



City of Nedlands

# ***Agenda***

## ***Special Council Meeting***

***16 August 2016***

Dear Council member

A Special Meeting of the City of Nedlands is to be held on Tuesday 16 August 2016 in the Council chambers at 71 Stirling Highway Nedlands commencing at 7 pm for the purpose of considering the Local Planning Strategy & Underground Power, Alderbury Street, Floreat.

Greg Trevaskis  
Chief Executive Officer  
12 August 2016

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## **City of Nedlands**

**Notice of a special meeting of Council to be held in the Council chambers, Nedlands on Tuesday 16 August 2016 at 7 pm for the purpose of Local Planning Strategy & Underground Power, Alderbury Street, Floreat.**

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### **Special Council Agenda**

#### **Declaration of Opening**

The Presiding Member will declare the meeting open at 7 pm and will draw attention to the disclaimer below.

(NOTE: Council at its meeting on 24 August 2004 resolved that should the meeting time reach 11.00 p.m. the meeting is to consider an adjournment motion to reconvene the next day).

#### **Present and Apologies and Leave Of Absence (Previously Approved)**

**Leave of Absence  
(Previously Approved)**

Councillor S J Porter

Dalkeith Ward

#### **Apologies**

None as at distribution of this agenda.

#### **Disclaimer**

Members of the public who attend Council meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. For example by reference to the confirmed Minutes of Council meeting. Members of the public are also advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

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**1. Public Question Time**

A member of the public wishing to ask a question should register that interest by notification in writing to the CEO in advance, setting out the text or substance of the question.

The order in which the CEO receives registrations of interest shall determine the order of questions unless the Mayor determines otherwise. Questions must relate to a matter affecting the City of Nedlands.

**2. Addresses by Members of the Public**

Addresses by members of the public who have completed Public Address Session Forms to be made at this point.

**3. Disclosures of Financial Interest**

The Presiding Member to remind Councillors and Staff of the requirements of Section 5.65 of the *Local Government Act* to disclose any interest during the meeting when the matter is discussed.

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

However, other members may allow participation of the declarant if the member further discloses the extent of the interest. Any such declarant who wishes to participate in the meeting on the matter, shall leave the meeting, after making their declaration and request to participate, while other members consider and decide upon whether the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

**4. Disclosures of Interests Affecting Impartiality**

The Presiding Member to remind Councillors and Staff of the requirements of Council's Code of Conduct in accordance with Section 5.103 of the *Local Government Act*.

Councillors and staff are required, in addition to declaring any financial interests to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making procedure.

The following pro forma declaration is provided to assist in making the disclosure.


"With regard to ..... the matter in item x..... I disclose that I have an association with the applicant (or person seeking a decision). As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly."

The member or employee is encouraged to disclose the nature of the association.

**5. Declarations by Members That They Have Not Given Due Consideration to Papers**

Members who have not read the business papers to make declarations at this point.

## 6. Local Planning Strategy

<b>Committee</b>	9 August 2016
<b>Council</b>	16 August 2016
<b>Applicant</b>	City of Nedlands
<b>Officer</b>	Christie Downie – Senior Strategic Planning Officer
<b>Director</b>	Peter Mickleson – Director Planning & Development Services
<b>Director Signature</b>	
<b>File Reference</b>	PLAN-SS-00001
<b>Previous Item</b>	CEO Report 27 October 2015 PD29.15 26 May 2015
<b>Attachments</b>	<ol style="list-style-type: none"> <li>1. Local Planning Strategy (Version 4)</li> <li>2. Submission themes discussion paper</li> <li>3. Engagement report</li> <li>4. Agency submissions list</li> <li>5. Written submissions summary</li> <li>6. Survey results summary</li> </ol>

