



City of Nedlands

Technical Services Reports


Committee Consideration – 12 April 2016

Council Resolution – 26 April 2016

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TS06.16	Non-Compliant Crossover at 48 Leura Street, Nedlands
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Committee	12 April 2016
Council	26 April 2016
Applicant	Andrew Varano
Officer	Wayne Mo – Design Engineer
Director	Mark Goodlet – Director Technical Services
Director Signature	
File Reference	PAR-NSDA-00358
Previous Item	Nil.

Executive Summary

This report deals with a non-compliant retrospective application for a crossover.

Recommendation to Committee

Council approves the retrospective Nature Strip Development Application for the crossover at 48 Leura Street, Nedlands.

Strategic Plan

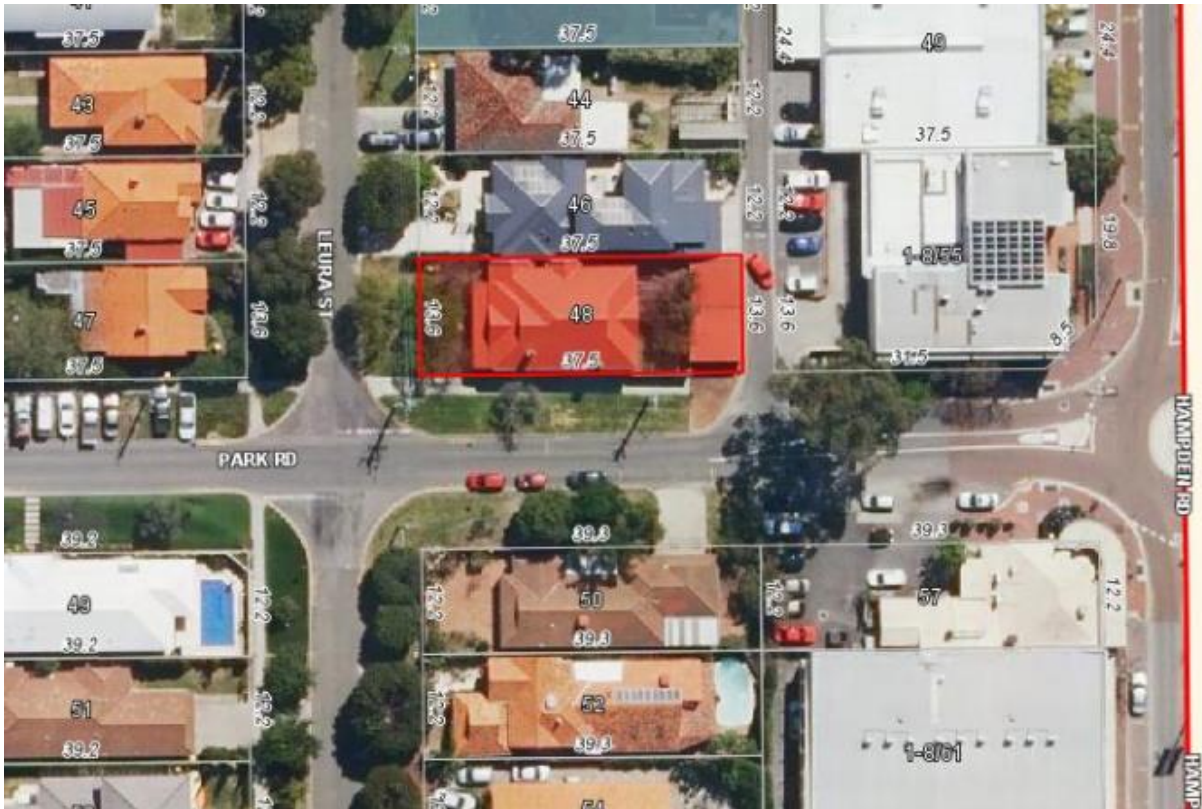
KFA: Governance and Civic Leadership

The determination of this nature strip development application provides good governance through appropriate and informed risk assessment and determination.

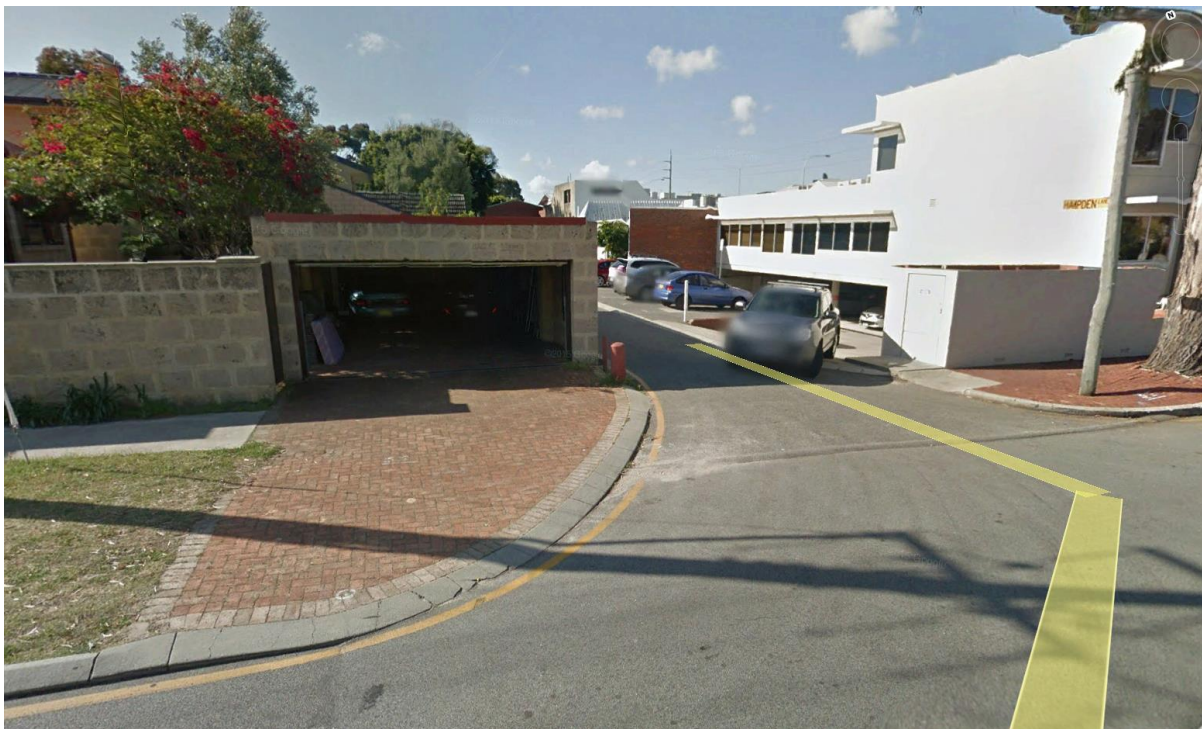
Background

Site Description

The property is located at 48 Leura Street Nedlands. The crossover access is located at the intersection of Park Road at the Hampden Lane corner (see below Site Plan and Street View).



Site Plan – not to scale



Street View – not to scale

Key Relevant Previous Council Decisions:

Nil.

Consultation

Required by legislation: Yes No
Required by City of Nedlands policy: Yes No

Nil.

Legislation / Policy

- Local Government (Uniform Local Provisions) Regulations 1996, s12 - *Crossing from public thoroughfare to private land or private thoroughfare*
- Australian Standards 2890.1 (2004);
- Council Standards for Crossovers; and
- Residential Design Codes.

Budget/Financial Implications

Within current approved budget: Yes No
Requires further budget consideration: Yes No

There are no financial implications in approving this application, except for potential risks which are discussed under the “Risk Management” section of this report.

Risk Management

Pedestrian safety is compromised by the existing layout which clashes between the footpath, pedestrian pram ramp and crossover.

Should Council approve the retrospective arrangement the City will be liable for any claims for compensation and Council and Industry standards will be compromised. This may be seen to be setting an undesirable precedence without careful consideration of the individual circumstances and the risk profile of this situation.

Due to concerns raised by the City regarding the compromising of standards and increased risk this situation entails an Accredited Senior Road Safety Auditor was engaged by the applicant who has reviewed the risks and assessed the risk of crashes to be relatively low and the consequences are low on the basis of:

1. No recorded pedestrian or vehicle crash history at the intersection for a number of years;
2. Expected number of daily movements to and from the garage are low and risk is therefore low;
3. Vehicle movements to and from the garage and from Hampden Lane will be undertaken at relatively low speeds which will also reduce the risk of conflict; and
4. The likelihood of a crash occurring is low, the consequences should a crash occur be minor.

The risks of crashes were assessed as being low enough to be acceptable for the City to accept. Further mitigation of risk in this instance is the set back of the garage entry to Park Road and the presence of a bollard adjacent to Hampden Lane.

Discussion

The crossover is located on the arc of the street corner at Park Road and Hampden Lane. There are pedestrian ramps and a footpath located on the far side of the laneway. The laneway provides access to various commercial parking. Standards do not permit a crossover to be located within six meters of an intersection.

The current location of the crossover results in a conflict between vehicles entering or exiting the garage and pedestrians and turning vehicles. The visibility to the laneway is poor, therefore a vehicle would have to block the footpath at a crossing point in order to gain access to the road. Hampden Lane is high-use with a high proportion of commercial vehicles, as it services the commercial properties on Hampden Road.

The owner now wishes to sell the property and put it on the market and wishes to retain the current crossover arrangement as shown above citing:

1. A Planning Development approval was granted in 1998 showing “PROPOSED BRICK PAVED DRIVE & CROSSOVER TO COUNCIL REGS”.

In reviewing the orders and requisitions for this property it was noted that the crossover was poorly located and did not have approval.

Administration’s response to the applicant was that this crossover was outside of the limits of the planning approval (that is, outside of the property boundary) and did not have separate approval as required by the Local Government (Uniform Local Provisions) Regulations 1996, s12. As far as records show the City’s requirements for the crossover were not sought or provided at the time of the development of the property.

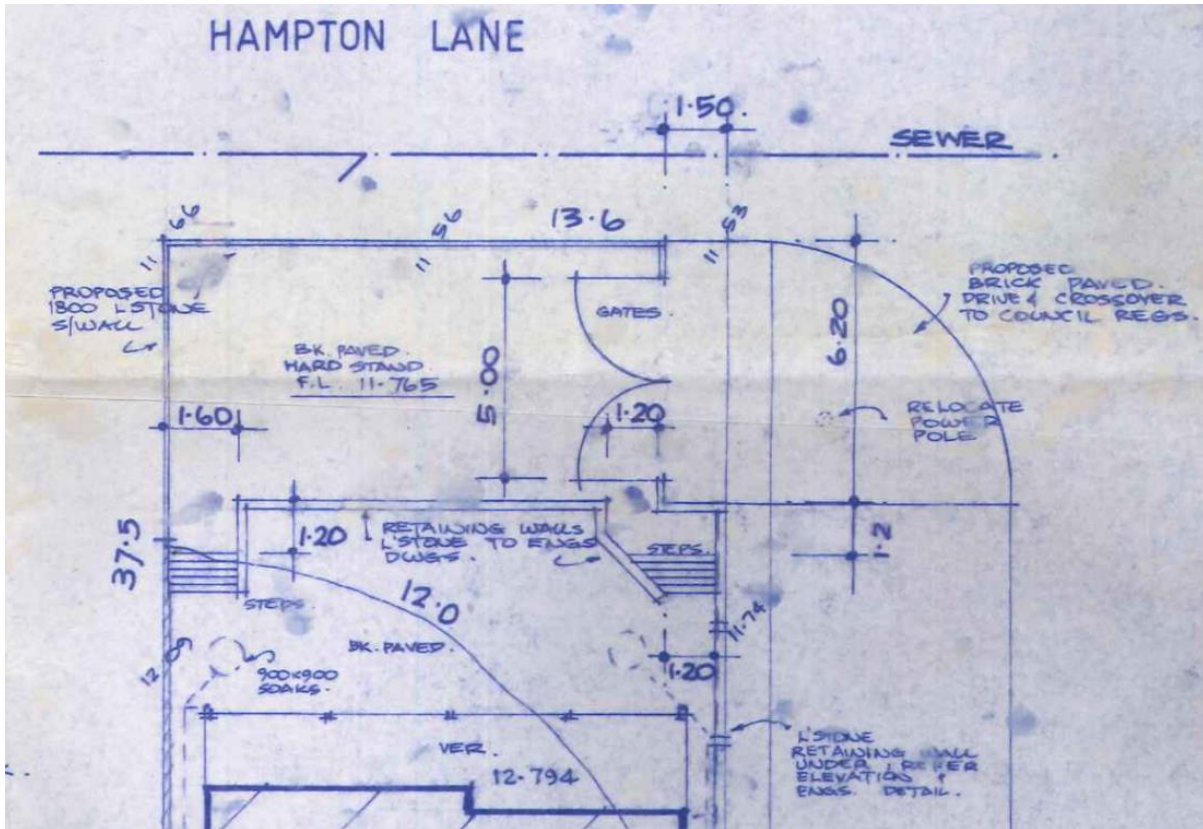


Figure 1 Planning approval showing hard stand and proposed crossover

By way of justification in support of the development and crossover application the applicant has advised the following:

1. They were unaware the crossover wasn't approved when the property was purchased;
2. They applied for but were refused approval for the current layout 20 January 2016 at Administration level due to non-compliance with City standards; and
3. They have appealed Administration's refusal and also submitted a Technical Note from an Accredited Road Safety Auditor.

