



City of Nedlands


Technical Services Reports

Committee Consideration – 13 October 2015
Council Resolution – 27 October 2015

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TS23.15	Brockway Road Easement Request
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Committee	13 October 2015
Council	27 October 2015
Applicant	Christ Church Grammar School
Officer	Mark Goodlet – Director Technical Services
Director	Mark Goodlet – Director Technical Services
Director Signature	
File Reference	TS-008753
Previous Item	Nil

Executive Summary

Christ Church Grammar School has received Department of Health and Water Corporation approval to irrigate its new playing fields using recycled water from the Subiaco Wastewater Treatment Facility.

This report formalises the provision of an easement in Brockway Road for a recycled water pipe owned by Christ Church Grammar School to be used to irrigate their playing ovals.

Recommendation to Committee

Council consents to the creation of a lot and easement in Brockway Road shown on the preliminary deposited plan 406539 (Attachment 2 of this report) to the benefit of Christ Church Grammar School for the specified purpose of the provision of pipe services, subject to the following conditions:

- 1) the easement being for non-exclusive use of the land subject to the easement;**
- 2) the City of Nedlands retaining the right to carry out works on the easement land at its own discretion;**
- 3) that should the pipe become redundant then Christ Church Grammar School shall arrange for the removal of the easement within two years of the pipe's redundancy;**
- 4) all costs associated with the creation, changes to, or removal of the easement on the title being the responsibility of Christ Church Grammar School; and**

5) inclusion of conditions 1) to 3) above on the Certificate of Title or as section 70A notification on the Certificate of Title.

Strategic Plan

KFA: Natural and Built Environment

Consent for this easement contributes to land use planning by the creation of appropriate land tenure. Provision of the recycled water pipe also advances water conservation and management.

Background

Christ Church Grammar School (CCGS) is intending to use recycled water on its new playing fields at Stephenson Ave, from the Subiaco Wastewater Treatment Facility (WWTF) and have obtained approval from the Department of Health (refer to Attachment 1) and the Water Corporation to do so.

In October 2012 the City of Nedlands approved the private works, under routine delegation, for the installation of 250mm diameter pipeline across Brockway Road, subject to standard conditions. The pipeline has subsequently been built.

In Christ Church Grammar School's dealings with Landgate on the matter it was recommended that an easement be created in the Brockway Road reserve to help identify its location. As Christ Church Grammar School is not a public utility with automatic rights to construct pipelines within road reserves, this would protect their right to have the pipe under the road and ensure that it is identified in its current position into the future; thus minimising the risk that it will be accidentally damaged by construction or maintenance activity.

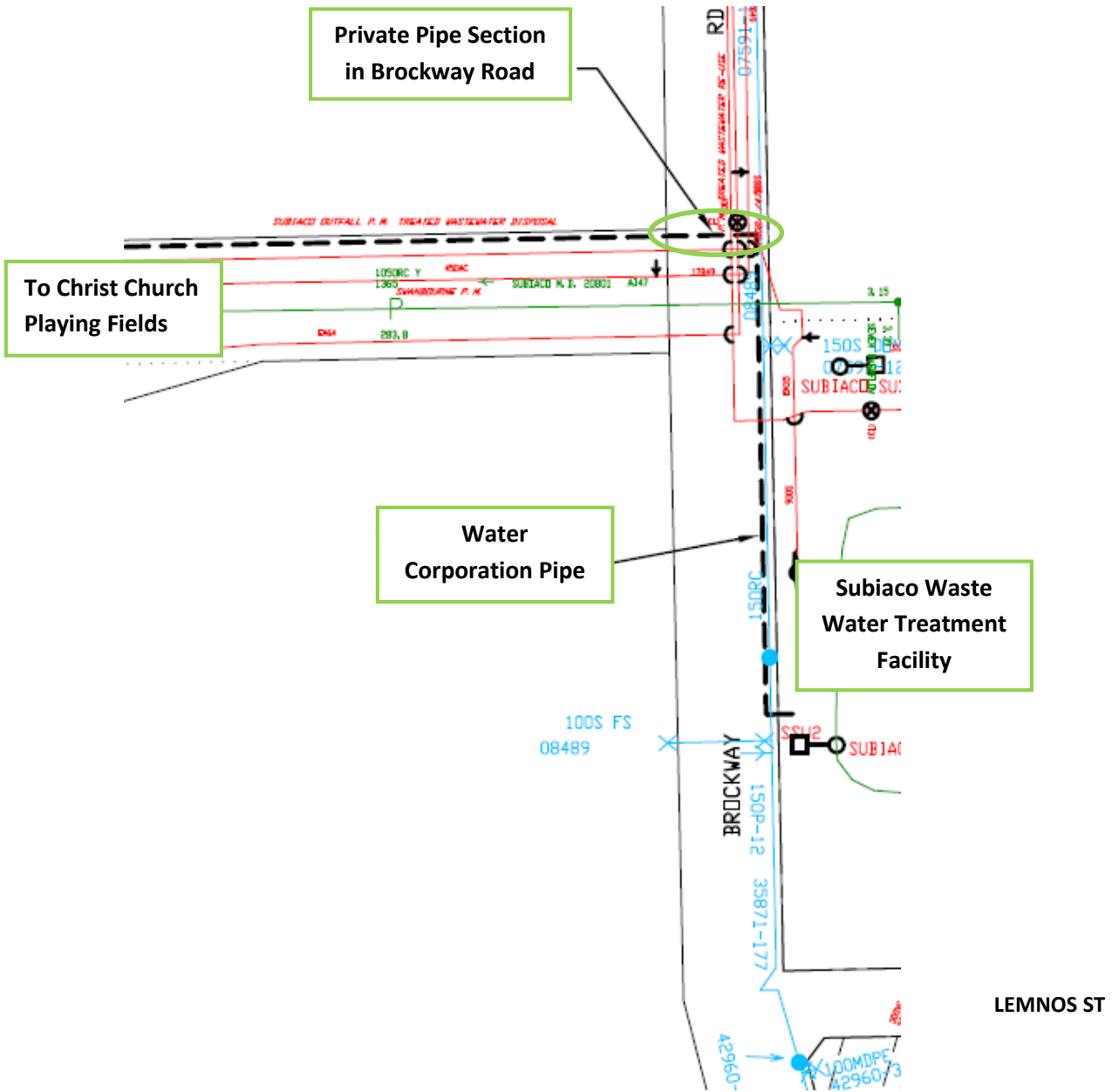


Figure 1. Recycled Water Pipe (Black Dashed Line)

Key Relevant Previous Council Decisions

Nil.

Consultation

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

Legislation / Policy

The *Land Administration Act 1997*, Part eight directs matters pertaining to easements over Crown land. Section 144 allows the Minister, with the consent of every management body, to grant an easement over the Crown land, subject to any conditions that the Minister may impose.

As the Crown is the owner of the road reserve an easement would be granted by the Minister for Regional Development; Lands. Nevertheless, the City of Nedlands has care and control of Brockway Road and the City's consent for the creation of the easement is required.

Budget/Financial Implications

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

Costs associated with creation of the lot and the easement will be borne by Christ Church Grammar School.

Risk Management

Provision of the easement provides surety for both Christ Church Grammar School and the City of Nedlands. Christ Church Grammar School is able to minimize risk of damage to its pipe through certificate of title identification of the easement, making future location of the pipe simple.

The City of Nedlands is able to mitigate its risk of having private works in its road reserve by stipulating the terms under which the pipe and its easement are to be allowed.

Discussion

Lot Creation

In order to create the easement within a road reserve a new lot must firstly be created for the section of Brockway Road where the easement is to be located. The easement can then be created within the new lot. This new lot is shown by the area delineated in green on the draft deposited plan in Attachment 2.

The lot will be Crown land with care and control vested in the City of Nedlands.

Easement

The City of Nedlands is vested with care and control of the road reserve and it has an interest in knowing the location of the pipe. The City may have no objection to an easement being created on the land but may seek provision of a 70A notification on the Certificate of Title, to include the following statements;

- a) the easement is for non-exclusive use of the land subject to the easement;
- b) that the City of Nedlands retains the right to carry out works on the easement land at its own discretion; and
- c) that all costs associated with the creation, changes to, or removal of the easement on the title are the responsibility of Christ Church Grammar School; and
- d) that should the pipe become redundant then Christ Church Grammar School shall arrange for the removal of the easement within two years of the pipe's redundancy.

Christ Church Grammar School has acknowledged and agreed to conditions a) to c) above, as per Attachment 3. The recommendation to Council is that Christ Church Grammar School now incorporates these terms formally into the Certificate of Title.

Conclusion

It is recommended that the City of Nedlands provide consent for the creation of a lot and an easement for the benefit of Christ Church Grammar School. The easement will ensure the pipe can be readily located in future and will protect the School's right to use the land for the pipe, providing orderly and proper planning for Brockway Road Reserve.