### Committee Recommendation to Special Council Meeting - 16 August 2016

#### Council:

1. **Adopts the Local Planning Strategy (Version 4), with the following amendment (section 10.3 of Administration Report - Additional Strategy for the Dalkeith Precinct refers)**
  - a. **5.9.12 Dalkeith - second sub dot point related to the medium to long term deleted.**
  - b. **5.9.1 Swanbourne - Strategies: Amend the 2nd dot point by adding the word “immediate” before the word “priority” and add an additional 4th dot point as follows “Protect and enhance remnant bushland and greenway corridors within the precinct.”**
  - c. **2.1 Planning Principles - add the word “amenity” to dot point 1.**
  - d. **5.9.2 Mt Claremont West - Strategies: add 3rd dot point as follows: “In the medium to longterm, if any increased density is to be considered, careful consideration shall be given to high quality urban design / built form outcomes implemented by strong planning and development controls which have regard to residential form, streetscape and amenity.”**
2. **Forwards the Local Planning Strategy to the Western Australian Planning Commission for endorsement.**

**3. Prepares a Long Term Concept Map showing major land use and transport elements within and adjoining the City of Nedlands worthy of further study, including the following components:**

- a) City Centre with Neighbourhood Centres**
- b) Green Corridors, Cycleways and Other Off-road Trails**
- c) Highways, other Regional and Distributor Roads**
- d) Major Land Uses (Health, Education, Recreation, Utilities)**
- e) Areas with Biodiversity Value**
- f) Urban Growth Areas and Transition Zones**
- g) Existing Rail and Potential Light Rail Lines**
- h) Development Opportunities (Shenton Park Redevelopment, Smyth/Monash/Kareella, QEII/UWA Specialised Centre, Sunset/Tawari/Playspace)**

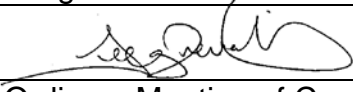
Recommendation to Committee

Council:

1. Supports the Local Planning Strategy (Version 4).
2. Forwards the Local Planning Strategy to the Western Australian Planning Commission for endorsement.

Note: Report to the Committee Meeting, of the 9 <sup>th</sup> August in relation to LPS has been previously circulated. Councillors are requested to bring their copy of the report to this Special Meeting of Council.
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## 7. Underground Power

<b>Council</b>	16 August 2016
<b>Applicant</b>	City of Nedlands
<b>Officer</b>	Maria Hulls, Manager Engineering Services
<b>CEO</b>	Greg Trevaskis – Chief Executive Officer
<b>CEO Signature</b>	
<b>Previous Item</b>	Ordinary Meeting of Council 28 July 2015, Item 14.1 Ordinary Meeting of Council 27 October 2015, Item TS25.15 Ordinary Meeting of Council 26 April 2016, Item TS07.16

### Executive Summary

On 22 March 2016 Council was presented a report from Administration which considered three proposals for the SUPP (State Underground Power Program) Round 6. The three proposals were based on 1/3<sup>rd</sup> shared funding from general revenue, owner contribution and State Government grant. Also included was a sum of \$50,000 included in the 2016/2017 budget to cover project expertise.

Council resolved to authorize all three proposals for underground power, the proposals were submitted via a tender process to Tenders WA with a closing date of 29 April 2016. The City of Nedlands has now been informed by the Department of Finance Public Utilities Office that following initial evaluation that all three proposals have not been selected to proceed to community survey at this time.

In addition to this a Town of Cambridge proposal has been selected to proceed to a community survey which includes boundary road Alderbury Street, Floreat. Alderbury Street contains 44 properties within the City of Nedlands and a request for the contact details of those properties was sought by the Town of Cambridge in order to include in the survey.

This situation now presents some complicating factors as the percentage of contributions between both Councils differs. In order to keep the process of the SUPP Round 6 moving forward and to deliver underground power to the property owners of Alderbury Street, Floreat two options are being put forward in this report for consideration by Council.

### Recommendation to Council

**Council agrees to consider the Options 1, 2, 3 and 4 in detail and decide which option is acceptable to the City in moving forward to deliver underground power to the property owners of Alderbury Street, Floreat.**



## **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 26 April 2016, Item TS07.16

### *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 2/9<sup>ths</sup> funding by the City, 4/9<sup>ths</sup> funding by the affected lot owners and 3/9<sup>ths</sup> funding by the State Government grant funds on the basis of 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.