The applicant also has a retrospective Development Application for the existing garage pending approval of the crossover. While the hardstand for parking was approved the garage itself is not approved.

Conclusion

The current crossover arrangement does not comply with Australian standards, compromises pedestrian safety and would leave the City liable in the event of any accidents. To determine whether this can be approved an expert opinion was provided by the applicant which indicates that the risk of crashes are low and the consequences are low, and are therefore low enough to warrant acceptance by Council.

It is therefore the recommendation of Administration that the existing arrangement be approved.

Attachments

1. Nature Strip Development Application for 48 Leura Street, Nedlands.



Applicant contact details

Name / Company _____

Postal Address _____

Phone H: _____ M: _____

Email _____

Applicant Signature [Signature] Date 19/1/2016

Property details

Lot No _____ House No 48 Street Leura st Suburb Nedlands

Development type (tick one): Temporary Permanent

Development description:

A brick paving driveway on the Park ave side of the property, which crosses over the nature strip. NB: This is a retrospective application. We were unaware the crossover wasn't approved when we purchased the property.

I/We, Andrew Varano della Vergiliana
Property owner's name (if not applicant)

of _____
Address

do hereby apply for permission to develop the nature strip adjacent to the above listed property in compliance with the attached standard conditions of approval and Council Policy and procedures. I have attached a sketch of the property, surrounding area and nature strip in question indicating north and including street and plant names.

Signature [Signature] Date 19/1/15

Office Use Only

Crossover Assessment Drainage Assessment Fee _____

Payment received

Signature _____ Date _____
Cashier



SKETCH (1. Include street names & indicate North. 2. Include plant names. 3. If construction is proposed, seek advice from a suitably qualified professional, if required, and provide construction details and materials.)

See attached:

- 1). A recent survey plan which shows the position of the driveway.
- 2). Photographs which show the materials and pattern of the brickwork.

Please contact me for further information.



Standard conditions of approval

As condition of the permit for development, the owner of the abutting property shall be advised that they shall;

1. Accept all costs involved in the construction of the nature strip development.
2. Keep the nature strip development in a safe and tidy condition.
3. Accept all liability of damages to persons or property as a result of the nature strip development.
4. Accept that the nature strip remains a public space and may be traversed by the public if and when required.
5. Water or maintain the nature strip in a way which does not cause any nuisance to others.
6. Accept that the improvements automatically become the property of the City of Nedlands and may be modified by the City at any time if required to meet compliance or for future works.
7. Accept that the City is not obligated to compensate or reinstate any damage caused by any future works carried out within the road reserve by the City or a utilities service provider.

Procedures and guidelines

General

1. No permit is required from Council for planting lawn on nature strips or for a nature strip development that is designed and installed in accordance with the City's "Nature Strip Development Guidelines" document.
2. A permit is required for all other works in the nature strip such as kerbing, paving, retaining walls, structures and artificial lawns. This shall be obtained by the owner or occupier submitting an application in writing with a sketch plan that shows the details of the proposal.

Landscape design

Landscape designs must comply with the following:

1. The Local Law Relating to Thoroughfares.
2. Provide adequate access to the letterbox for mail delivery.
3. Provide unobstructed pedestrian access along the full length of the nature strip and to a minimum width of 2 metres adjacent to the kerb line where no footpaths or alternative pathways exist as well as unobstructed access around signs, water meters, telecom pits and manhole covers.
4. Where there is a bus stop, provide unobstructed pedestrian access of at least 1.2 metres wide around the bus stop, and between the footpath and the bus stop.
5. Pathways through nature strip plants may be constructed of any solid material such as tree rings and stepping stones, providing they do not protrude above kerb level and are laid flush with the surrounding ground.
6. Height and placement of plants must not obstruct sight and distance for pedestrians and road users. Plants are required to be maintained at a height not exceeding 0.6 metres.
7. Plants should not encroach onto footpaths or roadways.
8. Approved street trees are positioned on correct alignment relative to the kerb and generally 3 metres from the property line.

9. There must be a minimum of 20% of the total nature strip area consisting of natural elements i.e. garden beds, natural lawn.
10. All hard paved areas (including crossovers) shall not be more than 40% of the total nature strip area. The paving of nature strip areas adjacent to approved commercial premises may exceed the 40% maximum providing the area is broken up with landscaping to adjacent areas or around approved street trees. All brick paving must have a header course on all edges.
11. Artificial lawn cannot comprise more than 40% of the total nature strip area.
12. All garden kerbing shall be flush with the ground surface unless around garden beds.
13. Materials such as loose gravel or pea gravel, which may cause a hazard to the public, are not permitted. Rocks and earth mounding are permitted in garden beds.
14. Any polythene or impervious layer laid beneath the surface must be pierced with sufficient number of holes to ensure adequate drainage without runoff.
15. In new developments where nature strips are grassed, provision is to be made for the reticulation to be connected to the domestic water supply on completion of the dwelling. No valves or controllers for reticulation are permitted in the nature strip.
16. Retaining walls, rocks and sleepers are permitted only in special circumstances where difficult site conditions prevail and provided a clear unobstructed 2 metres wide pedestrian access is maintained adjacent to the kerb line. In the case where retaining walls are granted approval within the nature strip area to accommodate excavation of the nature strip area they shall be clearly demarcated in such a manner ensuring pedestrian safety is not compromised and the adjoining property owner shall indemnify Council against any claims arising from damages due to the retaining wall.
17. No fixed structures, greater in height than 0.6 metres and outside the clear unobstructed 2 metre wide pedestrian access adjacent to the kerb line, including those attached to trees are permitted within the nature strip area.
18. Bollards, star iron pickets, stakes, spikes or other objects that could cause injury to the public are not permitted.
19. Lighting or electrical cabling must be of low voltage, 12, with all transformers, power supply and switching located within the adjacent property and not within the nature strip. Lighting must not cause a nuisance to neighbouring properties.

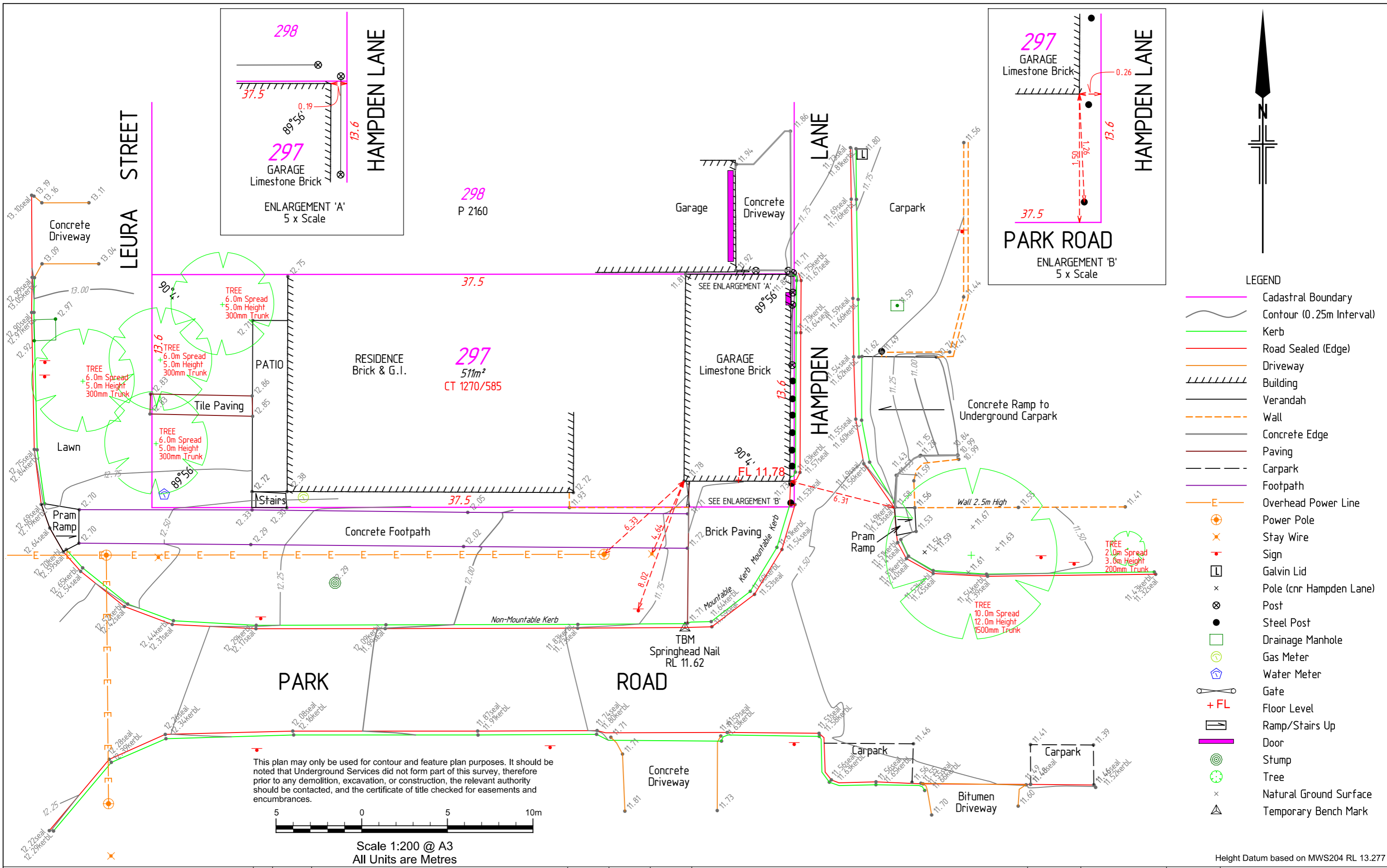
Plant species selection

The City of Nedlands encourages the use and planting of native and in particular indigenous plants within nature strip areas, naturally occurring within the City.

Plants selected should not be prickly, spiny, poisonous and / or cause allergic reactions. Plants selected should not have fruit which, if shed, could cause a hazard to pedestrians or from insect infestation. Owners are free to choose the species of plants planted within their nature strip and are not restricted to native or indigenous plants.

The City's responsibility

Each nature strip development will be inspected from time to time to ensure that development has been carried out and maintained. If any nature strip development does not comply with this policy, then the breach may be made good by the City. Costs will then be recovered from the owner or occupier.



This plan may only be used for contour and feature plan purposes. It should be noted that Underground Services did not form part of this survey, therefore prior to any demolition, excavation, or construction, the relevant authority should be contacted, and the certificate of title checked for easements and encumbrances.



Scale 1:200 @ A3
All Units are Metres

- LEGEND**
- Cadastral Boundary
 - Contour (0.25m Interval)
 - Kerb
 - Road Sealed (Edge)
 - Driveway
 - Building
 - Verandah
 - Wall
 - Concrete Edge
 - Paving
 - Carpark
 - Footpath
 - Overhead Power Line
 - Power Pole
 - Stay Wire
 - Sign
 - Galvin Lid
 - Pole (cnr Hampden Lane)
 - Post
 - Steel Post
 - Drainage Manhole
 - Gas Meter
 - Water Meter
 - Gate
 - Floor Level
 - Ramp/Stairs Up
 - Door
 - Stump
 - Tree
 - Natural Ground Surface
 - Temporary Bench Mark

Height Datum based on MWS204 RL 13.277

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Rev	Date	Description	Surveyor	Drawn	Approved
0	09/12/15	Approved & Issued to Client	CXC	LF	CXC

A. Varano
Contour & Feature Survey
 Lot 297 on P 2160
 48 Leura Street, Nedlands

Surveyed	C. X. Chew	01/12/2015	Datum / Grid Arbitrary	
Drawn	L. Foster	08/12/2015	Height Datum AHD	
Approved	C. X. Chew	09/12/2015	Revision 0	Size A3
Drawing Number			12626-D001	

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TS07.16	Underground Power
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Committee	12 April 2016
Council	26 April 2016
Applicant	City of Nedlands
Officer	Maria Hulls, Manager Engineering Services
Director	Mark Goodlet – Director Technical Services
Director Signature	
File Reference	TS-PRJ-00003
Previous Item	Ordinary Meeting of Council 28 July 2015, Item 14.1 Ordinary Meeting of Council 27 October 2015, Item TS25.15

Executive Summary

On 27 October 2015 Council was presented a report from Administration which considered the feasibility of completing underground power within the City by means of a series of borrowings together with resident contributions, in order to complete the undergrounding of power to approximately 2400 lots in the City of Nedlands.