Attachments

1. Department of Health Approval for Recycling Scheme;
2. Draft Deposited Plan Showing New Lot and Easement in Brockway Road; and
3. Christ Church Grammar School's Agreement to Terms of Easement.



Government of Western Australia
Department of Health

Your Ref: D09406
Our Ref : Our Ref F-AA-00047
Our Ref : Enquiries: Clemencia Rodriguez
Enquiries to :

Phillip Bourgault
Technical Director
RPS
PO Box 465
Subiaco, WA 6904

CITY OF NEDLANDS	
DIVISION	RECEIVED
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23 MAR 2011	
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Action	ACK NRN OTHER
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RE: Christ Church Grammar School (CCGS) Playing Field Recycling Scheme.

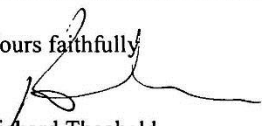
Dear Mr. Bourgault ,

The Department of Health (DoH) considers the above mentioned water recycling scheme as a 'low' Exposure Risk Level based on the *Draft Guidelines for the Use of Recycled water in Western Australia (2009)*. Therefore, the DoH grants consent to commissioning the distribution system for water recycling. The DoH provides an "approval in principle" for the above mentioned project subject to the following conditions:

- Submission of the agreement between the Water Corporation and the CCGS. The agreement shall specify the water quality and volumes of recycled water.
- Submission of detailed drawings showing pipe distribution from the WWTP to the irrigation area.
- Submission to the DoH of an updated version of the Recycled Water Quality Management Plan including the roles and responsibilities of the CCGS and the communications protocol and a detailed Irrigation management plan.
- Please note that a minimum 30m buffer to nearest point(s) of public access required
- Once approved DoH may require ongoing monitoring and reporting in accordance with the *Australian Guidelines for Water Recycling Managing Health and Environmental Risk (Phase 1) 2006* and the operational monitoring program.
- All pipework conveying treated wastewater shall be clearly identified by either colour (purple or tape) in accordance with AS 2700S:1996(P12) and AS 3500:2003 Plumbing and drainage-water services.

I trust this information is of assistance to you. Please do not hesitate to contact me if you require any further clarification, or contact Clemencia Rodriguez on 9388 4812 if you would like to discuss the above further.

Yours faithfully


Richard Theobald
Manager Water Unit
ENVIRONMENTAL HEALTH DIRECTORATE
PUBLIC HEALTH DIVISION
11 March 2011

cc EHO City of Nedlands
John Price, Director Finance, CCGS

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189 Royal Street East Perth Western Australia 6004
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wa.gov.au
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TS23.15 – Attachment 3 – Christ Church Grammar School's Agreement to Terms of Easement



**Christ Church
Grammar School**
PERTH, WESTERN AUSTRALIA

26 September 2014



Mr Mark Goodlet
Director Technical Services
City of Nedlands
71 Stirling Hwy
NEDLANDS WA 6009

Dear Mr Goodlet

RE: Water Supply Alignment - Easement

Thank you for your correspondence of 23 October 2012.

The School confirms that the easement for the proposed water supply alignment for the future Christ Church Playing Fields (Brockway):

1. is for the non-exclusive use of the land subject to the easement;
2. that the City of Nedlands retains the right to carry out works on the easement land at its own discretion; and
3. that all costs associated with the creation, changes to or removal of the easement on the title are the responsibility of the School.


The School further agrees to indemnify the City of Nedlands against any loss or liability for the construction of the works, the maintenance of the works and the ongoing use of the pipe in the road reserve.

If you have any queries on the above please call me on 94421505.

Yours sincerely

John Price
Director of Finance
Christ Church Grammar School

TS24.15	Tender No.2014/15.24 Supply and Laying of Hot Asphalt Road Surfacing
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Committee	13 October 2015
Council	27 October 2015
Applicant	City of Nedlands
Officer	Nathan Brewer – Purchasing and Tenders Coordinator
Director	Mark Goodlet – Director Technical Services
Director Signature	
File Reference	TS-PRO-00084
Previous Item	Nil

Executive Summary

To award the term contract for the provision of hot asphalt road surfacing supply and laying services in the City of Nedlands.

Recommendation to Committee

1. **Agrees to award tender no. 2014/15.24 to Roads 2000 Pty Ltd for the supply and laying of hot asphalt road surfacing as per the schedule of rates (Attachment 1) submitted; and**
2. **Authorises the Chief Executive Officer to sign an acceptance of offer for this tender.**

Strategic Plan

KFA: Transport

Award of this tender enables the City to maintain the road network and community infrastructure in accordance with strategic priorities.

Background

The City of Nedlands includes a provision for supply and laying of hot asphalt road surfacing to maintain and improve the City's road infrastructure as part of the engineering services operational works. Expenditure on this contract will exceed \$100,000. Therefore to comply with legislative requirements outlined in the *Local Government Act 1995* and ensure the best value for money for the City, this service must be tendered.

Tender documents were advertised on Monday 15 June 2015 in the West Australian Newspaper. The tender submission period commenced on Monday 15 June 2015 and submissions closed at 2:00 pm Monday 29 June 2015. Submitted tenders were opened by Officers of the City at 2:00 pm Monday 29 June 2015.

The City received four conforming tender submissions as follows:

1. Asphaltech Pty Ltd;
2. Fulton Hogan Industries Pty Ltd;
3. Merger Contracting Pty Ltd T/A J and M Asphalt; and
4. Roads 2000 Pty Ltd.

Key Relevant Previous Council Decisions

Nil.

Consultation

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

Legislation / Policy

Local Government Act 1995, section 3.5;
Local Government (Functions and General) Regulations 1996, Part 4; and
City of Nedlands Policy – ‘Purchasing of Goods and Services’.

Budget/Financial Implications

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

Risk Management

Failing to appoint the contract will impact on the City’s ability to maintain the current service levels of road maintenance.

Key risk areas, including financial and regulatory risks, have been addressed through the control measures applied through the tender documentation and evaluation process. Reference checks were completed on the recommended contractor following the evaluation process.

Discussion

The tender was independently evaluated by three City Officers in accordance with the qualitative criteria specified in the tender documentation, as set out in the below table extract from RFT 2014/15.24.

<p>Organisation Capabilities</p> <p>A Tenderer must as a minimum, address the following information in an attachment and label it “Organisation Capabilities”:</p> <ul style="list-style-type: none"> a) Nominate key personnel to be involved in this contract and provide relevant experience and industry-recognised qualifications and registrations of the key personnel. b) Organisations to demonstrate the ability to supply and sustain the necessary manpower, plant and materials. c) Organisations to demonstrate recent experience with contracts of a similar size and scope; 	<p>Weighting</p> <p>20%</p>
<p>Performance</p> <p>A Tenderer must as a minimum, address the following information in an attachment and label it “Performance”:</p> <ul style="list-style-type: none"> a) The ability to supply and sustain the necessary technical resources, staff and equipment; b) Demonstrate ability to provide high quality and standard of work; c) Demonstrated ability to meet specifications of this request. 	<p>Weighting</p> <p>30%</p>
<p>Demonstrated Understanding</p> <p>Tenderer’s must, as a minimum, address the following information in an attachment and label it “Demonstrated Understanding”:</p> <ul style="list-style-type: none"> a) An outline of the proposed methodology, including Equipment and Material Supply details; b) Notice requirements to guarantee availability for works. 	<p>Weighting</p> <p>20%</p>
<p>Price</p> <p>A Tenderer must as a minimum, address the following information in an attachment and label “Price”:</p> <ul style="list-style-type: none"> a) The tendered price(s) will be considered along with related factors affecting total cost to the Principal. Early settlement discounts, lifetime costs, the major components to be utilised, the Principal’s contract management costs may also be considered in assessing the best value for money outcome. 	<p>Weighting</p> <p>30%</p>

The priced items were compiled into a spreadsheet for analysis of value comparison. A price criteria score was allocated based on the best value being scored at 100% and other values scored proportionally against this price.

The pricing was weighted at 30% of the assessment with the remaining percentage being allocated to the qualitative section criteria.

Roads 2000 Pty Ltd consistently demonstrated a capacity to meet the requirements of the contract to a high standard throughout their tender submission and as the incumbent contractor for the provision of hot asphalt road surfacing. In particular, many examples of previous work of a similar nature with local authorities demonstrating excellent outcomes backed up by client references. Also, an extensive methodology for the delivery of the service of a more comprehensive nature than that of the second highest scorer Asphalttech Pty Ltd.

Evaluation

Tenderer	Score %
Asphalttech Pty Ltd	79.07
Fulton Hogan Industries Pty Ltd	68.60
Merger Contracting Pty Ltd T/A J and M Asphalt	50.77
Roads 2000 Pty Ltd	81.34

The final evaluation score and price is published in Confidential Attachment 1.

Conclusion


After an assessment of the submitted tenders it is proposed that the tender submission received from Roads 2000 Pty Ltd be accepted, having attained the highest score in the evaluation and providing the most cost efficient outcome.