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)
- 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

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.
- 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.
- 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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Requires further budget consideration:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

### 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 % split, at 2/3<sup>rd</sup>s combined general revenue and residents contribution, exceeds the minimum criteria and thus will receive a higher score in the selection process and be more competitive.

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

### 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 1/3<sup>rd</sup> residents' component of the project funds.

### 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 verbal advice from Western Power in December 2015 is that the price may be close to \$12,000 per lot.

## **Risk Management**

### Cash Flow

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 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.

### Commitment to Project

The City will only be formally bound to proceed with underground power under the current grants scheme following signing an agreement with the State Government. This will be dealt with by Council through further formal reporting processes. The application itself does not bind the City to proceed.

## **Discussion**

As part of the Round 6 Underground Power Program the City submitted three proposals which include all the outstanding residential lots. Following initial evaluation by Western Power the City of Nedlands projects have not been selected for community survey in the initial round.

However, one of the proposals for the Town of Cambridge included Alderbury Street in Floreat (Figure 2. Town of Cambridge Proposal Area 2) which is a boundary road between the two Municipalities. The City of Nedlands has 44 properties on south side of this road. The Town of Cambridge proposal has been successful in moving to stage two of the evaluation process and is therefore being surveyed with all residents of Alderbury Street being involved in the survey. (Figure 2. Alderbury Street City of Nedlands Allotments)

A complicating factor is that the Town of Cambridge proposals offer a 90% contribution towards project costs and the City of Nedlands had approval from Council to offer 67% of project costs in its project proposals. This leaves a difference of 23% of project costs that needs to be covered by either the City of Nedlands, the Town of Cambridge, the affected Nedlands property owners, or a combination of parties including Western Power.

The question was asked from the City of Nedlands to the Office of Finance and Public Utilities if it could fund the difference between the percentage of project funding offered by the City of Nedlands and the Town of Cambridge. It was confirmed that the Department of Finance cannot fund the difference between the percentage of project funding offered by the City of Nedlands and the Town

of Cambridge. The guidelines for the program explain government policy for the proposal funding arrangements and they are not in a position to change that policy. Also, changing project funding arrangements to accommodate this specific situation creates a precedent and could be considered unfair by other local governments and property owners who do not receive a similar benefit.

That said, there are a number of options for resolving this situation and they include the following;

Option 1

1. The City of Nedlands and the Town of Cambridge come to an arrangement to cover the difference between the proposal funding positions (23%) and the Nedlands property owners are asked to contribute either 50% of project costs (the same as the Town of Cambridge residents) which equates to approx.. \$6,200 per property owner or 44% of project costs (the same as the City of Nedlands project proposals) which equates to \$5,466 per property owner. This option may require the property owners on opposite sides of the street to be surveyed at different contribution amounts. This is not ideal, but acceptable from a probity perspective.

Option 2

2. Is for the City of Nedlands property owners to be asked to cover the difference in proposal funding positions and be surveyed at 67% of project costs. This would mean the property owner would pay approx. \$8,300 and the City of Nedlands would pay \$2,852

Option 3

3. The City of Nedlands remain with the original proposal as per Council resolution;

*Council:*

- a. *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 2/9<sup>ths</sup> funding by the City, 4/9<sup>ths</sup> funding by the affected lot owners and 3/9<sup>ths</sup> funding by the State Government grant funds on the basis of 10 year repayment plans for the owners; and*
- b. *agrees to consider inclusion of \$50,000 for the provision of underground power expertise, in the 2016/17 budget.*

The costs associated with the above arrangement would be as follows;

- a) 4/9<sup>ths</sup> Property Owner / 44% equates to \$5,466
- b) 2/9<sup>ths</sup> City of Nedlands / 22% equates to \$2,728
- c) 3/9<sup>ths</sup> State Government / 34% equates to \$4,216

These figures are all based on cost estimations received from Western Power of \$12,400 per allotment.