Council resolved to agree to pay Western Power a total of \$8,000 to prepare a detailed estimate, provide clarification on project costs and also requested further reporting back to Council on any developments on this ongoing issue. No response to this payment has been received to date.

In December 2015 the New Underground Power Funding Round 6 was announced with modified funding criteria, including the ability for a local government to specify the contribution percentage. Based on the new criteria the City is proposing to submit three proposals, subject to Council authorisation to do so, and based on 2/3rds funding from affected lots owners and 1/3rd from the state government grant. It is considered that underground power expertise will be required by the City to assist with the project and \$50,000 is suggested to be included for consideration in the 2016/17 budget for this purpose.

In considering what funding application to recommend, six funding options are considered, based on Western Power's latest estimate of \$12,401 per allotment. The options recommended are Options 5 & 6, as follows:

Option 5 Owners 2/3, Western Power 1/3 – loan term 10 years

Annual Payment by Owner	\$1,050
Total Combined Owners' Annual Payment	\$2,328,889
City's Net Annual Payment	\$0
% of 2015/16 Rates	0%

Option 5 is recommended.

Option 6 Owners 2/3, Western Power 1/3 – loan term 5 years

Annual Payment by Owner	\$1,889
Total Combined Owners' Annual Payment	\$4,188,792
City's Net Annual Payment	\$0
% of 2015/16 Rates	0%

Option 6 is recommended.

Recommendation to Committee

Council:

- 1. authorises the submission of three proposals for underground power, to the New Underground Power Funding Round 6, with areas identified in this report, on the basis of 2/3rd funding by the affected lot owners and 13rd funding by the State Government grant funds on the basis of upfront, 5 year and 10 year repayment plans for the owners; and**
- 2. agrees to consider inclusion of \$50,000 for the provision of underground power expertise, in the 2016/17 budget.**

Strategic Plan

KFA: Natural and Built Environment

Undergrounding power in the City of Nedlands is a listed key focus outcome for Natural and Built Environment. This KFA contributes directly to enhanced, engaging community spaces, heritage protection and environmental protection. High quality built environments are healthy and have character and charm, enhance community connections and protect amenity.

Background

In February 2012 Council considered funding for undergrounding of power to approximately 2400 lots. Feedback from Western Power was that due to the resilience of the above-ground power grid in the City of Nedlands area, it was highly unlikely to be successful in attracting grant funding.

The City therefore has been considering alternative funding arrangements, which have included ascertaining from Western Power the total project cost for the remaining 2400 lots. However, the City was contacted by Western Power in December 2015 and advised of the New Underground Power Funding Round 6. A briefing session was held at WALGA on 16 December 2015 and representatives from LGA's invited to attend. Director Technical Services, Mark Goodlet and Manager Engineering Services, Maria Hulls attended the briefing.

The new funding arrangements introduced by the state government have been implemented to better align funding contribution shares with the proportionate benefits received by the program participants.

Under the new arrangements for Round 6, local governments will be able to nominate the proportion of funding they are willing to pay in a bid to make their proposal more competitive (minimum 50%). Community support for the proposal and the potential for the projects to improve the security and the electricity network will also be considered as part of the selection process. The state government has committed \$30 million over the next 3 years to the program.

Key Relevant Previous Council Decisions:

Ordinary Meeting of Council 27 October 2015, Item TS25.15

Council:

1. *Agrees to pay \$8,000 to Western Power to prepare a +/- 10% detailed estimate and a formal Relocation Works Contract for construction and commissioning works; and*
2. *Other aspects of this matter be referred back for an opportunity for Councillors to attend a briefing session to clarify details, options and costs.*

Ordinary Meeting of Council 28 July 2015, Item 14.1, resolution of Council:

Council requests Administration to prepare a concept report for the October Meeting of Council that addresses the feasibility of completing underground power within the City by means of a series of borrowings that together with resident contribution commensurate with resident contributions made in the past which enables a programmed replacement plan commencing in the 2016 financial year.

Ordinary Meeting of Council 22 July 2012, Item 16.1, resolution of Council:

Council:

1. *Writes to the Members for Nedlands and Cottesloe for an explanation on how they are progressing in supporting of the 2008 pledge to speed up the Under Ground Power Program for Nedlands;*

2. . *initiates negotiations with Town of Cambridge and Western Power in respect to economies of scale and possible logistical alignments in the completion of Underground Power in adjoining areas (i.e. Floreat); and*
3. . *requests that administration undertake an investigation to determine the feasibility of borrowing funds to complete underground power in the three remaining areas of Hollywood, Mt Claremont and Floreat (refer all attachments of 22 February 2011 resolution).*

Consultation

Required by legislation: Yes No
Required by City of Nedlands policy: Yes No

Public Consultation

In April and May 2014 an extensive public consultation was undertaken. Key outcomes of the consultation were as follows:

- Total number of surveys released: 2,595;
- Total number of responses: 1,062;
- Response rate = 41%;
- 53% of 1036 respondents felt UP was quite important or extremely important;
- 76% of 613 respondents felt that UP would improve amenity;
- 62% of 750 respondents said they would not be willing to pay the full cost (\$17,000); and
- On payment options 251 responses were received indicating that
 - 11% would prefer to pay through deferral (on sale of property);
 - 58% would prefer to pay in instalments; and
 - 31% would prefer to pay in one payment.

Further to the consultation already carried out by the City of Nedlands, the project selection criteria under the New Underground Power Funding Round 6 has a community consultation process, to be undertaken by the state government, that seeks feedback from the community on their willingness to contribute to the scheme. Where the community on the whole supports paying for their share of the project then the grant application receives a higher score as part of the assessment process. This will be carried out with the preferred projects in the coming months.

Legislation / Policy

Local Government Act 1995 -

- Section 3.57 deals with requirements for procurement of goods and services;
- Section 3.59 deals with requirements for major trading undertakings;
- Section 9 deals with prescribed amounts for major trading undertakings and exemptions for major trading undertakings. In this case the City has no profits intentions for the project, which therefore means it is not a major trading undertaking; and

- Section 11(2) (e) - In this case the City is exempt from the requirement to tender the works as Western Power is a state government agency.

Local Government (Financial Management) Regulations 1996

- Section 54 defines underground electricity as a prescribed service; and
- Section 6.38(1) allows a local government to impose service charges on lot owners for the provision of prescribed services.

Budget/Financial Implications

Within current approved budget: Yes No
 Requires further budget consideration: Yes No

Proposed Funding Arrangements

In order to meet the mandatory criteria local Councils are required to fund a minimum of 50% to the project. The proposed application is to seek a 1/3rd grant from the State Government and for the 2/3rds balance to be funded through either the owners, the City, or a combination of the two. With only 1/3rd funding from the State Government, this grant application is better than the maximum 1/2 State Government funding criteria. The application will therefore receive a higher score in the selection process, making it more competitive.

General Revenue	1/3
Property Owners	1/3
State Government/Western Power Contribution	1/3

The State Government’s selection criteria is in good part related to the proportion of funding it will be asked to contribute, meaning applications which reduce state government funding will be looked on more favourably.

In considering what funding application to recommend, six funding options are considered, based on Western Power’s latest estimate of \$12,401 per allotment. Options 1 to 4 require the City to undertake borrowings. The options shown presume that all of the three applications are successful and run concurrently, meaning these options show the worst case scenarios in terms of debt burden to the City.

Western Power has now provided firmer pricing to +/-10%, and lot numbers as follows:

Location	No. of Lots	\$ per Area
Area 1	800	\$ 9,791,239
Area 2	728	\$ 8,737,406
Area 3	690	\$ 8,977,710
Total	2218	\$27,506,355

The cost per allotment is \$12,401. These figures have been used in modelling the options below.

The 10 and 5 year repayment options are provided because installment payments were clearly preferred in the community consultation. The 5 year repayment term was also used previously in earlier underground power stages. One off payments will be also be provided as an option to the owners should the project proceed.

Option 1 City 2/3, Western Power 1/3 – loan term 10 years

Annual Payment by Owner	\$0
Total Combined Owners' Annual Payment	\$0
City's Net Annual Payment	\$2,328,889
% of 2015/16 Rates	10.84%

Option 2 City 2/3, Western Power 1/3 – loan term 5 years

Annual Payment by Owner	\$0
Total Combined Owners' Annual Payment	\$0
City's Net Annual Payment	\$4,188,792
% of 2015/16 Rates	19.50%

Option 3 City 1/3, Owners 1/3, Western Power 1/3 – loan term 10 years

Annual Payment by Owner	\$525
Total Combined Owners' Annual Payment	\$1,164,444
City's Net Annual Payment	\$1,164,444
% of 2015/16 Rates	5.42%

Option 4 City 1/3, Owners 1/3, Western Power 1/3 – loan term 5 years

Annual Payment by Owner	\$944
Total Combined Owners' Annual Payment	\$2,094,396
City's Net Annual Payment	\$2,094,396
% of 2015/16 Rates	9.75%

Option 5 Owners 2/3, Western Power 1/3 – loan term 10 years

Annual Payment by Owner	\$1,050
Total Combined Owners' Annual Payment	\$2,328,889
City's Net Annual Payment	\$0
% of 2015/16 Rates	0%

Option 5 is recommended.

Option 6 Owners 2/3, Western Power 1/3 – loan term 5 years

Annual Payment by Owner	\$1,889
Total Combined Owners' Annual Payment	\$4,188,792
City's Net Annual Payment	\$0
% of 2015/16 Rates	0%

Option 6 is recommended.

Cash Flow

It is important to note that the modelling above represents the net borrowings by the Council and do not include the impacts of the City's cash flow. The City will in fact need to pay the owners' portion of the project to the State Government and will have to then recover the owners' portion directly from the owners. This will incur borrowings for the City, which will be recovered from the owners, producing a net nil effect, but there will be cash flow implications for the City in undertaking this project.

The borrowing options for the City will need to be carefully assessed to ensure that cash flow reserves remain adequate for the project borrowings as well as for its day-to-day operations and other capital works.

Under the first State Underground Power scheme the City recovered outstanding debt through sundry debts and found following up on this to be very difficult.

Default provisions in the *Local Government Act 1995* would also apply, allowing the City to recoup outstanding debts. Recovery of debts through rates assists when there are sales of property as the debt remains with the property and is passed on to the new property owners. The City financial software is designed to monitor repayments, offers ratepayers 4 instalments each financial year and calculates outstanding interest penalties for late payments.

Cost Recovery

Underground Power is one of the prescribed services that can be recovered through rates, under the *Local Government Act 1995*. The simplest way to manage these payments therefore is through giving each affected property a service charge as part of their annual rates notices equal to their repayment. This then become a mandatory payment.

In order to receive service charges and make loan repayments a Reserve Account is created for this purpose. All service charges raised are credited to a Reserve Account and all loan repayments are made from the Reserve Account. If the scheme is managed in such a way that gives ratepayers the option to pay in full, or when the property is sold, such payments can be held in the reserve account and drawn down as required. Interest can be earned on the Reserve Account. Where payments are made in full they may assist in carrying any costs to carry the debt and recoup it each year.

If the City is successful in its grant application and is supported through consultation by the residents then the service charge mechanism may be used to collect the 1/3rd residents' component of the project funds.

There will be an administrative cost in managing the process, however it is envisaged that with the City's current staff and software applications this work can be absorbed. It is proposed, however, that the City takes some expert advice in relation to the underground power project and a recommendation to this effect is included.

Risk Management

Funding Uncertainty

Significant uncertainty exists with the current applications round. The City doesn't know if any or all of the three applications will be successful. This will be determined in due course and reported back to Council.

Commitment to Project

The City will not be obliged to proceed with any or all of the applications, as agreement to proceed will be only made after the State Government carries out formal public consultation and after a formal contract is entered into between the City and the State Government, at which time Council will again consider its position. This will be dealt with by Council through further formal reporting processes. The application itself does not bind the City to proceed.

Alternative Funding

The \$8,000 paid to Western Power to provide a good estimate for the works will provide useful information to the City in the event that its grant application is unsuccessful and it needs to pursue alternative funding options such as private works.