The contract provides the option to extend the contract for a period of four 12 months extensions at the end of the initial one year period, subject to satisfactory performance.

Attachments

1. Confidential Tender Assessment (not to be published).

TS25.15 Underground Power

Committee	13 October 2015
Council	27 October 2015
Applicant	City of Nedlands
Officer	Nathan Brewer – Purchasing and Tenders Coordinator
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

Executive Summary

On 28 July 2015 Council resolved to obtain a report from Administration which considers the feasibility of completing underground power within the City by means of a series of borrowings that together with resident contributions, to complete the undergrounding of power to approximately 2400 lots in the City of Nedlands.

This report examines the latest information from Western Power, in which their price had now increased to \$56,146,976 with a rider that the accuracy of the quotation is +/- 50%. This is up 37% from their May 2013 quotation of \$41,100,000. The revised pricing puts the per lot price to \$23,400. Western Power have stated that for \$8,000 they will provide a +/- 10% accuracy quotation.

Seven funding options are considered. All require the City to undertake borrowings. The options are:

Option 1 50/50 Owner/City 20 year - Recommended

Annual Payment by Owner	\$921
Total Owners' Annual Payment	\$2,209,996
City's Net Annual Payment	\$2,209,996
% of 2015/16 Rates	10.2%

Option 2 50/50 Owner/City 10 year - Recommended

Annual Payment by Owner	\$1,486
Total Owners' Annual Payment	\$3,619,527
City's Net Annual Payment	\$3,619,527
% of 2015/16 Rates	16.7%

Option 3 0/100 Owner/City 20 yr

Annual Payment by Owner	\$0
Total Owners' Annual Payment	\$0
City's Net Annual Payment	\$4,419,992
% of 2015/16 Rates	20.4%

Option 4 0/100 Owner/City 10 yr

Annual Payment by Owner	\$0
Total Owners' Annual Payment	\$0
City's Net Annual Payment	\$7,239,054
% of 2015/16 Rates	33.3%

Option 5 100/0 Owner/City 20 yr

Annual Payment by Owner	\$1,842
Total Owners' Annual Payment	\$4,419,992
City's Net Annual Payment	\$0
% of 2015/16 Rates	0%

Option 6 100/0 Owner/City 10 yr

Annual Payment by Owner	\$2,375
Total Owners' Annual Payment	7,239,054
City's Net Annual Payment	\$0
% of 2015/16 Rates	0%

Option 7 - Deferred Construction (5yrs) 1/3rd Owner, 2/3rds City

Annual Payment by Owner	\$1,960
Total Owners' Annual Payment	\$4.7 to 5.3 million
City's Net Annual Payment	\$9.4 to 10.6 million
% of 2015/16 Rates	43%

Recommendation to Committee

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;
2. Agrees to seek clarification on Western Power maintenance offset project discounts, taxation liability and exclusions;
3. Agrees to include in the advice notes, the following or similar wording on all new development applications in areas where underground power is yet to be provided; *“the owner/applicant should install attachment points and conduit for underground power on site (to facilitate the placing of power lines underground in street)”*.
4. Agrees to further investigate Options 1 and 2 in detail, which provide for a 50/50 lot owner/City shared costing for the underground power project, including assessing cash flow, detailed payment provisions by lot owners;

- 5. Agrees to appoint a qualified project manager to this project with an initial borrowing of \$150,000 to undertake detailed project costings and management for 2015/16.**

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. The discussion and findings of this early report are still largely relevant and are therefore included as background information to this report.

Figure 1 below shows the areas in the City of Nedlands LGA that are still serviced by overhead network. This is approximately 2400 lots.

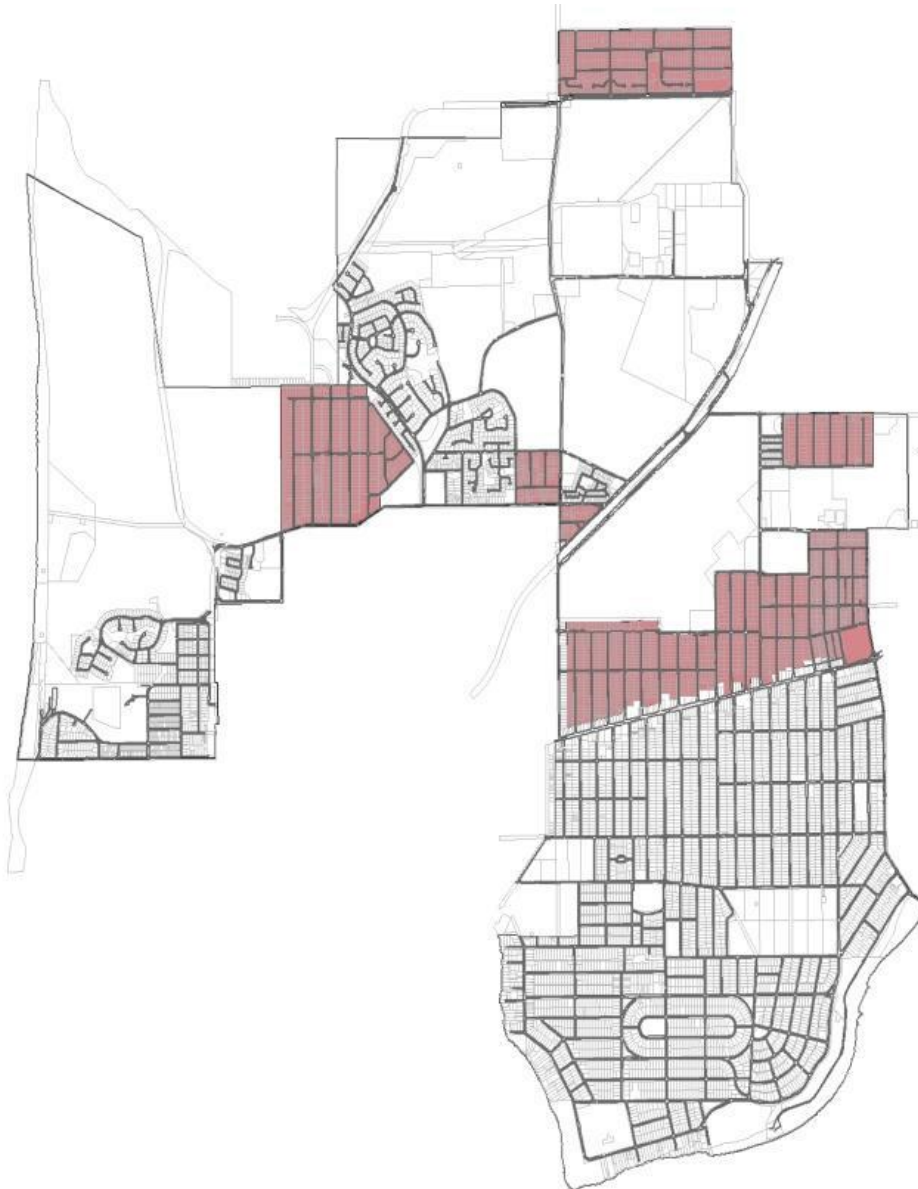


Figure 1. Outstanding areas in the City of Nedlands to be undergrounded

Key Relevant Previous Council Decisions:

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. The results and analysis of the consultation are provided as Attachment 4. A Frequently Asked Questions (FAQ) information sheet was provided on the City's Website, which is provided as Attachment 5.

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)
- 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 installments
 - 31% would prefer to pay in one payment

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 6.38(1) allows a local government to impose service charges on lot owners for the provision of prescribed services.

Local Government (Functions and General) Regulations 1996

- 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.

- 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.

Budget/Financial Implications

Within current approved budget:

Yes

No

Requires further budget consideration:

Yes

No

State Underground Power Program

Currently the State Underground Power Program (SUPP) is based on a beneficiary pays system with contributions of 50% by Local Government, 25% by Western Power and 25% by the State Government.

In view of large number of proposals for Round Five of SUPP which did not get funding (79) and Nedlands low ranking on the priority list (we have a reliable network and are not in a bushfire prone area), it is unlikely that undergrounding the remaining areas in the City of Nedlands will occur with SUPP funding in the near future. This has been confirmed by Western Power at two previous meetings between the City and Western Power. In addition to this, some doubt exists as to the reliability of the State Government and Western Power as future funding providers for underground power projects.

Projected Costs

According to the Economic Regulation Authority's (ERA) Inquiry into State Underground Power Program (SUPP) Cost Benefit Study (Attachment 2 is the Executive Summary), costs of undergrounding increased by 8.44% per annum since the implementation of SUPP so that by Round Four the average cost per lot was \$9,181 (see page 16 of full report on ERA's website). At this rate, escalated from 2011, the average cost per lot in 2015 was estimated to be approximately \$15,000 and by 2020 \$21,600. The projected cost for all 2400 lots in 2015 would therefore come to \$36 million and by 2020, to \$51 million.

