending an additional \$2m to \$3m over this period.

**Summary:**

Taking up an assumed 3% increase in rates will provide an additional \$735,000 in income. Increasing our fees and charges in line with at least the CPI (currently running at 3.7%) will provide only \$242,000 on the \$6.2m that we can set and this assumes a continuation of the same level of demand for the various services provided. It is difficult to anticipate any increase in the statutorily limited fees and charges at this stage. In round numbers, our income could grow by \$977,000.

The pressures on our expenditure arise mainly in salaries and wages due to an annual increase, market and skills shortage impacts and potentially WorkChoices. These could add upwards of \$1.1m without even quantifying the impact of the market and skills shortage. In addition to this, the full withdrawal of the superannuation holiday will cost in the order of an additional \$250,000. At least a further \$700,000 could arise from a CPI increase on our other expenditure. There is also an argument for increasing the resources available within the operating budget. Combined, these costs exceed \$2m.

Further borrowings may add pressure to the operating budget as new income streams from Double Bay come to fruition. Debt servicing costs in this regard could be up to \$850,000.

**Conclusion:**

Leading into the consideration of our Budget for 2007/2008 it is appropriate to remind ourselves of the issues and constraints facing us. We have limited opportunities to grow our income and are facing a series of pressures on our expenditure. In previous years we have largely retained our operating account in real terms and our budget strategy is to continue to maintain and enhance our service delivery from the Operating Budget and ensure there are sufficient funds available to service our identified Capital Works Program.

Preparing an operating budget with a nil real terms increase will be a significant challenge.

Based on these considerations staff will prepare a draft operating budget for further consideration by the Committee in early March 2007.

Don Johnston  
Manager Finance

Geoff Clarke  
Director Corporate Services

Gary James  
General Manager

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**ANNEXURES:**

Nil.