The City has in the past 2 years been provided with wildly varying prices on a per lot basis from Western Power for the underground power to the remaining lots. Pricing has ranged from \$17,000 to \$23,000 per lot, but written advice from Western Power in March 2016 is that the price is now \$12,401 per lot +/- 10%. This figure is important to the City should it need to consider alternative funding.

The City will attempt to recover the \$8,000 already paid to obtain the quotation.

Discussion

As part of the Round 6 Underground Power Program the City is looking to submit three proposals which include all the outstanding residential lots. In order to meet the mandatory criteria three areas were selected based on the total number of lots being between 500 and 800 and the percentage of residential zoning based > 90%. (Refer maps below).

The new total state government program is aiming for a combined short/reserve list of around 15 projects to be funded over the next 3 years. A total of \$30 million has been committed to the projects from Western Power/State Government partnership.

The program is specifically aimed at providing support for underground power to residential properties. Commercial properties are outside the scope of this program. The program will include the undergrounding of distribution power lines only, Transmission lines will not be included.

Project Guidelines are provided as Attachment 1.

Project selection and development process

- Expressions of interest;
- Compliance check;
- Assessment of proposals;
- Shortlisting of proposals;
- Detailed proposal stage; and
- Agreement and commencement.

The Process and Timetable

- Proposals must be lodged via Tenders WA website;
- Tenders must be lodged using the template available;
- Deadline for lodgement of project proposals 29 April 2016;
- Evaluation of project proposals completed and shortlisted August 2016;
and
- Detailed proposal stage for shortlist commences September 2016

The Evaluation process

The evaluation of the proposals will be undertaken via a two stage process based on the following:

1. The evaluation team will rank proposals based on the network priority and local government funding contribution criteria; and
2. The highest ranked proposals will then undergo a community support survey.

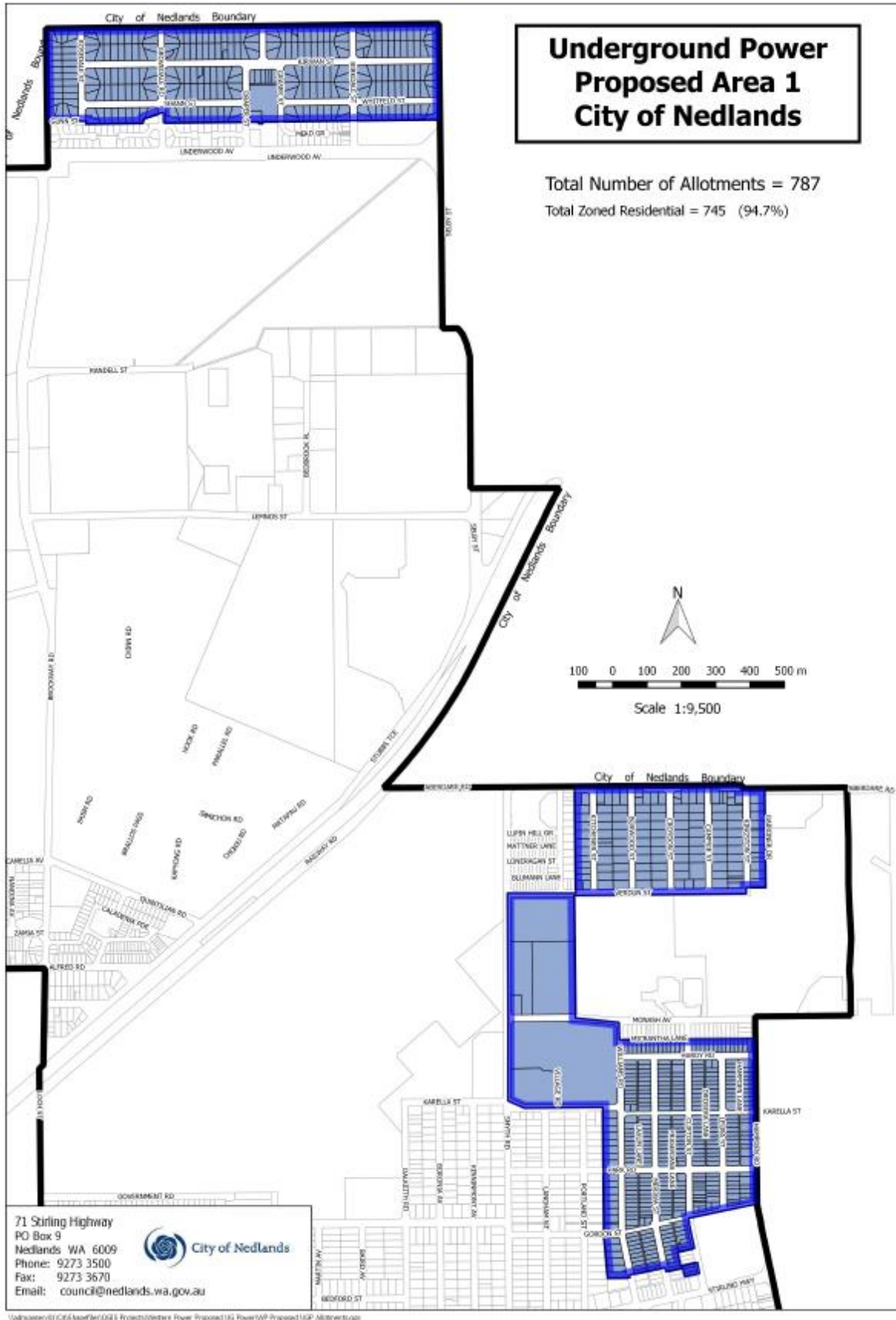


Figure 1. Proposed Area 1

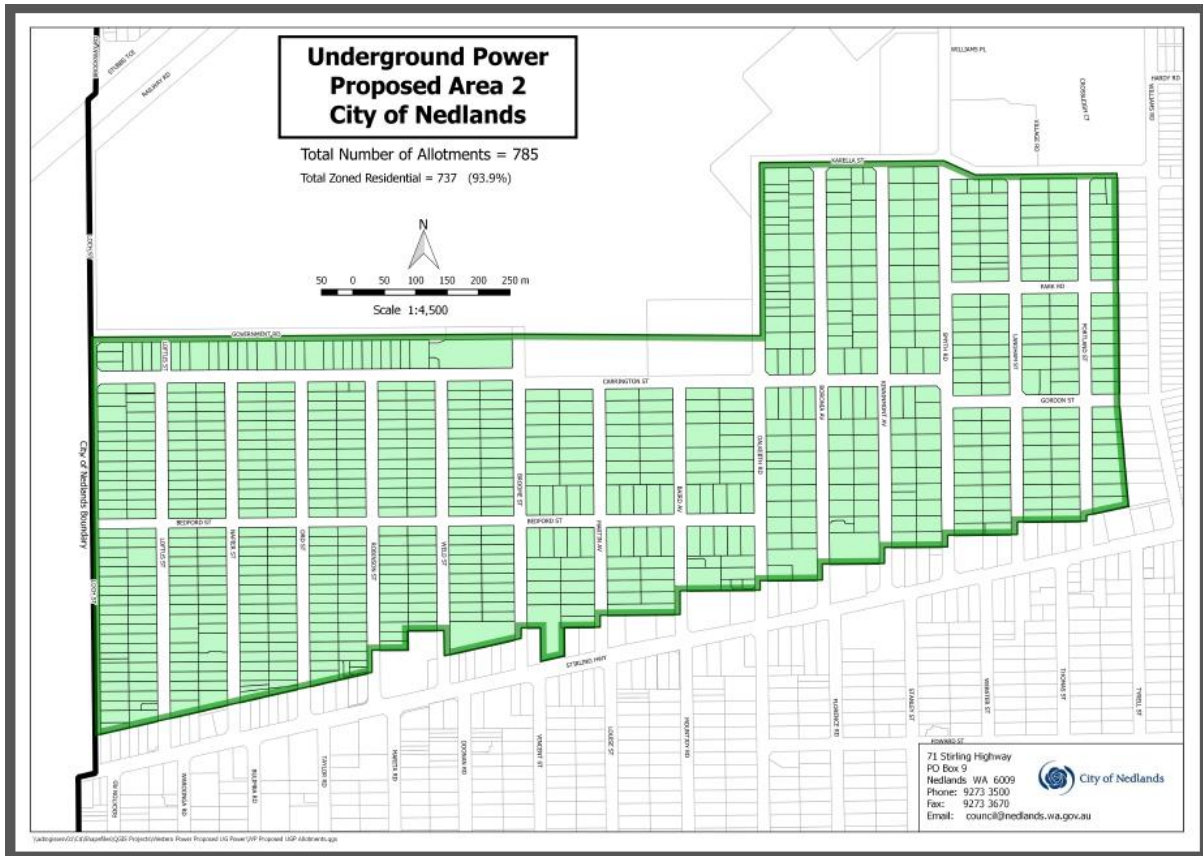


Figure 2. Proposed Area 2

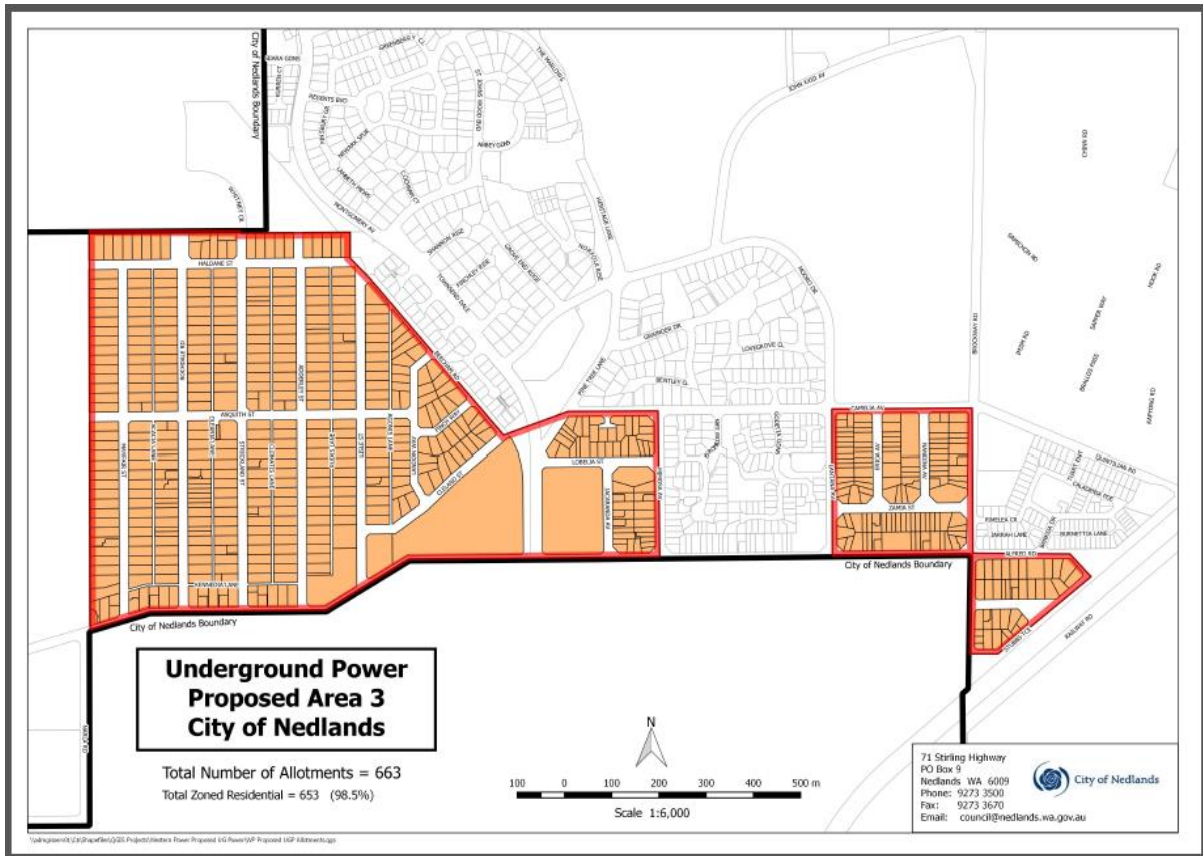


Figure 3. Proposed Area 3

Conclusion

The City of Nedlands is proposing to submit a total of three proposals with 500-800 allotments in each proposal to total the number of 2218 outstanding allotments.

The City will apply for the underground power proposal on the basis of a 2/3 Owner, 1/3 Western Power payment plan. Upfront, 5 year and 10 years owner repayment options will be given to the owners.