The difference between the ERA's February 2012 report and the situation now is that the escalation of pricing is significantly higher than was predicted in the report, as detailed in Western Power's most recent correspondence to the City.

Western Power

Western Power was contacted following the decision of the Ordinary Meeting of Council on 28 July 2015, in order to update their May 2013 quotation. Their response, dated 19 August 2015, is provided as Attachment 3.

The most significant statement in Western Power's response is that they have now increased the price to \$56,146,976 with a rider that the accuracy of the quotation is +/- 50%. This is up approximately 37% from their May 2013 quotation of \$41,100,000. No explanation for the large increase was provided.

The revised pricing puts the per lot price to \$23,400.

Western Power has stated that the revised price is accurate to +/- 50% but that for \$8,000 they will prepare a +/-10% detailed estimate and a formal Relocation Works Contract for construction and commissioning works. This will provide a significantly better understanding of the project cost and it is recommended that the City proceeds with this further work.

The letter also points out that the project may be subject to a Western Power discount for reducing future maintenance liabilities, that there is a capital infrastructure taxation liability built into their costs now and that there are some exclusions to the project that will need to be considered. The recommendation to Council is that these matters be followed up in order to gain a more accurate understanding of final project costs.

Funding Options

Scenarios for debt funding underground power and repayment by owners and or ratepayers are provided below.

WA Treasury Corp have given an indicative loan rate of 3.9% plus 0.7% State Government Guarantee Fee. The rate will change but once taken out, it is fixed for the term of the loan.

Total Project Cost / Loan = \$57,000,000. With approximately 2400 lots the average cost per standard residential property is \$23,394. Six funding options are as follows:

Option 1 50/50 Owner/City 20 yr

Term of Loan	20 years
Owner Contribution	50%
City Contribution	50%
Annual Payment by Owner	\$921
Total Owners' Annual Payment	\$2,209,996
City's Net Annual Payment	\$2,209,996
% of 2015/16 Rates	10.2%

Option 2 50/50 Owner/City 10 yr

Term of Loan	10 years
Owner Contribution	50%
City Contribution	50%
Annual Payment by Owner	\$1,486
Total Owners' Annual Payment	\$3,619,527
City's Net Annual Payment	\$3,619,527
% of 2015/16 Rates	16.7%

Option 3 0/100 Owner/City 20 yr

Term of Loan	20 years
Owner Contribution	0%

City Contribution	100%
Annual Payment by Owner	\$0
Total Owners' Annual Payment	\$0
City's Net Annual Payment	\$4,419,992
% of 2015/16 Rates	20.4%

Option 4 0/100 Owner/City 10 yr

Term of Loan	10 years
Owner Contribution	0%
City Contribution	100%
Annual Payment by Owner	\$0
Total Owners' Annual Payment	\$0
City's Net Annual Payment	\$7,239,054
% of 2015/16 Rates	33.3%

Option 5 100/0 Owner/City 20 yr

Term of Loan	20 years
Owner Contribution	100%
City Contribution	0%
Annual Payment by Owner	\$1,842
Total Owners' Annual Payment	\$4,419,992
City's Net Annual Payment	\$0
% of 2015/16 Rates	0%

Option 6 100/0 Owner/City 10 yr

Term of Loan	10 years
Owner Contribution	100%
City Contribution	0%
Annual Payment by Owner	\$2,375
Total Owners' Annual Payment	7,239,054
City's Net Annual Payment	\$0
% of 2015/16 Rates	0%

Option 7 - Deferred Construction (Subiaco Model) 1/3rd Owner, 2/3rds City

The City of Subiaco implemented a scheme with a six year funding program whereby 1% of rates collected for lots without underground power were set aside for their own underground power project. This was estimated to collect \$780,000 annually. In addition the City of Subiaco contributed \$1.2 million for five years and \$1.6 million in the 6th and final year. In all, the total amount set aside in reserve after six years was \$11.5 million. The area which was proposed for the undergrounding comprised approximately 568 lots in all, at \$20,250 per lot.

Under this model the City of Subiaco lot owner funded 1/3rd of the scheme and the general ratepayer funded 2/3rds. For the City of Nedlands a similar model is as per the table below.

Option 7 - 1/3 owner, 2/3 rates, 5 year start up			
Number of Lots	Annual Construction Indexation	Average Annual Per Lot Cost (\$)	Earned Interest
2400	1.074	1,960	1.03
Year	WP Price Escalation	Contribution (\$)	
		Owners	City
2016	56,146,976	4,704,000	9,408,000
2017	60,301,852	4,845,120	9,690,240
2018	64,764,189	4,990,474	9,980,947
2019	69,556,739	5,140,188	10,280,376
2020	74,703,938	5,294,393	10,588,787
Sub-total		24,974,175	49,948,350
		Total	74,922,525

Under this scenario the City will need to fund an extra 43% of rates per annum for five years to raise the money for this option. The Achilles heel in this is the high annual construction cost index, at 7.4%, which is driving up costs at a rate that is well in excess of the consumer price index and puts the project out of reach within five years. This model is therefore not recommended.

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.

Risk Management

Cash Flow

Options 1 to 7 above show the net borrowings position for the City, not the total annual borrowings, which are the addition of the owner total payments and the City's net borrowing. All of the options require the City to receive service charge income from the affected lot owners and/or receive increases in general rates is needed to fund the works.

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.

Local Government Operational Guidelines – Number 18: Financial Ratios

Key indicator Local Government Financial Ratios are as follows:

- a) Current Ratio;
- b) Debt Service Cover Ratio;
- c) Operating Surplus Ratio; and
- d) Own Source Revenue Coverage Ratio.

The purpose of the ratios and their respective formulas are detailed in Attachment 6. The six options have been assessed against Department of Local Government recommended ratios as follows:

	Extrapolated onto 2015-16 Budget					
Local Government Operational Guidelines - Number 18 Financial Ratios	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
a) Current Ratio	Green	Green	Amber	Red	Green	Green
b) Debt Service Cover Ratio	3.22	1.96	1.61	0.98	<3.22	<3.22
c) Operating Surplus Ratio	2.7%	2.8%	-13%	-22%	2.7%	2.7%
d) Own Source Revenue Coverage Ratio	88.8%	85.2%	83.2%	77.1%	88.8%	88.8%

Debt Recovery

Under the first SUPP scheme the City recovered outstanding debt through sundry debts and found the 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.

Discussion

In order to provide for the eventuality of underground power to all lots in the City it has been suggested that any planning application approval for lots without underground power, contain the following advice note -

“The owner/applicant should install attachment points and cabling for underground power on site (to facilitate the future placement of underground power in street)”.

Conclusion

The City of Nedlands remains unlikely to be the beneficiary of any SUPP funding.

The most recent price for the underground power to the remaining 2400 lots has risen sharply so pricing clarity from Western Power is needed to move this project forward.