Attachments

1. Government of Western Australia, Department of Finance, Public Utilities Office State Underground Power Program Round 6 Guidelines.
2. Loan Repayment Calculations Sheet



Government of Western Australia
Department of Finance
Public Utilities Office

TS07.16 - Attachment 1 - Government of Western Australia, Department of Finance, Public Utilities Office State Underground Power Program Round 6 Guidelines

State Underground Power Program

Major Residential Projects

Round Six Guidelines

Department of Finance | Public Utilities Office

December 2015

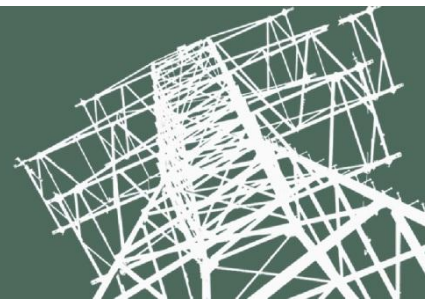


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1 Purpose of these Guidelines

The Government of Western Australia has invited local governments to submit project proposals for Round Six of the State Underground Power Program (the Program).

These Guidelines have been developed to:

- assist local governments in preparing and submitting project proposals (proposals); and
- outline the process used to select projects to be implemented under the Program.

These Guidelines reflect the priorities of the State Government, experience gained in previous funding rounds and the findings of a review of the Program.

The Program comprises two streams: Major Residential Projects and Localised Enhancement Projects. These Guidelines only apply to Round Six Major Residential Projects.

To be considered for funding under Round Six of the Program, project proposals submitted under previous rounds must be updated and re-submitted by the respective local government to satisfy the new criteria contained within these Guidelines.

2 Revised Program Arrangements

2.1 New Project Funding Arrangements

2.1.1 Local Government Funding Contribution

For Round Six of the Program, local governments will nominate the proportion of project funding they are willing to pay. The minimum contribution from local governments will be 50 per cent.

Project proposals offering a greater contribution share will receive a higher score in the selection process and be more competitive.

This arrangement will allow for more projects to be implemented within the approved Program budget. It will also better align funding contribution shares with the proportionate benefits received by Program participants. This approach is consistent with the findings made by the Economic Regulation Authority in a report titled *Inquiry into State Underground Power Program Cost Benefit Study* (the Inquiry Report).¹

2.1.2 Western Power Funding Contribution

Western Power's project funding contributions will vary according to the costs that it avoids through undergrounding of distribution systems. These avoided costs are determined through the New Facilities Investment Test and are reviewed by the Economic Regulation Authority under the *Electricity Networks Access Code 2004* (the Code). This approach is consistent with the findings of the Economic Regulation Authority in its Inquiry Report.²

The New Facilities Investment Test is established under the Code and provides a method to assess the justification of each new network augmentation and the efficiency of proposal expenditure. It is the measure used to determine whether Western Power is following good business practice in efficiently minimising its capital investments to meet forecast demand.

¹ Economic Regulation Authority, *"Inquiry into State Underground Power Program Cost Benefit Study"*, 30 September 2011, page xvii.

² Ibid.

Horizon Power is not subject to the Code and does not use the New Facilities Investment Test. If a submission is received that relates to Horizon Power's electricity network, the specific circumstances relating to the project will be used to determine Horizon Power's project funding contribution.

2.1.3 Determining Contribution Amounts

Funding requirements for each project will be determined by the following sequence:

- Local governments will contribute between 50 and 100 per cent of the project cost as specified in the project proposal.
- Western Power's project funding contributions will vary according to the project costs that meet the New Facilities Investment Test.
- Where the sum of the local government contribution and the Western Power contribution exceeds 100 per cent of the expected project value, the Western Power contribution will reduce by the amount that exceeds 100 per cent.
- The remaining balance (if any) will be provided by the Government of Western Australia through the Department of Finance, Public Utilities Office.

A total cost cap of \$11 million will be applied to individual project funding to maximise the number of projects the Program is able to deliver. If a project will cost more than this amount, the local government will be required to pay 100 per cent of the additional costs.³

2.2 New project Selection Criteria

In previous funding rounds, proposals were ranked and selected according to their ability to improve network reliability. Under the new arrangements for Round Six, the project selection process will use three selection criteria:

- Alignment of projects with Western Power's network priorities.
The network priorities criterion will target projects that assist in addressing risk posed by the electricity network by replacing ageing infrastructure and advancing scheduled maintenance to the distribution system.
- Share of project funding to be contributed by local governments.
The larger the share of project funding offered above 50 per cent, the more competitive a proposal will be in the selection process.
- Level of community support for projects.
The level of community support for projects will be determined by a survey of property owners in a proposal area. The greater the level of community support above 50 per cent, the more competitive a proposal will be in the selection process.

Section 4 provides more information about the evaluation and selection of proposals.

3 Preparation and Submission of Project Proposals

3.1 Cost of Preparing Proposals

Local governments are responsible for the cost of preparing and submitting proposals. The Department of Finance (Public Utilities Office), Western Power and the Western Australian

³ The cost estimates that are available to local governments when preparing project proposals can assist in identifying whether a project will exceed the \$11 million cap.

Local Government Association will not be liable for any charges or costs incurred by participating local governments.

3.2 Process to Submit Project Proposals

To reduce administrative costs to local governments, less information will be required for Round Six project proposals than for previous funding rounds.

In preparing and submitting proposals, local governments should note the following requirements and information:

- Proposals must be lodged via Tenders WA (electronic submission preferred): <https://www.tenders.wa.gov.au>.
- Local governments must register on the Tenders WA website before they can submit project proposals.
 - The registration process should be completed before the date specified in the letter sent to local governments advising that Round 6 has commenced.
 - Local governments not registered by this date will not receive an invitation to submit a project proposal from Tenders WA.
- Local governments should use the template available from the Tenders WA website when preparing proposals and ensure they provide all of the information required in the template.
 - The template outlines the information required.
 - Accessing the template via Tenders WA will enable local governments to be notified of any addenda or changes to submission requirements that may occur.
 - Appendix A of this document provides further information on the format and timing of submissions.
- Submissions must be received by the closing time specified in the notice from Tenders WA requesting project proposals.
 - To ensure the process is fair, late submissions will not be accepted by Tenders WA, regardless of whether they are delivered by hand, electronically or by post.
 - To eliminate any doubt, the time received will be the time and date recorded upon receipt by Tenders WA.
- Local governments should familiarise themselves with the submission process well before the closing time and seek further information from Tenders WA if required.
- Any proposal that does not contain all the information requested may be classified as incomplete. While incomplete proposals may not be automatically disqualified, they may be assessed wholly on the information contained in them at the time of submission.

3.3 Timetable

The expected timetable for submission, selection and development of Round Six Major Residential Projects is:

- | | |
|---|-----------------------|
| • Deadline for lodgement of project proposals | 31 March 2016 |
| • Evaluation of project proposals completed and announcement of Short List | August 2016 |
| • Detailed proposal stage for the first short-listed Major Residential Projects commences | September 2016 |

- Commencement of first Major Residential Project **March 2017**
- Completion of first Major Residential Project (other projects will follow according to project schedules). **March 2018**

3.4 Enquiries and Clarifications

Enquiries relating to the use of Tenders WA should be directed to:

Procurement Systems Support
Telephone: (08) 6551 2020

Enquiries regarding any part of these Guidelines should be directed to:

Executive Officer, State Underground Power Program
Telephone: 08 6551 1000
Email: supp.executiveofficer@finance.wa.gov.au

Every attempt will be made to respond to enquiries at least five business days prior to the closing time for project proposals. Late requests for clarification (i.e. less than five days prior to the submission date) may not be addressed.

Enquiries relating to the application of technical criteria to a specific nominated area will be referred to Western Power. Responses to these enquiries will be kept confidential and not disclosed to parties outside of the local government making the enquiry, Western Power, the Evaluation Team and the State Underground Power Steering Committee⁴.

Responses addressing any general point of clarification related to the Program and selection process may be posted as addenda on the Tenders WA website. The identity of the originator of the clarification request will remain confidential. In order to receive addenda of this nature, **local governments must access all Program related documents via the Tenders WA website.**

4 Evaluation and Selection of Project Proposals

4.1 Transparent and Efficient Selection Process

The Steering Committee is committed to ensuring that the selection of project proposals is transparent and efficient for all parties.

The Public Utilities Office, on behalf of the Steering Committee, has engaged an independent probity auditor to monitor and advise on the selection process.

All documentation relating to the selection of proposals will be controlled by the Public Utilities Office and held in a secure and restricted access environment.

4.2 Representation Made by the Steering Committee

The Steering Committee does not make any representation or provide any undertaking to local governments in relation to project proposals submitted.

Project proposals that are submitted are not guaranteed funding.

⁴ The Underground Power Steering Committee (the Steering Committee) is responsible for managing the Program, and is comprised of representatives from the Department of Finance (Public Utilities Office), Western Power and the Western Australian Local Government Association.

4.3 Overview of the process

An Evaluation Team comprising representatives from the Department of Finance (Public Utilities Office), Western Power and the Western Australian Local Government Association will evaluate proposals.

The evaluation method used by the Evaluation Team to assess proposals is summarised in the following sections.

Figure 1 illustrates the process for project selection and development of Major Residential Projects under Round Six of the Program.

4.4 Compliance Assessment

Before the selection process commences, all proposals will be assessed to ensure they meet the following mandatory requirements.

- Only one submission for each proposal area is allowed.⁵
- The proposal should contain 500 to 800 property allotments.⁶
 - Proposals outside this range may be considered under exceptional circumstances⁷.
 - Consideration of proposals outside this range under exceptional circumstances will be at the discretion of the Steering Committee.
- The proposal area must be predominantly zoned residential.⁸
- The proposal must be endorsed by the local government Mayor/ President **and** Chief Executive Officer.
- The proposal must provide details of the approach the local government will use to fund its contribution towards project costs. Further information about funding strategies is provided in Appendix B.

Proposals that do not meet the above requirements will be excluded from the selection process.

4.5 Evaluation of Proposals

A two staged evaluation process will be followed:

1. The Evaluation Team will rank proposals based on the network priority and local government funding contribution criteria.
2. The highest ranked proposals will then undergo a community support survey.

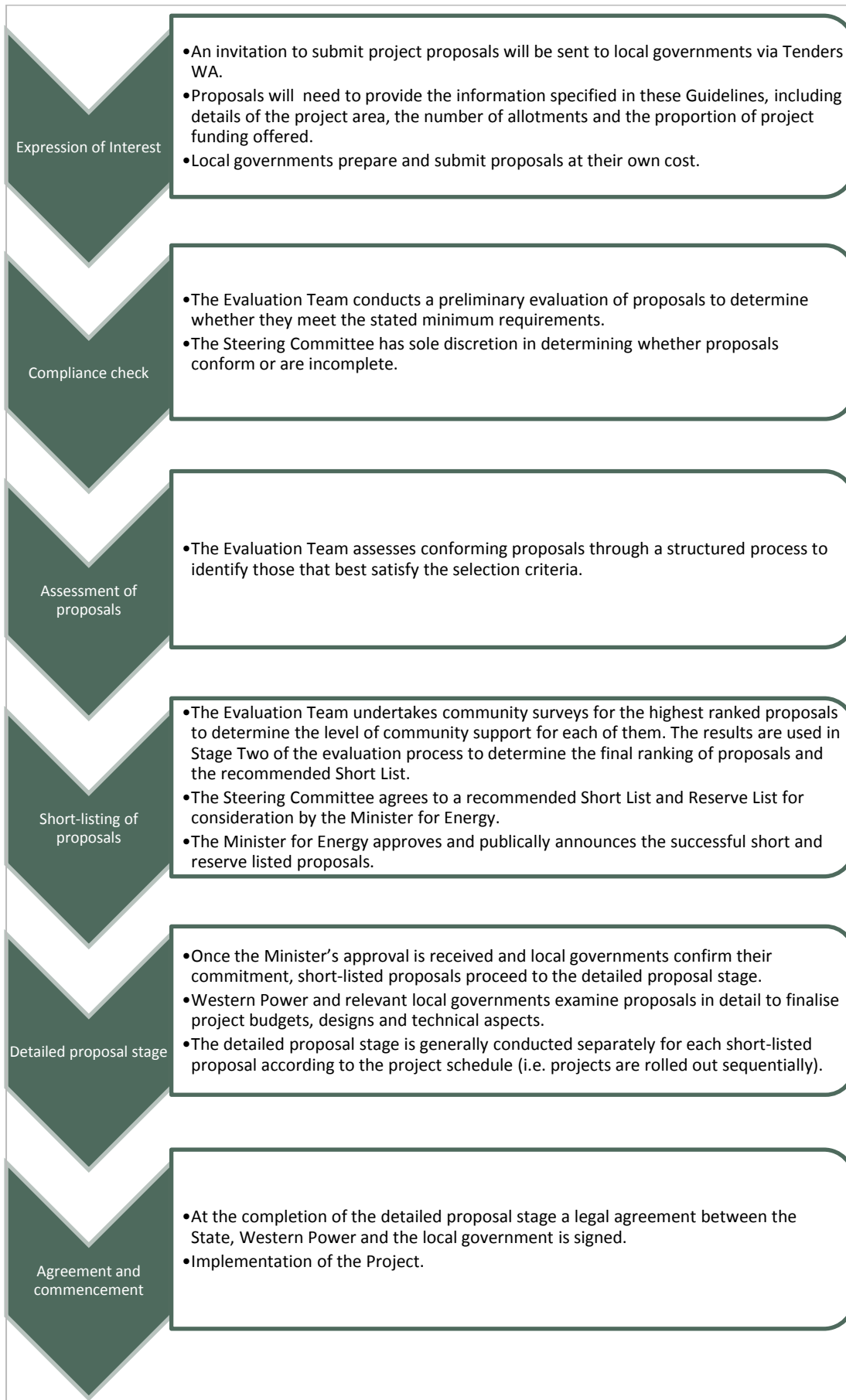
⁵ Local governments cannot submit proposals that overlap or proposals for the same area that have differing funding contribution offers. Should more than one proposal be received, the submission offering the highest contribution share will be evaluated.