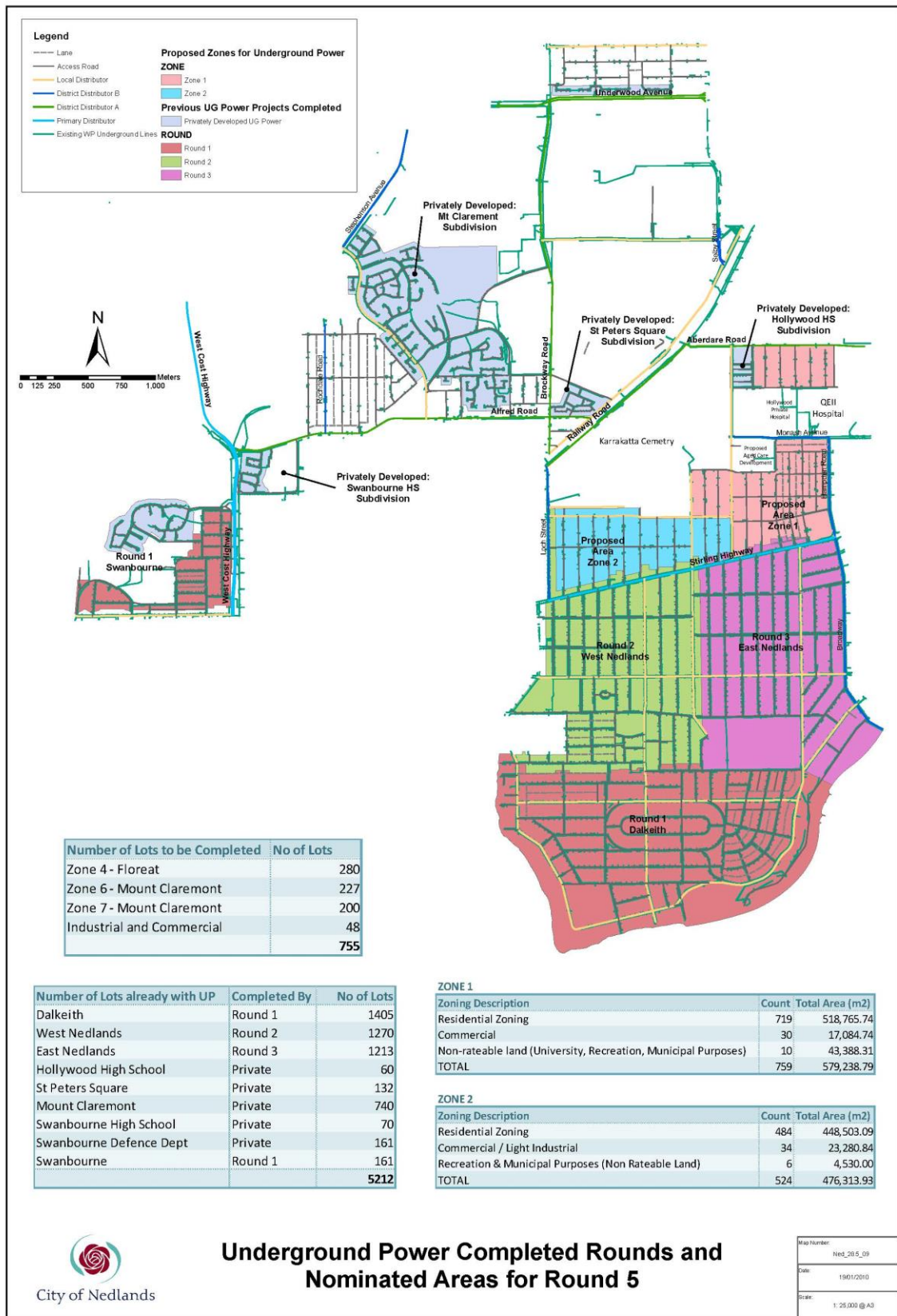
While the consultation of lot owners without underground power showed support for the project, the price was a significant barrier to many lot owners and support for the project fell away significantly with the proposal that the lot owners pay for the entire project.

Options 1 and 2 with a shared 50/50 split of low owner and ratepayer provide a shared costing arrangement and either a 20 year loan term or a 10 year loan term for payback of the scheme. It is recommended that further investigation of these options be undertaken.

Attachments

1. Map No. Ned_28.5_09 - Underground power completed rounds and nominated areas for round five;
2. Executive Summary from Inquiry into State Underground Power Program cost benefit study, Economic Regulation Authority dated 28 June 2010; (The full report is available on the following link <https://www.erawa.com.au/inquiries/energy-inquiries/costs-and-benefits-of-the-state-underground-power-program-2010>)
3. Letter dated 19 August 2015, from Western Power, with revised quotation and information regarding progressing the project;
4. Public consultation results and analysis - April / May 2014;
5. Frequently Asked Questions (FAQ) information provided with the public consultation; and
6. Local Government Operational Guidelines – Number 18 Financial Ratios.

TS25.15 – Attachment 1 – Map No. Ned_28.5_09 - Underground power completed rounds and nominated areas for round five.



Executive Summary

The inquiry into the costs and benefits of the State Underground Power Program (SUPP) was referred to the Authority by the Treasurer in April 2010. As requested in the terms of reference, the Authority has undertaken a Cost-Benefit Analysis (CBA) of the SUPP. The SUPP, which was introduced by the State Government in 1996, involves the undergrounding of Western Power's existing overhead distribution network in selected residential and commercial areas.

The Authority's CBA of the program has estimated that to date there has been an overall positive net present value of the SUPP in the order of \$525 million. A large proportion of the benefits have accrued to the owners of the properties in areas where underground power has been installed as part of the SUPP, which to date has been in some of Perth's wealthier suburbs (on average).¹ Overall, the property owners have benefited more from the SUPP than they have paid for it.

Western Power has also benefited from the SUPP through lower maintenance costs and avoided replacement costs of overhead distribution assets (such as poles, transformers and wires). On average, it is estimated that Western Power has contributed an amount similar to the benefit that it has received from the SUPP, although benefits have varied by project depending on the required replacement and maintenance costs that would have been spent on the pre-existing overhead network in each project area.²

While the Authority has estimated that the wider Western Australian community (taxpayers) has benefited from the SUPP as well, they appear to have contributed funding to the SUPP to a greater extent than they have benefited from it. In doing so, they have subsidised the cost to the property owners that have generally benefited more from retrospective underground power than they have paid to have it installed.

As will be explained below, the Authority considers that there is a more efficient and equitable way of delivering the SUPP in the future.

Overview and Background

The SUPP was introduced by the State Government in 1996 to improve the reliability of Western Power's distribution network during bad weather events, following the severe storms that caused widespread damage to the overhead distribution network in Perth in 1994. The 1994 storm, which ranks as one of the most significant wind storms experienced in Perth in recent times, lasted for 12 hours and resulted in major disruptions to power supplies in Perth and the southern parts of Western Australia. In a subsequent report prepared for the then Minister for Energy, one of the conclusions was that 80 per cent of the power failure was attributable to trees and branches falling down on

¹ Based on 2006 Census data from the Australian Bureau of Statistics, 31 per cent of households in suburbs that have participated in the SUPP were classified as high income households (with weekly wages above \$2,500). In comparison, only 15 per cent of households in all of the Perth metro area were classified as high income households. Of the 33 suburbs that have been participants of the SUPP and included in the Census income data, 27 suburbs had a larger proportion of high income households compared to the Perth metro average (of 15 per cent), with many of these suburbs consisting of between 30 per cent to 65 per cent of high income households.

² Variations in maintenance costs may be due to the age of overhead assets, as well as local factors, such as vegetation management costs, environmental conditions.

TS25.15 – Attachment 3 – Letter dated 19 August 2015, from Western Power, with revised quotation and information regarding progressing the project.



Application date: 23 July 2015
Our Reference: SF202339
Contact: Chris Chew
Telephone: +61 08 9326 769

19 August 2015

Mark Goodlet
City of Nedlands
71 Stirling Highway
Nedlands WA 6009



Dear Mark,

Application Response Letter: City of Nedlands Request for Underground of Western Power Distribution Assets

I refer to the City of Nedlands request on the 23 July 2015 to for a review of the estimate cost for the underground of remaining Western Power distribution assets in the City of Nedlands.

At this stage, the indicative cost for construction will be **\$56,147,976** (+/-50 percent). A detailed estimate will be completed in the next package of work, which will estimate the cost to +/-10%. Please note that the indicative relocation cost estimate includes the 13.9% tax recovery on capital contributions which applies to customer driven relocation works. There are also areas within the project that are not required to be underground that could reduce the overall project cost. This information can be discussed in further detail with the City of Nedlands.

The next package of work includes finalising the scope of work, completing all design and studies, preparing the detailed estimate and preparation of a formal Relocation Works Contract for construction and commissioning works. This package of work will be managed under an Early Undertakings Contract (EUC), which will provide the City of Nedlands with a greater level of detail of the work that Western Power is completing on its behalf.

In order to progress this project, Western Power requires funding of **\$8,000 plus GST** to prepare the EUC estimates and related contract documentation.

The indicative cost for construction includes the following works:

- Project management, engineering, design and studies
- Underground of all existing Western Power overhead distribution assets
- Removal of redundant assets

The indicative cost for construction excludes the following works:

- Obtaining of any approvals - route, easements, environmental or heritage, local government and landowners
- Community engagement
- Any considerations for relocation of other underground services
- Any allowance for potential adverse latent conditions
- EPR/LFI studies, including any mitigation works required to third-party assets
- Relocation of transmission assets

DMS#: 13206411

TS25.15 – Attachment 3 – Letter dated 19 August 2015, from Western Power, with revised quotation and information regarding progressing the project.

Project Schedule

A project schedule will be provided to you once engineering studies have been completed and the scope of work has been confirmed.

It is proposed that the project should be completed over two stages with construction taking up to two years from execution of the Relocation Works Contract.

Funding and Next Steps

As Western Power manages line relocation works on a cost-recovery basis, project costs are payable in advance of the works, and then are reconciled upon completion (or cancellation, if the City of Nedlands elects to do so at any stage). Western Power will then either issue a refund or request additional payment for any difference. The preliminary fee requested is also taken into account in this cost reconciliation.

If the City of Nedlands would like to progress with this application please sign and return the customer acceptance form attached. Once Western Power has received your written confirmation an invoice will be issued and Western Power will commence preparing the EUC for the next package of works.

If you have any questions or would like more information, please do not hesitate to contact me.

Kind Regards,



Scott Ferguson

Access Solutions and Line Relocations Manager

TS25.15 – Attachment 3 – Letter dated 19 August 2015, from Western Power, with revised quotation and information regarding progressing the project.