⁶ This requirement applies to allotments and not properties. It is common for some allotments to contain more than one property.

⁷ An exceptional circumstance could occur where a small area of the overhead distribution system might remain after a project.

⁸ The proposal should not include large shopping centres, industrial estates or commercial estates. A minimum of 93 per cent of the proposal area allotments must be zoned residential – based upon the number of allotments not the area they cover.

Figure 1 - Project selection and development process



4.6 Stage One Evaluation

4.6.1 Network Priority

The network priority criterion will prioritise proposals for areas that offer larger improvements to electricity network security.

Local government submissions will be assessed using a Network Risk Management Tool that has been developed by Western Power. This tool is continually updated with electricity network data and currently focuses on the condition and location of electricity poles and related equipment.

The Program will provide a score for each proposal area that will be used for ranking purposes. Those proposals that offer the greatest benefits to the network will receive the highest network priority score.

The total score for each proposal will be an aggregate of the scores for individual network assets.⁹ Project proposals that cover a larger area will have more network assets and are likely to have a larger total score. To enable a better comparison between proposals, an average asset score will be calculated for each proposal.

The average asset score will then be converted to a network priority criterion score out of 50. The process for converting the average asset score into the network priority criterion score will be as follows:

- The total asset score for the proposal area from the Network Risk Management Tool will be divided by the number of network assets for the proposal area to give a proposal average asset score.
- The highest score from the above process will be allocated a score of 50.
- All other proposals will be given a score out of 50 in accordance with the following formula:

$$(Proposal\ average\ asset\ score / highest\ proposal\ average\ score) \times 50 = x\ points$$
- In the case of two proposals having the same point score for network priority, the total asset score for the proposal areas will be used to rank one above the other.

Local governments can request maps that indicate which parts of the electricity network in a local government area will have a higher network priority score. This can assist in selecting proposal areas that are more competitive.¹⁰ This process is voluntary.

Requests for network priority maps must be directed to the Executive Officer, State Underground Power Program, using the information request form available from the Tenders WA website.

To ensure that all requests can be accommodated, the availability of this service will cease four weeks before the closing time for submissions.

4.6.2 Local Government Funding Contribution Offer

Local government proposals must include the percentage of project costs they are offering to pay.

⁹ For the purpose of project selection, network assets are power poles and related equipment.

¹⁰ The network priority maps provide a relative indication of network priorities within a local government area. The network priority levels in one local government area may not correlate with levels indicated in maps for other local government areas.

The contribution share must be at least 50 per cent of project costs. Project proposals that offer to pay a greater percentage of project costs will receive a larger funding contribution score in the selection process.

Each proposal will receive a score out of 25 calculated as follows:

$$(Funding\ contribution - 50)\% \times 0.5 = x\ points$$

For example, a local government funding contribution offer of 68 per cent will be awarded 9 points as shown in the following formula:

$$(68-50)\% \times 0.5 = 9\ points$$

It is acknowledged that local governments choosing the share of project costs they will pay is new to the Program and some local governments may find it challenging to link a contribution share bid in a proposal to an estimated cost. Obtaining an estimate of the total cost of a proposal will assist with this process.

One approach for estimating a total proposal cost is to multiply an average cost per allotment by the number of allotments in a proposal. For Round Five projects (to date), the minimum, maximum and average cost per allotment has been about \$9,500, \$13,000 and \$11,000 respectively. After allowing for inflation an estimated average of \$12,500 per allotment could be used for this purpose.

Local governments can also request an estimate of the total cost of a proposal (prepared by Western Power). The cost estimates must be requested through the Executive Officer, State Underground Power Program. To ensure that all requests can be accommodated, there will be a limit of five cost estimates per local government and the availability of this service will cease four weeks before the closing time for submissions.

Requests for cost estimates must include a map that clearly indicates the proposal area boundaries and property allotments. Information on ground conditions and any planned major works or developments in the proposal area will assist with the estimation process.

Local governments should endeavour to align proposal boundaries with electricity infrastructure. For example, both sides of a street are usually serviced by the same power line and therefore should be included in a proposal. It has been common in the past for proposal boundaries to require adjustment during the project development process and this can influence project costs and the results of community support surveys.

Western Power will utilise a model it has developed that uses project variables (technical and non-technical cost escalators) to provide preliminary estimates of project budgets. Western Power holds or will obtain the necessary information and data on ground conditions in proposal areas and other parameters that are required for this process.

During the cost estimation process Western Power will review proposal boundaries and may recommend changes to align with electricity infrastructure. Any such changes will be kept to a minimum and will only be recommendations. Local governments can then take this information into consideration when finalising project proposals.

There are many factors that influence project costs that cannot be allowed for in the cost estimation process. Local governments must accept all risks associated with the use of the cost estimates provided by Western Power. These factors include cost increases over time, unknown ground conditions (including suitability for drilling) and factors that affect contractor access and operation in a proposal area.

Local governments should note that submitting information about a proposal to obtain a cost estimate is a separate process to submitting a formal project proposal. This process cannot substitute the submission of a formal proposal.

4.6.3 Stage One Proposal Ranking

The score for the funding contribution criterion will be added to the score for the network priority criterion to obtain a total Stage One score for each proposal. Each proposal will then be listed from highest score to lowest score.

If a large number of proposals are received, the lowest scoring proposals might not undergo Stage Two evaluation. This is because only a limited number of proposals will be selected for the Short List and Reserve List and the cost of further evaluation of less competitive proposals (including community survey costs) is not warranted.

4.7 Stage Two Evaluation – Community Support

While the Program is popular with property owners, there are some that express dissatisfaction with contributing towards project costs. For technical reasons, individuals are not able to opt out of an underground power project in their area. To minimise the number of people affected in this manner, projects will be targeted to areas that have a higher level of community support.

The Evaluation Team will conduct a survey of property owners located in the areas subject to proposals that remain under consideration after the Stage One evaluation.

Given the high level of competition between proposals and the importance of obtaining an accurate indication of project support, an independent survey specialist company will be engaged to perform the surveys and a standard survey format will be used.¹¹

The Evaluation Team may consult with Western Power to review the boundaries of each proposal for alignment with electricity infrastructure before the survey is conducted, if this has not occurred previously. Where changes are required, the relevant local government will be consulted to confirm its acceptance of the revised boundary changes.

Local governments will be asked to provide names and addresses to the survey company to enable the survey to be sent to property owners.¹² It is recognised that this information is confidential and mechanisms will be implemented to ensure the information is kept secure.

Local governments must cooperate with the Evaluation Team in preparing information for the survey and its circulation to property owners or proposals may be excluded from further consideration.

Properties owned by the State Government and participating local governments will be excluded from the survey so the results are not influenced by these organisations. It is assumed the applicant local government supports the proposal and State Government agencies that own land in the proposal area support the State Government's underground power program.

The survey will include an estimate of the average amount property owners will be asked to contribute towards each project. Western Power will use its cost estimation model and information in the proposal submission (including the number of properties in the proposal area) to calculate this estimate.

For a proposal to be considered for short-listing or reserve-listing, the community survey must show that at least 50 per cent of property owners who respond support paying the estimated cost to get undergrounding power.

The proportion of community support that is greater than 50 per cent will be used to determine the scoring for the community support criterion in accordance with the following formula. Each proposal will receive a score out of 25 calculated as follows:

¹¹ Survey return rates and the confidence level of the survey results will be analysed in the community support survey report.

¹² Only one survey will be sent per property.

Successful short-listed proposals reaching the detailed proposal stage will be publicly announced following the Minister for Energy's consideration of the evaluation report and recommendations.

Reserve List proposals will only be considered if Program funding remains available after all Short List proposals have been undertaken or withdrawn from the Program.

Unsuccessful local governments will be given the opportunity to be debriefed on their proposals after the evaluation process has been finalised.

4.10 Further Information

The Steering Committee and the Evaluation Team may base their evaluation only on the information provided in project proposals, but reserve the right to seek further clarification to verify claims made in proposals. This may be undertaken at any time during the evaluation through, for example, structured interviews or written questions.

If there is a major deficiency in information provided to support any claim against the evaluation criteria, or matters being considered during the detailed proposal stage, the proposal may be declined by the Steering Committee.

4.11 Communication of Outcomes

Local governments should note the Steering Committee may release to the Minister for Energy and publically, details relating to short-listed and reserve-listed proposals.

5 Detailed Proposal Stage – Finalisation and Approval of Projects

Only local governments with proposals that are on the Short List will be invited to participate in the detailed proposal stage.

The detailed proposal stage involves Western Power and the relevant local government undertaking detailed design and cost analysis of a proposal to finalise the project boundaries, budget and technical elements.

The detailed proposal stage is conducted separately for each short-listed project according to the Program schedule. As the commencement of short-listed projects is spread over several years, the detailed proposal stage for the last short-listed project may not commence until several years after the selection process is completed.

Once projects have met all of the requirements of the detailed proposal stage, the Steering Committee will recommend their implementation to the Minister for Energy. Formal agreements that define the respective roles, responsibilities and obligations of all parties will then be developed for successful projects.

Proposals only become approved projects and allocated funding once a project agreement is signed by all parties.

Further information on the detailed proposal stage requirements is provided in Appendix B.

6 General Program Requirements

It is important that all local governments understand and agree to the conditions and requirements below, prior to submitting project proposals:

- The Program is a partnership between the State Government, Western Power and local governments. Local governments are represented on the Steering Committee by the Western Australian Local Government Association.
- Projects that are approved for implementation are centrally managed by the Western Power Underground Power Projects Area on behalf of the Steering Committee.
- Participating local governments must comply with all of the Steering Committee's project planning, scheduling and management requirements.
 - The coordinated management of projects is crucial to delivering the best possible outcomes to all participants.
 - Local governments that are unable or unwilling to cooperate with this process are advised to not submit proposals for Round Six.
- Local governments with successful projects are required to enter into a formal project agreement with the State Government and Western Power.
 - Each party to a project agreement may invoice the project for in-kind costs as specified in these Guidelines (Appendix C).
- The State will only fund the retrospective conversion of distribution lines to underground power supply. Undergrounding of transmission lines is not eligible for Program funding (Appendix D).
- Local governments wishing to incorporate improvements outside the basic scope of undergrounding projects, such as enhanced street lighting, will bear the full additional cost of those improvements. Similarly, Western Power will bear the full additional cost of any electricity network upgrades that are outside the scope of the project.
- Local governments must advise property owners during the project that consumer's mains cables installed as part of the project become the responsibility of the relevant property owner and are not the property of Western Power (Appendix E).

Appendix A – Submission of Project Proposals

Project proposals must be received in full by Tenders WA prior to the closing time specified in the notice requesting project proposals.