ACCEPTANCE FORM

Please forward your signed acceptance to:

Attention: Christopher Chew
email: christopher.chew@westernpower.com.au
or
CUSTOMER SERVICES FUNCTION
GPO BOX L921
PERTH WA 6842

The City of Nedlands agrees to pay the preliminary fee of **\$8000 plus GST** required to progress Relocation Application SF202339 for the underground of overhead distribution assets in the City of Nedlands. This preliminary fee covers the cost to prepare an Early Undertakings Contract.

Purchase order attached (if reference on invoice is required)

Full name of Authorised Person Signature of Authorised Person Date

Position of Authorised Person

Full Name of Witness Signature of Witness Date

Address of Witness



Underground Power

Community Engagement Results

Background

Back in 1997 the City of Nedlands made a submission to the Office of Energy and Western Power to apply for a 50% funding contribution from the SUPP (State Government Underground Power) for the undergrounding of power in the City.

Due to the size of the area and the amount of properties included, it was not feasible to undertake this work as one singular project. As such the City was split up into different areas and stages, with the order of each stage being determined by an electrical engineering consultant using Western power guidelines and based on the technical merits, reliability and age of the existing infrastructure in each succinct area, and taking environmental factors into consideration such as the number of street trees under wires.

The City was successful for funding from the SUPP for stages 1, 2 and 3 under these applications. These stages included approximately 3,400 individual properties spread out across the south side of Stirling Highway to the river, Swanbourne and parts of Mount Claremont. The actual costs per lot varied based on a number of variables, such as lot size and requirements for each property, the cost of undergrounding was approximately \$7000 on average. Property owners benefitted from a 50% subsidy under the SUPP grants awarded to the City, and paid extra levies on their rates under a choice of instalment options to cover their half of the costs.

Following these successful rollouts of underground the Power, the City then failed to secure any further funding towards to completing works in the remaining areas of the City that still have an overhead power supply network. Furthermore, the City has been advised that it is very unlikely to be successful for the funding in the foreseeable future due to increasing competition between Local Governments for the program and the reduction in funding being made available.

The City continues to receive requests from the Community to explore options to provide underground power in these areas; these requests are received to the Administration directly via calls and emails, and were identified in the Nedlands Strategic Community Plan during 2013 where it was listed as a Key Focus Area under the 'Natural and Built Environment' as a specific activity the City was to address.

As a result the City engaged Western Power to complete a feasibility study to determine the works required and the costs associated with completing such works without any SUPP contributions.

Western Power provided a quote of \$41.4m to underground the overhead power network in the street, this did not include the 'street to property' connections which would incur additional costs, and acknowledged a number of factors were not included in this estimate, such as the costs benefits that may be realised by Western Power in cost reduction for maintenance, or reductions in costs for pruning street trees for example.

Project Overview

Unfortunately with no State Grant funding available to help contribute towards the costs, and no other funds or reserves for contributions to be taken from, the only proposal available for the foreseeable future is for property owners to bear 100% of the costs should a decision be made to go ahead. The City calculated that \$17,000 would be a likely cost per property with the inclusion of the 'property to street connection', based on the feasibility study provided by Western Power as an estimate quote should they be contracted by the City to complete the works.

There is a significant increase in the costs estimated now compared to previous rollouts, with the State subsidy having a big impact on that, and the length of time elapsed since then where costs of goods and service have increased.

The City created a proposal based on property owners bearing 100% of the costs and being offered several instalment options as part of a scheme to implement underground power in the remaining areas of the City.

This project brief was to present this scheme to the Community and identify if there was sufficient support to justify committing further time, resources and money towards progressing this project further.

Community Consultation

To identify the support in the Community, a survey was prepared and sent out along with an information brochure, to collect the views of those that would be affected by such a scheme; this consultation included a total of 2,595 surveys sent out to postal addresses along with an information brochure. The survey was also published on the City's website along with copies of the brochure, and copies made available in the City's Administration front counter and libraries.

The consultation activity was also published in the 'POST' newspaper, along with a reminder nearer the close of the survey date. Property owners were given 6 weeks to submit their survey responses, between 14th April and 23rd May 2014.

Overall Results

Total number of surveys released: 2,595

Total number of responses: 1,062

There were also approximately 250 queries received in addition via email, phone, post and through the website.

How important is underground power?

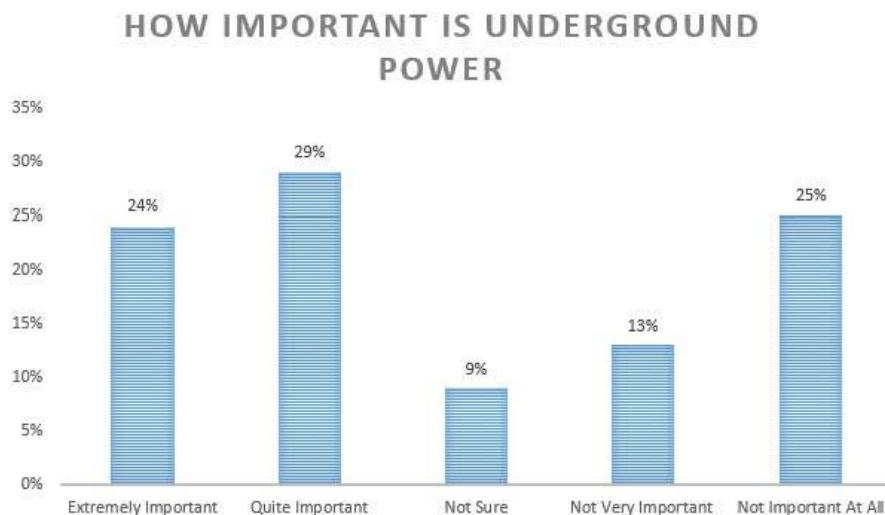
Outside of the respondents' views about the costs of the Underground Power Scheme, the survey sought to identify how important underground power was to the Community.

Question 1 asked: How important to you is having underground power installed in your property?

A total of 1,036 out of the 1,062 respondents answered this question. The majority felt it was quite important, however a quarter of the respondents felt it was extremely important, and another quarter felt it was not important at all.

Option	Number of Responses	%
Extremely Important	246	24%
Quite Important	301	29%
Not Sure	89	9%
Not Very Important	138	13%
Not Important At All	262	25%
Total respondents that answered this question:	1036	

Overall the survey captured that underground power is important to the respondents with 53% collectively selecting an option that implied it was important, as apposed to the 39% collectively selecting a not important option.



Why is underground power important?

The survey then sought to identify what were the main reasons that made underground power important, to those who answered that it was important to them.

Question 2 asked: If underground power is important to you, can you tell us why?

613 respondents answered this question (547 had selected that this was important, but the question was still answered by those that had selected they were unsure about the importance of underground power or that they didn't feel it was important.)

This question allowed respondents to select multiple options of the four suggested benefits that underground power can offer, and provide their own comments.

Option	Number of Responses	%
I hope it will increase the value of my property	264	43%
It will improve the amenity of the area	468	76%
It will provide better reliability in power supply	330	54%
It would provide less maintenance	278	45%

Respondents felt that more than anything it would improve the amenity of the area, however the other benefits also received a strong number of votes to support that they too were key factors as to why underground power is important.

Other reasons supplied as to why underground power is important by the respondents were;

- Safety – 111 respondents provided additional comments that they felt that underground power would be safer;
- Street trees – 52 respondents commented that street trees, with concerns such as these are largely impacted by overhead power lines and are 'butchered' to accommodate them;
- Aesthetics – 54 respondents also commented that the area would be more visually pleasing without power poles and lines in the street. The concern re the impact on street trees would also be strongly linked to aesthetics;
- Savings - Money saved in pruning private trees under power lines;
- Equity – so that all areas of the City are the same.

Would you be willing to pay for the works?

The scheme proposed that a likely cost of the works would be approximately \$17,000, with the costs borne solely by the property owner.

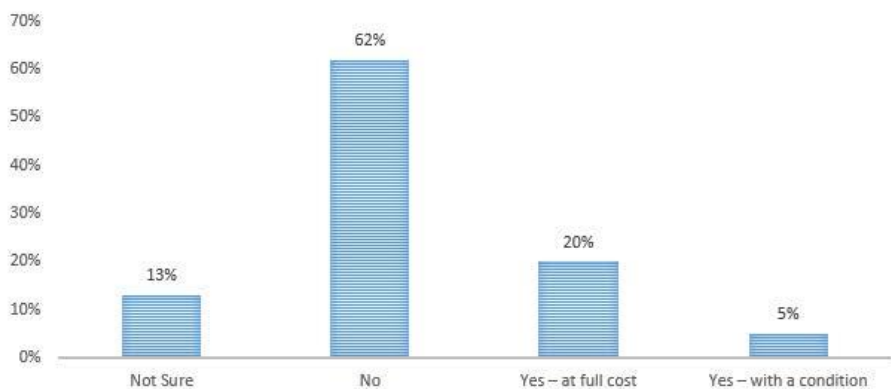
Question 3 asked: If underground power is important to you, would you be willing to pay the full amount for the works?

This question identifies indicative results based on the willingness to pay for the works, at an estimated but likely cost, without committing to any payment.

Respondents were provided with three options, yes, no or unsure. 186 selected yes in total of 750 respondents (25%) however 33 (a fifth) of these added a note to say that their yes applied **if** the costs were lower, subsidised, offered different instalment options or shared out between residents differently.

Option	Number of Responses	%
Not Sure	96	13%
No	468	62%
Yes – at full cost	153	20%
Yes – with a condition	33	5%
Total respondents that answered this question:	750	

WOULD YOU PAY FOR UNDERGROUND POWER



62%, answered no to this question and 13% said they were not sure.

The proposal advised that should the project have sufficient support to progress further, more detailed costing would be identified and property owners would be surveyed a second time and provided more detailed information, at which point they could make a more informed decision.

Overall 263 respondents provided additional feedback to their survey selections, written either on the survey or in emails, by post or over the telephone. There was not space provided in the survey for additional comment, and as such these figures do not present an accurate % of respondent views, the results here could be significantly inflated if space had been provided for all respondents to put additional comments across.

In the additional comments provided by many respondents:

- 61 compared the costs to what property owners paid in previous rollouts of underground power and felt the costs in the current proposal were 'unfair'. These 61 respondents indicated they would be more open to consider such a scheme if the costs reflected what property owners paid in the past, with some commenting they would be willing to pay slightly more than that paid in the past but in line with a rate of standard inflation.
- 66 felt that the costs should be shared amongst all City ratepayers including those who have already paid for underground power to their properties in the past. These 66 present a mixture of respondents that were aware that property owners had contributed directly for underground power in the past, and those that were of the believe that the City or SUPP had covered all the costs on their behalf.
- 64 stated the costs were simply too high, and 17 of these indicated they would consider a willingness to pay for the scheme if it were cheaper.
- Some respondents felt that Western Power were obligated to contribute towards the costs as they would realise savings through power being underground through reduced maintenance.
- Some respondents advised they wanted more information before making a decision, such as having more accurate costs.
- There were a lot of responses from those living in units requesting that they be given significant discounts for living in a shared building.
- There were also suggestions that the cost could be reduced by combining the works with NBN rollouts, looking into solar options and for the City to investigate what savings would be realised in street tree pruning costs and commit contributions into the scheme from that budget.

Payment options

A limited number of payment options were proposed in the survey based on the likely and feasible options that would be provided for property owners should a scheme go ahead.

Question 4 asked: If you voted yes to question 3, how do you think you would like to pay for the works?

251 respondents answer this question, including those that had said that they would not be willing to pay or that that they were unsure.

Option	No	Not Sure	Yes	Total
Deferred	7	9	12	28
Instalments	22	32	91	145
One Off	5	5	68	78

Total	34	46	171	251
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The majority, 58% overall selected their preferred payment method would be via instalment options.

Overall 31% selected a one off payment.

Of those that said yes they would be willing to pay, 53% selected instalments as being their preferred option and 40% selected that they would prefer to pay a one off payment.

Other feedback



Throughout the consultation there was an overwhelming volume of requests for further information relating to previous rollouts of underground power in the City. Many residents wanted more detailed information about previous schemes to be published, including interest in how much property owners paid specifically.



Some residents felt there was not enough transparency in the information being given to them and want the City to provide further information and detail about the project when it is identified, in the interest of being open and honest with all the information available at any time. This included a request for the feasibility study from Western Power upon which the survey was based, to be published.



Many residents simply felt the costs were too high for this to be considered and expressed that the City should invest in exploring alternative options to identify a better and cheaper solution to be able to provide this service throughout all areas of the City.



It was also raised throughout the consultation that a number of the areas that currently have overhead power in the City, have 'transmission' lines present that cannot be moved underground. In these instances only the lower 'distribution' lines can be moved underground, meaning that the poles and the higher lines would need to be retained in any case. Consideration needs to be given as to whether these streets should be included in any project scope.



Some respondents expressed an interest in becoming involved in the project on behalf of the Community to investigate solutions for the implementation of underground power.



Respondents also wanted the City to continue attempts for SUPP grants towards the scheme and were looking for assurance that the City is doing everything possible to achieve grant funding.

TS25.15 – Attachment 5 – Frequently Asked Questions (FAQ) information provided with the public consultation.

Frequently Asked Questions

The City has already received many calls about underground power and has developed a list of Frequently Asked Questions to help answer some of the queries you might have about the scheme.

Once we have completed gathering the survey responses the City will publish the results here on this site and also update the Frequently Asked Questions based on any further information the Community seeks from the City through the survey.

Question: What State grants are there for developments like this?

Answer: The State Government Underground Power Programme (SUPP) has grants available to local governments for installing underground power. The City has applied, and unfortunately been unsuccessful in securing any grants through this programme, to fund the installation of underground power in the parts of Nedlands that don't currently have it.

Question: Why has the City been unsuccessful in applications for SUPP grants, for the areas that still don't have underground power?

Answer: The areas of Nedlands that still don't have underground power are not considered a priority by the State for these grants, as the overhead power infrastructure is considered to be sufficiently robust and reliable, with rare and few reported cases of unplanned outages. Because Hollywood Hospital is serviced by overhead power, this infrastructure has always been maintained to a high level and is superior to overhead power services in some other parts of the State. SUPP grants will be prioritized to areas that have less dependable overhead power.

Question: Why is the City surveying again now when this has already been done in the past?

Answer: The last time the City completed a full survey about underground power was around 15 years ago. The City wants to capture what people think now and also capture the thoughts of property owners that didn't own property here back then.

Also, the last time the City surveyed, the City was being awarded SUPP grants for some areas – it is very unlikely that Nedlands will be successful for any further SUPP grants in the foreseeable future, so the questions we need to ask residents now will need to be different and specific to what options we have available this time around.

Question: I've seen Western Power installing new poles recently throughout Nedlands, will this impact underground power being installed and when?

TS25.15 – Attachment 5 – Frequently Asked Questions (FAQ) information provided with the public consultation.

Answer: No. This is maintenance Western Power completed on their own infrastructure outside of any schemes the City is considering and may need to work with Western Power in the future to deliver. This has not affected Nedlands status in applications for State grant funding, as the City has already been unsuccessful for these, and not being considered as a priority for grants prior to these upgrades. This has not impacted on the costs to deliver underground power and will not impact on the City being able to make plans for the implementation of underground power.

Question: Are Western Power supportive of the City to implement an underground power scheme?

Answer: Western Power have completed a feasibility study on behalf of the City for the installation of underground power to the remaining areas that don't have it, and have provided an offer and a quote for this work, including the estimated costs. The City would work with Western Power to implement this scheme if decisions are made to go ahead and plan the work.

Question: Other parts of the City already have underground power, why am I in a different situation to them?

Answer: It is a massive undertaking to change the infrastructure throughout the City from overhead power lines to being underground and is simply not something that could all be achieved at once.

Years ago the City implemented a scheme to underground power in parts of the City, this was split into several stages with the City working in consultation with Western Power to decide which parts of the City would be grouped into which stage. The original decisions were made based on the technical merits of each area, looking at the existing infrastructure and power network.

It took years for several stages of the works to be completed, with the City being successful for State grant funding towards parts of these works. Unfortunately the availability of the State grants changed before all were completed, leaving parts of the City without underground power today.

Question: So how likely is it the City will go ahead and implement this scheme?

Answer: The first steps the City is taking is to communicate information to the community about the options available to have underground power. Unfortunately these options are limited without grant funding from the State to help to pay for it.

The results of this survey will decide whether the proposal will be progressed in any way. If the community tell us through the survey that they want us to move ahead with the scheme, the City will commit to the creation of detailed designs and full model costing. Further modelling will be undertaken to stage the project over a number of years and determine a more accurate cost for each property owner.

Council will consider further and a second and final survey will be issued to seek support for the proposal at any revised cost.

TS25.15 – Attachment 5 – Frequently Asked Questions (FAQ) information provided with the public consultation.

A decision would be made following this process before going ahead with implementing a scheme to deliver underground power.

Question: Would I be forced to pay for underground power if Council decided to implement this a scheme to provide underground power to my property?

Answer: Yes, this is why a decision on whether to change to underground power would only be made by Council if it is absolutely confident of the Community support for this. As this point Council is only seeking initial support for the project, and wanting to communicate the situation with the Community, and no decision would be made without understanding detailed costs and seeking further Community feedback.

The City appreciates this is a massive decision and has a significant cost impact on property owners, which is why it is so important to carry out these levels of consultation with the Community.


Question: How can I feed back my opinions about underground power to the City, or how can I ask questions that are not already answered here?

Answer: You can email us at council@nedlands.wa.gov.au, write in to us at our Administration Office 71 Stirling Highway, Nedlands, WA 6009 or call us on 9273 3500. Everyone who does not have underground power will be invited to provide feedback as part of the consultation process.