If a local government (the Respondent) submits a project proposal (proposal) electronically (the preferred format), then the Respondent must ensure that the electronic copy of the proposal is less than or equal to 20 megabytes and in one of the following file formats and extensions:

.doc*	.docx*	.pdf#	.txt	.rtf	.ppt*	.xls*
-------	--------	-------	------	------	-------	-------

* Microsoft Compatible

Adobe Compatible

NB: Zipped Files Acceptable

If the Respondent submits the proposal electronically, the Respondent agrees that:

- receipt of the proposal will be determined by the date and time shown on the electronic tender lodgement service receipt issued or, if no receipt is issued, the date and time the Tenders WA computer records that the proposal was received;
- if the electronic copy of the proposal contains a virus then, notwithstanding any disclaimer made by the Respondent in respect of viruses, the Respondent must pay to the Program Steering Committee or the Department of Finance all costs incurred by the Steering Committee or the Department of Finance arising from, or in connection with, the virus;
- lodgement of electronic files may take time and the Respondent must make its own assessment of the time required for full transmission of its proposal;
- neither the Steering Committee nor the Department of Finance will be responsible in any way for any loss, damage or corruption of the electronic copy of the proposal;
- if the electronic copy of the proposal becomes corrupted, illegible or incomplete as a result of transmission, storage, encryption or decryption, then the Steering Committee or the Department of Finance may request the Respondent to provide another copy of the proposal either electronically or in hard copy or both;
- if the Steering Committee or the Department of Finance requests the provision of another copy of the proposal, then the Respondent must:
 - provide the copy in the form or forms requested within the period specified by the Steering Committee or the Department of Finance;
 - provide a statutory declaration that the copy is a true copy of the proposal that was electronically submitted by the Respondent and that no changes to the proposal have been made after the initial attempted electronic submission; and
 - provide a copy of the electronic tender lodgement service receipt for the initial attempted electronic submission.

The Respondent may submit a proposal by hand at:

Tendering Services
 Optima Centre
 16 Parkland Road
 OSBORNE PARK WA 6017

The Respondent may submit the proposal by post at:

Tendering Services
Locked Bag 11
OSBORNE PARK BC WA 6916

If the Respondent submits the proposal by hand or post, the Respondent must provide one (1) hardcopy and one (1) electronic copy on CD. Both the hardcopy and the CD must be marked with the Respondent's name and the State Underground Power Program.

It is the Respondent's responsibility to ensure that all copies submitted (including the electronic copy) contain the same information and that no information has been omitted from any one of the copies. Where information has been omitted from any one of the copies, the Respondent must bring this omission to the attention of the Executive Officer of the State Underground Power Program.

Appendix B – Detailed Proposal Stage Requirements

The detailed proposal stage involves Western Power and the relevant local government examining proposals and developing them further to finalise project budgets and technical arrangements.

Local governments should note that short-listed project proposals are not approved for implementation. Local governments must satisfy all of the requirements of the detailed proposal stage before a proposal can proceed.

The detailed proposal stage will include the following requirements:

- The project must demonstrate that it will deliver benefits to the network in relation to improving network security, upgrading ageing infrastructure and reducing maintenance costs. Proposals must pass Western Power’s New Facilities Investment Test.
- The project design and boundaries must be finalised, and there must be funding available to cover the project budget.
 - This includes liaison with local governments regarding positioning of equipment, design and costing of street lighting.
 - Agreement must be reached regarding the treatment of any direct costs to the local government or Western Power for any parts of the project that are considered additional to replacing the original electricity supply and street lighting.
- The participating local government must confirm that it has strategies to secure its share of the project budget over the life of the project.
- The participating local government must provide evidence that it has strategies in place to maintain community support for the life of the project.
- There must be an agreement between all parties on the process for cash calls and other matters relating to account management.
- All matters related to boundaries shared with other local governments must be resolved and the boundaries must be accurately mapped to enable ratepayers and residents to identify if their properties are included in the project.
- The relevant local government will be required to provide the best available information on all underground services infrastructure in the project area to Western Power to ensure these services are accounted for during the detailed design phase. This will include plans for water and storm water drains, and gas and telecommunication services.

Further information on these points is provided below.

Demonstrated Ability of the Local Government to Meet Its Share of Project Costs

Local governments must provide in project proposals sufficient detail on the way project funding will be recouped from property owners. Project funding arrangements will be finalised during the detailed proposal stage.

It is the responsibility of each local government to determine its financial arrangements for projects and to respond to any associated community enquiries.

Based on Program experience, local governments might consider:

- raising part of the local government contribution from the general rate base in recognition of reduced tree pruning costs and general improvement to amenity of the local government area; and

- where funding is raised from property owners in the proposal area:
 - it should be in accordance with the *Local Government Act 1995*;
 - discounts may be offered to owners of properties adjacent to transmission lines (33,000 volts or more) that will not be placed underground (State Government and Western Power funding will only apply in relation to undergrounding local distribution lines as outlined in Appendix D);
 - discounts should be offered to owners of properties where the electricity supply connection is already underground;
 - discounts may be offered to owners of properties that do not receive the full amenity benefit from the project, such as where a transformer, switchgear or an interface with the overhead network is located on the front verge;
 - special consideration may be given to owners of commercial properties, non-rateable properties and where there are multiple connections on one allotment;
 - measures may be offered to assist affordability of underground power charges, such as offering extended payment plans to property owners; and
 - rebates should be offered to pensioners and concession card holders in accordance with the Pensioners and Seniors Rebate Scheme.
 - Local governments must consult with the Office of State Revenue to ensure arrangements are made in accordance with the *Rates and Charges (Rebates and Deferments) Act 1992*.

The Western Australian Treasury Corporation can provide loans to assist with project funding. The Local Government Borrowing Kit provides more information. Enquiries can be directed to the Corporation's client services team at csoperations@watc.wa.gov.au.

The arrangement of a loan, payment of interest and repayment of the principal, will be the responsibility of the local government.

Final Project Boundaries

In the detailed proposal stage, project boundaries will be finalised and a detailed design and cost estimate prepared. This will include streetlight design.

While the review of proposal boundaries during the cost estimation and project selection processes should minimise the need for proposal boundary changes, minor changes may be identified during the detailed proposal stage.

Local governments are responsible for consulting with affected property owners regarding these changes.

The Steering Committee must approve all changes to proposal boundaries. Unless there are extenuating circumstances, the Steering Committee will only accept changes that are within a +/- 10 per cent range in the proposed scope of work.

Non-equivalent Direct Costs to Local Governments and Western Power

The Program has an "equivalence" policy. This means that projects replace an overhead distribution service with an equivalent underground service of standard design. Projects will include reasonable enhancements considering the condition and adequacy of the existing electricity system, current technical requirements and reasonably anticipated growth. Projects will not include other distribution network upgrades or transmission system undergrounding, reinforcement or redesign. Appendix D provides further details.

Each party shall be responsible for the costs of any agreed extra project requirements that are not standard equivalent design. For example, decorative streetlight columns or Western Power network reinforcement.

Streetlight Design and Cost

Street lighting arrangements will be finalised during the detailed proposal stage. Local governments may elect to have Western Power street lighting or private street lighting installed.

Western Power Streetlights

Streetlights funded as part of the project will use Western Power standard powder coated poles and luminaires that will provide lighting levels to Australian Standards.

Enhanced street lighting, such as the use of decorative poles/luminaires or increasing the light levels to a higher Australian Standard category, may be installed at an additional cost to the local government.

Increasing light levels will incur greater tariff charges for street lighting; and decorative lighting will require a separate contract prior to the project agreement being signed.

Private Streetlights

If a local government elects to install privately procured lighting, a contribution to the cost of this lighting may be made from the project budget, if there is existing Western Power lighting. The amount of this contribution is equivalent to the costs incurred if Western Power standard powder coated poles and luminaires were used to match the existing lighting levels.

Typically, the local government will be responsible for managing the installation of private street lighting.

“Boundary” Interaction with Other Local Governments

The Steering Committee may agree to expand the scope of a project to include a street contiguous to the project boundary that is in an adjacent local government district.

This is subject to the Steering Committee being satisfied that suitable arrangements are in place between the local government that is a party to the underground power project agreement and the adjacent local government.

Evidence of consultation with affected property owners is required and confirmation in writing from the adjacent local government of agreement to project arrangements (including funding arrangements) is required prior to project implementation.

The adjacent local government will not be a party to the underground power project agreement.

Community Support

Due to the passage of time or changing circumstances, a local government may be required to conduct a survey of property owners during the detailed proposal stage to provide evidence that it has continuing community support¹⁴ and to validate the extent to which the community is prepared to pay for the project.

¹⁴ Evidence of continuing support will be if a clear majority of property owners, who respond to the survey, are in support of the project.

The survey must be conducted under arrangements approved by the Steering Committee, unless the Steering Committee waives this requirement. The State will not proceed with proposals that do not demonstrate adequate support from the local community.

The local government must implement a consultation and education program, including the provision of public information on the project. This process will require care and sensitivity, particularly where the local government plans to raise the bulk of its funds from directly affected property owners.

Participating local governments will have primary responsibility in consulting with property owners and residents throughout the detailed proposal stage. However, all communications need to be aligned with the practices and policies of the Program and be formally approved by the Steering Committee (or its nominated representative).

Participating local governments may approach the Steering Committee for assistance in designing and implementing a community consultation program.

Local governments will need to consult with property owners and residents regarding the location of equipment (including transformers, switchgear and street lights) on verges and sign-off that the final location of equipment is acceptable to all parties.

Western Power will provide advice to local governments on how to conduct this process in order to meet the requirements of the Steering Committee.

Local governments must also commit to undertaking a post project survey of property owners to measure the overall success of a project within an agreed timeframe. The survey must be in the standard format approved by the Steering Committee to enable a comparison across projects.

Project Agreements

A joint project agreement between the State Government, Western Power and/or Horizon Power and the local government will be provided for signing by all parties. This will formalise the project scope of works, the funding commitments and responsibilities for the parties and the general terms and conditions of the agreement.

Appendix C – Project Payments and In-kind Costs Incurred by Parties to Approved Projects

Project Payments

The parties to each project agreement will contribute their respective share of costs in cash in accordance with an agreed “cash call” schedule.

Local governments should note that the Program Manager shall (based on approved budgets and anticipated expenditure) make cash calls in respect of each project on the relevant parties every two months or as agreed by the parties to the project agreement.

Each party shall contribute its share of a cash call within 14 days and all such monies received shall be held by Western Power for and on behalf of the parties to the project.

Eligible In-kind Costs

Eligible costs are reasonable direct project costs incurred by any party to the project agreement. Subsequent to the agreement, these costs are categorised into direct labour, direct materials, general costs and project management costs.

Every two months the local government is to invoice its progressive project “in-kind” costs, as determined using these Guidelines. These invoices are to be verified by the Project Accountant and approved by the Program Manager (as defined in the relevant project agreement).

The in-kind cost provision is included in the project budget, based on local government reasonable estimates.

Direct Labour

Direct labour includes project specific hours worked by employees of a party. This can be estimated as a proportion of their total hours and will need certification from a senior officer/manager of that party.

Direct Materials

Direct materials are any material reasonably used on the project. Overheads cannot be applied to non-inventory direct purchase materials used on the project.

General Costs

These include:

- project newsletters to residents;
- underground power charges preparation and notification (excluding software);
- relevant consultant fees during the project implementation;
- reinstatement costs;
- post project surveys; and
- streetlight inspections.

Project Management Costs

These include labour and overhead material costs for:

- program management;
- design of the new underground network;
- contract establishment;
- material management;
- engineering;
- project management, contract administration and site supervision;
- quality management; and
- accounting services and public consultation.

Ineligible In-kind Costs

Computer Hardware, Software or Software Development

Computer and software costs are ineligible in-kind costs and cannot be claimed.

Costs Prior to Agreement

Administration or consultancy costs prior to signing a project agreement, such as preparing the project proposal and associated community surveys are ineligible in-kind costs. Project management costs for the detailed proposal stage may become eligible once a project agreement has been signed.

Non-equivalent extra Costs

Non-equivalent extra costs include extra project costs that are not associated with standard equivalent design, such as non-standard street lighting, system enhancements or reinforcement.

Value for Money

Parties are required to justify that the best value for money for the project has been achieved in incurring the expenses being claimed as in-kind costs where other alternatives are available to carry out the activity.

Any dispute on this matter is to be resolved by the Steering Committee. As part of the audit process, efficiencies of carrying out certain activities may be compared against similar activities carried out elsewhere. The intent is to strive for best practice.

Approved Overheads

Project agreements provide for a 93 per cent overhead on base direct labour (includes annual leave, long service leave, public holidays, payroll tax, retrospective pay, sick leave, superannuation, workers' compensation, insurance, fringe benefits tax, operational expenses and corporate support costs) and 10 per cent on direct materials. There are no overheads applicable to general in-kind costs, non-inventory items and consultancies.

Process to Submit Local Government Claims

A template is available to the local government from the Project Accountant to enable reporting of direct labour, direct materials, general costs, project management costs and overheads.

This is to be submitted with an invoice to the Project Accountant by the third working day of every second month for approval and inclusion in the monthly project business report.