TS25.15 - Attachment 6 - Local Government Operational Guidelines - Number 18 Financial Ratios

Local Government Operational Guidelines - Number 18 Financial Ratios	Formula	Purpose	BenchMark Standard	Extrapolated onto 2015-16 Budget					
				Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
a. Current Ratio	$\frac{\text{(Current Assets MINUS Restricted Assets)}}{\text{(Current Liabilities MINUS Liabilities Associated with Restricted Assets)}}$	This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past year's transactions.	1 to 1	Green	Green	Amber	Red	Green	Green
b. Debt Service Cover Ratio	$\frac{\text{Annual Operating Surplus BEFORE Interest and Depreciation}}{\text{Principal and Interest}}$	This ratio is the measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan.	Basic >= 2 Advanced <5	3.22	1.96	1.61	0.98	<3.22	<3.22
c. Operating Surplus Ratio	$\frac{\text{(Operating Revenue MINUS Operating Expense)}}{\text{Own Source Operating Revenue}}$	This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes.	Between 1% & 15% (0.01 and 0.15)	2.7%	2.8%	-13%	-22%	2.7%	2.7%
d. Own Source Revenue Coverage Ratio	$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expense}}$	This ratio is the measurement of a local government's ability to cover its costs through its own revenue efforts.	Basic 40-60% Intermediate 60-90%	88.8%	85.2%	83.2%	77.1%	88.8%	88.8%

TS26.15	Tender No. 2015/16.03	Stormwater Drainage Construction
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Committee	13 October 2015
Council	27 October 2015
Applicant	City of Nedlands
Officer	Nathan Brewer – Purchasing and Tenders Coordinator
Director	Mark Goodlet – Director Technical Services
Director Signature	
File Reference	TS-PRO-00071
Previous Item	Item TS15.15 – Council Minutes – 28 July 2015

Executive Summary

To award the term contract for the provision of stormwater drainage construction services in the City of Nedlands.

Recommendation to Committee

1. **Agrees to award tender no. 2015/16.03 to Allwest Plant Hire Pty Ltd for the provision of stormwater drainage construction services as per the schedule of rates (Attachment 1) submitted; and**
2. **Authorises the Chief Executive Officer to sign an acceptance of offer for this tender.**

Strategic Plan

KFA: Natural and Built Environment

Award of this tender enables the City to maintain civil infrastructure as part of operational and capital works.

Background

The City of Nedlands includes a provision for stormwater drainage construction to maintain and improve the City’s road infrastructure as part of the engineering services operational works. Expenditure on this contract will exceed \$100,000. Therefore to comply with legislative requirements outlined in the *Local Government Act 1995* and ensure the best value for money for the City, this service must be tendered.

Tender documents were advertised on Saturday 8 August 2015 in the West Australian Newspaper. The tender submission period commenced on Saturday 8 August 2015 and submissions closed at 2:00 pm Tuesday 25 August 2015. Submitted tenders were opened by Officers of the City at 2:00 pm Tuesday 25 August 2015.

The City received 8 conforming tender submissions as follows:

1. Allwest Plant Hire Pty Ltd;
2. BOS Surveying Pty Ltd;
3. Erebus Contracting Pty Ltd;
4. JEK Pty Ltd ATFT Shipard Trust T/A HAS Earthmoving
5. Majestic Plumbing Pty Ltd
6. Remote Civils Australia Pty Ltd
7. TC Drainage (WA) Pty Ltd
8. MRCN Pty Ltd T/A West Force Construction

One non-conforming tender submission was also received, as follows;

1. Wolfe Civil Pty Ltd

Key Relevant Previous Council Decisions:

Item TS15.15 – Council Minutes – 28 July 2015

Council Resolution

Council resolves to decline all tenders received with respect to tender No 2014/15.18 Stormwater Drainage Construction.

Administration Comment:

The City has received correspondence from a tenderer this week regarding the tender process. In order to ensure that probity is maintained the CEO wishes to withdraw this tender; The Local Government (Functions and General) Regulations 1996 section 18 allows the Local Government to “decline to accept any tender”. By declining all tenders this will enable a fresh process to be undertaken and all tenderers will be invited to retender should they be interested. Tenders will also be invited through normal public advertising processes.

CEO Recommendation:

Council resolves to decline all tenders received with respect to Tender No: 2014/15.18 Stormwater Drainage Construction.

Consultation

Required by legislation:

Yes

No

Required by City of Nedlands policy:

Yes

No

Legislation / Policy

Local Government Act 1995, section 3.57

Local Government (Functions and General) Regulations 1996, Part 4

City of Nedlands Policy – ‘Purchasing of Goods and Services’

Budget/Financial Implications

Within current approved budget:

Yes

No

Requires further budget consideration:

Yes

No

Risk Management

Failing to appoint the contract will impact on the City’s ability to maintain and upgrade City drainage infrastructure within the agreed levels of service.

Key risk areas, including financial and regulatory risks, have been addressed through the control measures applied through the tender documentation and evaluation process. Reference checks were completed on the recommended contractor following the evaluation process.

Discussion

The tender was independently evaluated by three City Officers in accordance with the qualitative criteria specified in the tender documentation, as set out in the below table extract from RFT 2015/16.03.

<p>Organisation Capabilities A Tenderer must as a minimum, address the following information in an attachment and label it “Organisation Capabilities”.</p> <ul style="list-style-type: none"> d) Nominate key personnel to be involved in this contract and provide relevant experience and industry-recognised qualifications and registrations of the key personnel. e) Organisations to demonstrate the ability to supply and sustain the necessary manpower, plant and materials. f) Organisations to demonstrate recent experience with contracts of a similar size and scope; 	<p style="text-align: center;">Weighting</p> <p style="text-align: center;">20%</p>
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<p>Performance A Tenderer must as a minimum, address the following information in an attachment and label it “Performance”</p> <ul style="list-style-type: none"> d) The ability to supply and sustain the necessary technical resources, staff and equipment; e) Demonstrate ability to provide high quality and standard of work; f) Demonstrated ability to meet specifications of this request 	<p>Weighting</p> <p>30%</p>
<p>Demonstrated Understanding Tenderer’s must, as a minimum, address the following information in an attachment and label it “Demonstrated Understanding”:</p> <ul style="list-style-type: none"> c) An outline of the proposed methodology, inc Equipment and Material Supply details. d) Notice requirements to guarantee availability for works. 	<p>Weighting</p> <p>20%</p>
<p>Price A Tenderer must as a minimum, address the following information in an attachment and label “Price”: The tendered price(s) will be considered along with related factors affecting total cost to the Principal. Early settlement discounts, lifetime costs, the major components to be utilised, the Principal’s contract management costs may also be considered in assessing the best value for money outcome.</p>	<p>Weighting</p> <p>30%</p>

The priced items were compiled into a spreadsheet for analysis of value comparison. A price criteria score was allocated based on the best value being scored at 100% and other values scored proportionally against this price.

The pricing was weighted at 30% of the assessment with the remaining % being allocated to the qualitative section criteria.

Evaluation

Company	Score
Allwest Plant Hire Pty Ltd scored	62.82%;
BOS Surveying Pty Ltd scored	45.73%;
Erebus Contracting Pty Ltd scored	60.33%;
JEK Pty Ltd ATFT Shipard Trust T/A HAS Earthmoving scored	48.89%;
JEK Pty Ltd ATFT Shipard Trust T/A HAS Earthmoving alternative bid scored	43.86%;
Majestic Plumbing Pty Ltd scored	34.98%;
Remote Civils Australia Pty Ltd scored	52.59%;
TC Drainage (WA) Pty Ltd scored	32.48%;
MRCN Pty Ltd T/A West Force Construction scored	50.52%;

The final evaluation score and price is published in Confidential Attachment 1.

Conclusion

After an assessment of the submitted tenders it is proposed that the tender submission received from the contractor Allwest Plant Hire Pty Ltd be accepted having attained the highest score in the evaluation and providing the most cost efficient outcome.

Allwest Plant Hire Pty Ltd scored highly in a number of areas. The price schedule provided by Allwest Plant Hire Pty Ltd, although within budget, was not the lowest of the assessed submissions. However, their submission demonstrated excellent organisational capabilities, good outcomes from similar work backed up by references and an excellent understanding of the requirements of the contract. Assessment officers were in agreement that Allwest Plant Hire Pty Ltd offered the best overall value for money.

Allwest Plant Hire Pty Ltd made a submission in the original RFT 2014/15.18 which was declined in July's council meeting. That submission was deemed non-complaint due to various qualifications to the submission that resulted in it being non-conforming. That issue was rectified in this latest tender submission.

The contract provides the option to extend the contract for a period of four 12 month extensions at the end of the initial one year period, subject to satisfactory performance.

Attachments

1. Confidential Tender Assessment (not to be published).