Periodic Local Government In-kind Cost Reviews

During the project the Project Accountant undertakes periodic reviews with an officer nominated by the local government. All queries are to be resolved prior to the next review.

At the end of the project the Program Manager and the senior representative of the local government will be required to sign-off on the total approved in-kind costs. The Project Accountant reserves the right to conduct a full audit of project claims.

Commencement and Termination Dates

Local government in-kind costs are incurred from the date of project agreement signing with eligibility ceasing on the practical completion date. If justified by the Program Manager beforehand, reasonable in-kind costs incurred after practical completion may be claimed against the special 12-month warranty fund

Further Information

If any further information is required, please contact the Project Accountant on telephone (08) 9411 2806 or at SUPP@westernpower.com.au.

Appendix D – Replacing Transmission Infrastructure

Introduction

This Appendix identifies stakeholder and funding matters associated with interfaces between Program distribution and transmission systems and establishes Western Power's position in respect to responsibility and funding.

Background

The Program has an 'equivalence' requirement to underground the distribution system only. Additional transmission system work outside this distribution system equivalence policy is not funded by the Program.

The three main transmission system areas affected are:

- transmission overhead lines;
- transmission lines stayed on distribution poles; and
- overhead transmission pilot cables.

Transmission Overhead Lines

Transmission overhead lines are at or above 33,000 volts and form the interconnections between zone substations and terminal stations. In some cases, parts of the transmission and distribution systems share structural features.

Undergrounding of Transmission Lines

Although it would be preferable to underground transmission lines in a project area, prohibitive costs exclude this from the Program scope of work. The local government concerned may provide at its discretion partial rebates to property owners affected by overhead transmission lines remaining after the completion of the project.

Re-spacing Transmission Poles

Transmission overhead lines have in some instances had the bay distance reduced to facilitate the distribution network on a common pole. This has resulted in a substantial number of additional poles being installed.

Once the overhead distribution network is removed, local governments may wish to remove intermediate poles and/or re-space pole bays to improve the aesthetic appearance of the areas concerned. However, similar to undergrounding of transmission lines, the removal and re-spacing of transmission pole bays is outside of the underground project scope.

In both cases, the local government is directed to Western Power for direct negotiations to establish costs and timing. The local government concerned will need to take the additional costs into account when explaining the project to stakeholders and determining charges to property owners.

Transmission Line Pole Staying

Once the underground system is operational, all of the redundant overhead distribution system is removed. Where this removal creates a structural problem with the transmission system (for example pole staying), the Program funds all remedial work, which may include:

- retaining existing distribution poles for support; or

- establishing alternate staying arrangements.

The local government must consult with affected property owners and agree to the arrangement for supporting transmission poles before a distribution system will be removed.

Overhead Transmission Pilot Cables

Transmission pilot cables are part of the transmission control system. Pilot cables are often reticulated overhead and share overhead distribution assets.

Replacement of overhead transmission pilot cables with equivalent underground pilot cables is included in the standard project agreement and is fully funded by the Program.

Summary

Program funding will include transmission interfacing needs such as retaining existing distribution poles for support, establishing alternate staying arrangements and re-establishing pilot cable networks.

Non-Program associated transmission system work should be arranged separately and be fully funded by local governments. Local governments should include information on any planned changes to transmission networks in project proposals so that Western Power can provide advice on the feasibility of the proposed works and cost estimates.

Appendix E – Consumer Mains

It is acknowledged that at some premises in the project area a connection pillar (typically covered with a green plastic dome) and a consumer's mains cable (typically an underground cable connecting the premises to the connection pillar) may already be installed.

The Program Manager will take into account a pre-existing underground connection pillar and consumer's mains for any premises in the project area in the design of the project and the project budget, if those pre-existing works meet current electrical standards and requirements.

The local government should recognise any savings to the project and costs as a result of an applicable premise, by giving the owner a suitable discount on the underground power charge payable to the local government. In each case, the amount of the discount will be determined by the local government in consultation with the Steering Committee, and in accordance with the local government's proposal.

Local governments must also advise property owners during the project that consumer's mains cables installed as part of the project become the responsibility of the relevant property owners and are not the property of Western Power.

Further enquiries

Executive Officer

State Underground Power Program

c/- Public Utilities Office

Level 1, Albert Facey House

469 Wellington Street,

PERTH WA 6000

Postal Address:

Locked Bag 11

Cloisters Square WA 6850

Telephone: (08) 6551 1000

Email: supp.executiveofficer@finance.wa.gov.au

TS07.16 - Attachment 2 - Underground Power Funding Senarios

Attachment 2. - Underground Power Funding Options
Overall Borrowing and Ratepayer Options

No. of Allotments	2,218	
Cost per Allotment	12,401	
Capital Cost	\$27,506,355	
City Commitment	0.333	\$9,168,785.00
Owner Commitment	0.333	\$9,168,785.00
Western Power	0.333	\$9,168,785.00
Interest Rate	3.90%	
Govt Guarantee Fee	0.70%	4.60%
Rates 2105/16	\$21,485,500	

	No of Lots	\$ (WP)
Area 1	800	9,791,239
Area 2	728	8,737,406
Area 3	690	\$8,977,710
Total	2218	\$27,506,355

OPTION 1

City borrows 2/3rds amount - term 10 years

Principal \$18,337,570

Term of loan - years 10

Year	Principal	Interest	Gov Guar.	Annual Payment	Balance Owing	Rates %
1	\$18,337,570	\$715,165	\$128,363	-\$2,328,889	\$16,852,209	-10.84%
2	\$16,852,209	\$657,236	\$117,965	-\$2,328,889	\$15,298,522	
3	\$15,298,522	\$596,642	\$107,090	-\$2,328,889	\$13,673,365	
4	\$13,673,365	\$533,261	\$95,714	-\$2,328,889	\$11,973,451	
5	\$11,973,451	\$466,965	\$83,814	-\$2,328,889	\$10,195,341	
6	\$10,195,341	\$397,618	\$71,367	-\$2,328,889	\$8,335,438	
7	\$8,335,438	\$325,082	\$58,348	-\$2,328,889	\$6,389,979	
8	\$6,389,979	\$249,209	\$44,730	-\$2,328,889	\$4,355,029	
9	\$4,355,029	\$169,846	\$30,485	-\$2,328,889	\$2,226,471	
10	\$2,226,471	\$86,832	\$15,585	-\$2,328,889	\$0	
		\$4,197,858	\$753,462	-\$23,288,889		

OPTION 2

City borrows 2/3rds amount - term 5 years

Principal **\$18,337,570**

Term of loan - years **5**

Year	Principal	Interest	Gov Guar.	Annual Payment	Balance Owning	Rates %
1	\$18,337,570	\$715,165	\$128,363	-\$4,188,792	\$14,992,306	-19.50%
2	\$14,992,306	\$584,700	\$104,946	-\$4,188,792	\$11,493,160	
3	\$11,493,160	\$448,233	\$80,452	-\$4,188,792	\$7,833,053	
4	\$7,833,053	\$305,489	\$54,831	-\$4,188,792	\$4,004,581	
5	\$4,004,581	\$156,179	\$28,032	-\$4,188,792	\$0	
	Totals	\$2,209,766	\$396,625	-\$20,943,961		

OPTION 3 City 1/3, Owners 1/3, Western Power 1/3

Owner's portion 1/3 - repay term 10 years

Principal \$4,133.81

Term of loan - years 10

Year	Principal	Interest	Gov Guar.	Annual Payment	Balance Owning	Total Owners \$/yr
1		\$4,134	\$161	\$29	-\$525	\$3,799
2		\$3,799	\$148	\$27	-\$525	\$3,449
3		\$3,449	\$135	\$24	-\$525	\$3,082
4		\$3,082	\$120	\$22	-\$525	\$2,699
5		\$2,699	\$105	\$19	-\$525	\$2,298
6		\$2,298	\$90	\$16	-\$525	\$1,879
7		\$1,879	\$73	\$13	-\$525	\$1,440
8		\$1,440	\$56	\$10	-\$525	\$982
9		\$982	\$38	\$7	-\$525	\$502
10		\$502	\$20	\$4	-\$525	\$0
	Totals	\$946	\$170	-\$5,250		

OPTION 3

City borrows 1/3rd amount - term 10 years

Principal \$9,168,785

Term of loan - years 10

Year	Principal	Interest	Gov Guar.	Annual Payment	Balance Owning	Rates %
1	\$9,168,785	\$357,583	\$64,181	-\$1,164,444	\$8,426,105	-5.42%
2	\$8,426,105	\$328,618	\$58,983	-\$1,164,444	\$7,649,261	
3	\$7,649,261	\$298,321	\$53,545	-\$1,164,444	\$6,836,683	
4	\$6,836,683	\$266,631	\$47,857	-\$1,164,444	\$5,986,725	
5	\$5,986,725	\$233,482	\$41,907	-\$1,164,444	\$5,097,670	
6	\$5,097,670	\$198,809	\$35,684	-\$1,164,444	\$4,167,719	
7	\$4,167,719	\$162,541	\$29,174	-\$1,164,444	\$3,194,989	
8	\$3,194,989	\$124,605	\$22,365	-\$1,164,444	\$2,177,514	
9	\$2,177,514	\$84,923	\$15,243	-\$1,164,444	\$1,113,236	
10	\$1,113,236	\$43,416	\$7,793	-\$1,164,444	\$0	
	Totals	\$2,098,929	\$376,731	-\$11,644,445		

OPTION 4 City 1/3, Owners 1/3, Western Power 1/3

Owner's portion 1/3 - repay term 5 years

Principal \$4,134**Term of loan - years 5**

Year	Principal	Interest	Gov Guar.	Annual Payment	Balance Owing	Total Owners \$/yr
1	\$4,134	\$161	\$29	-\$944	\$3,380	-\$2,094,396.08
2	\$3,380	\$132	\$24	-\$944	\$2,591	
3	\$2,591	\$101	\$18	-\$944	\$1,766	
4	\$1,766	\$69	\$12	-\$944	\$903	
5	\$903	\$35	\$6	-\$944	\$0	
	Totals	\$498	\$89	-\$4,721		

OPTION 4

City borrows 1/3rd amount - term 5 years

Principal \$9,168,785**Term of loan - years 5**

Year	Principal	Interest	Gov Guar.	Annual Payment	Balance Owing	Rates %
1	\$9,168,785	\$357,583	\$64,181	-\$2,094,396	\$7,496,153	-9.75%
2	\$7,496,153	\$292,350	\$52,473	-\$2,094,396	\$5,746,580	
3	\$5,746,580	\$224,117	\$40,226	-\$2,094,396	\$3,916,527	
4	\$3,916,527	\$152,745	\$27,416	-\$2,094,396	\$2,002,291	
5	\$2,002,291	\$78,089	\$14,016	-\$2,094,396	\$0	
	Totals	\$1,104,883	\$198,312	-\$10,471,980		

OPTION 5 Owners 2/3, Western Power 1/3

Owner's portion 2/3 - repaid over 10 years

Principal \$8,268

Term of loan - years 10

Year	Principal	Interest	Gov Guar.	Annual Payment	Balance Owning	Total Owners \$/yr	
1		\$8,268	\$322	\$58	-\$1,050	\$7,598	-\$2,328,888.92
2		\$7,598	\$296	\$53	-\$1,050	\$6,897	
3		\$6,897	\$269	\$48	-\$1,050	\$6,165	
4		\$6,165	\$240	\$43	-\$1,050	\$5,398	
5		\$5,398	\$211	\$38	-\$1,050	\$4,597	
6		\$4,597	\$179	\$32	-\$1,050	\$3,758	
7		\$3,758	\$147	\$26	-\$1,050	\$2,881	
8		\$2,881	\$112	\$20	-\$1,050	\$1,963	
9		\$1,963	\$77	\$14	-\$1,050	\$1,004	
10		\$1,004	\$39	\$7	-\$1,050	\$0	
	Totals	\$1,893	\$340	-\$10,500			

Option 5 is Recommended.

OPTION 6 Owners 2/3, Western Power 1/3

Owner's portion 2/3 - repaid over 5 years

Principal \$8,268

Term of loan - years 5

Year	Principal	Interest	Gov Guar.	Annual Payment	Balance Owning	Total Owners \$/yr	
1		\$8,268	\$322	\$58	-\$1,889	\$6,759	-\$4,188,792.17
2		\$6,759	\$264	\$47	-\$1,889	\$5,182	
3		\$5,182	\$202	\$36	-\$1,889	\$3,532	
4		\$3,532	\$138	\$25	-\$1,889	\$1,805	
5		\$1,805	\$70	\$13	-\$1,889	\$0	
	Totals	\$996	\$179	-\$9,443			