Option 4

4. The proposal boundaries be redrawn to exclude the City of Nedlands properties. The new boundaries could be either done the middle of Alderbury Road or exclude some Town of Cambridge properties from the proposals to align with the electricity network. The property owner contribution amounts would be adjusted to reflect the revised project costs and the removal of the City of Nedlands properties. Only Town of Cambridge property owners would be surveyed.

If the City of Nedlands properties are not surveyed, they are removed from the proposal and from further consideration. However, should the proposals be successful in being selected, the City of Nedlands has the option of entering into an arrangement with Western Power to provide underground power to these properties at the same time. Such an arrangement would be outside the Program and not part of the Program funding arrangements. Therefore, the City of Nedlands would need to make all of the arrangements with Western Power and cover all of the costs associated with the addition of these properties

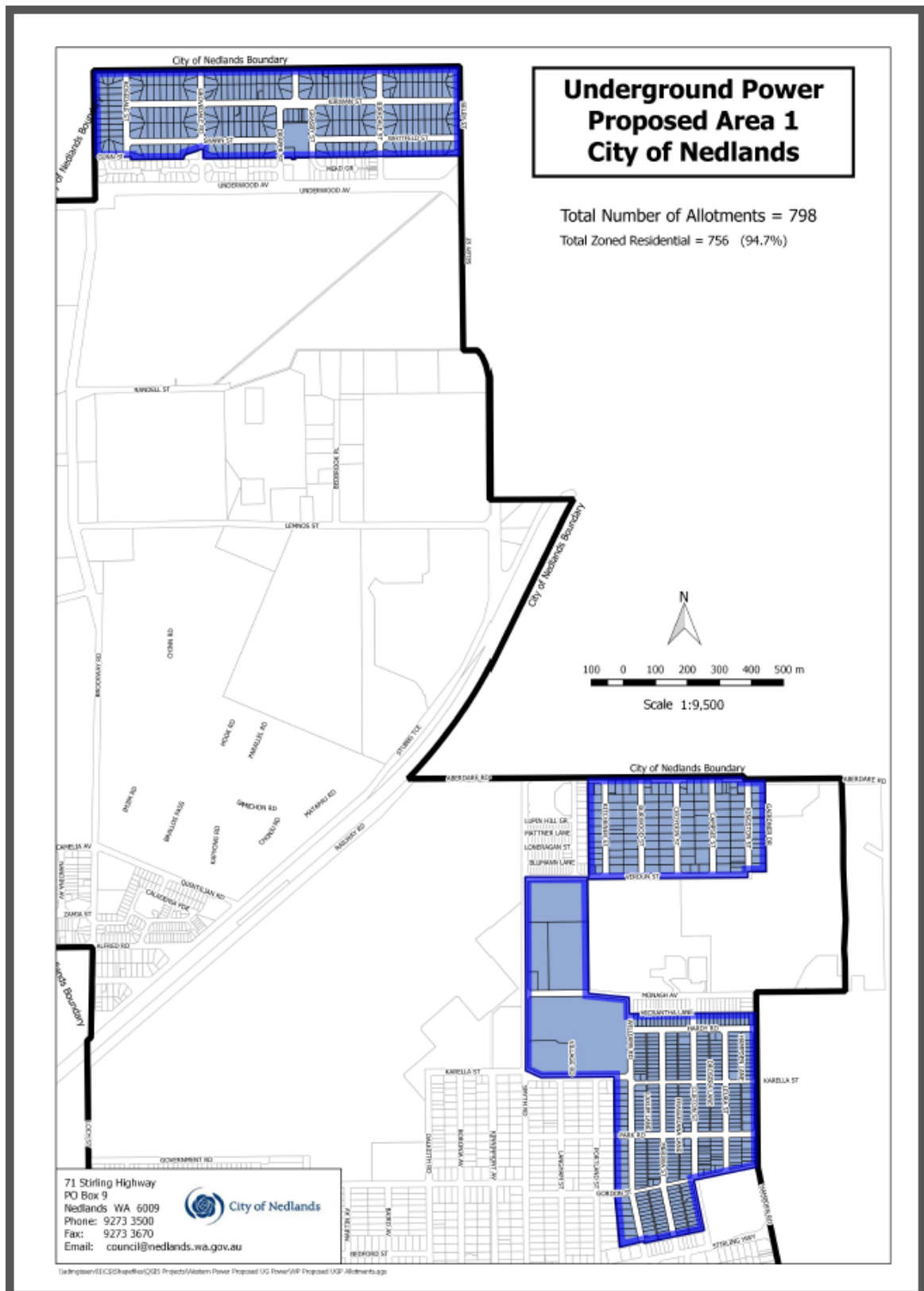


Figure 1. City of Nedlands Proposed Area 1 Including Alderbury Street, Floreat



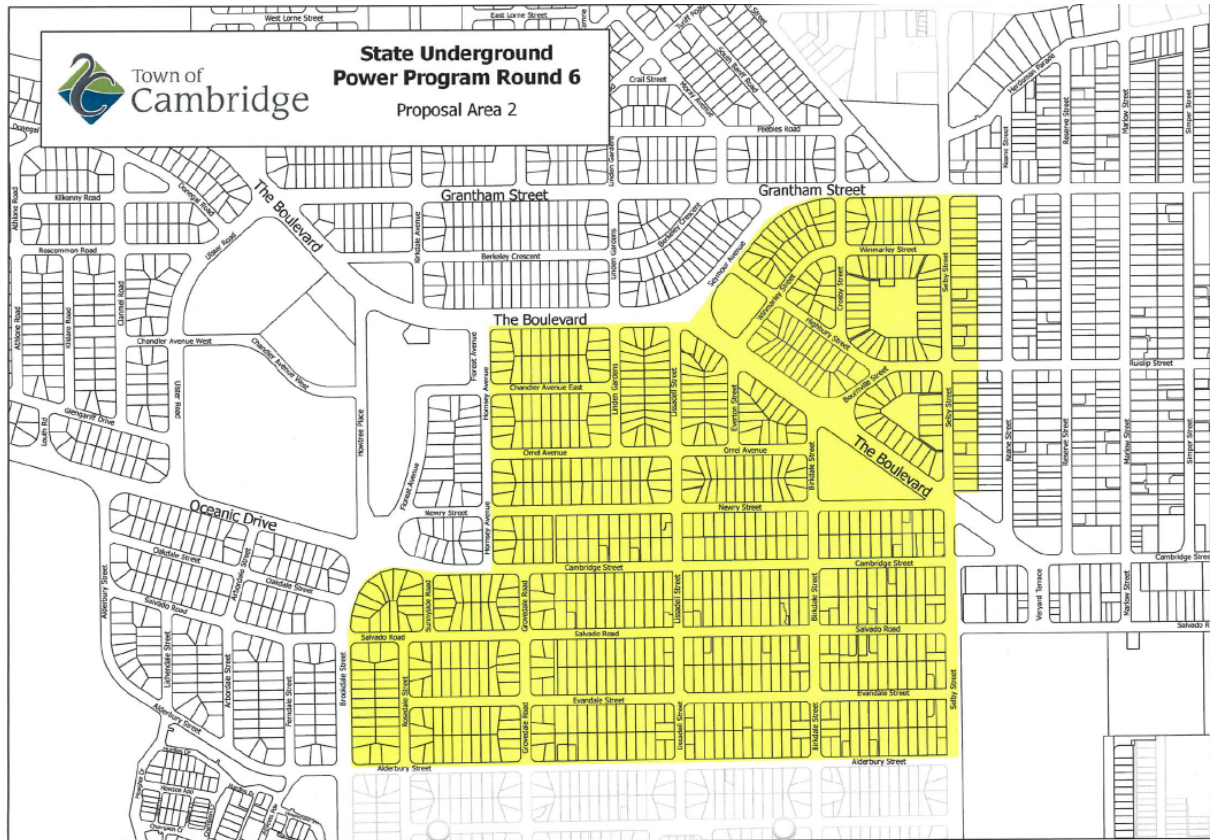


Figure 2. Town of Cambridge Proposal including Alderbury Street, Floreat

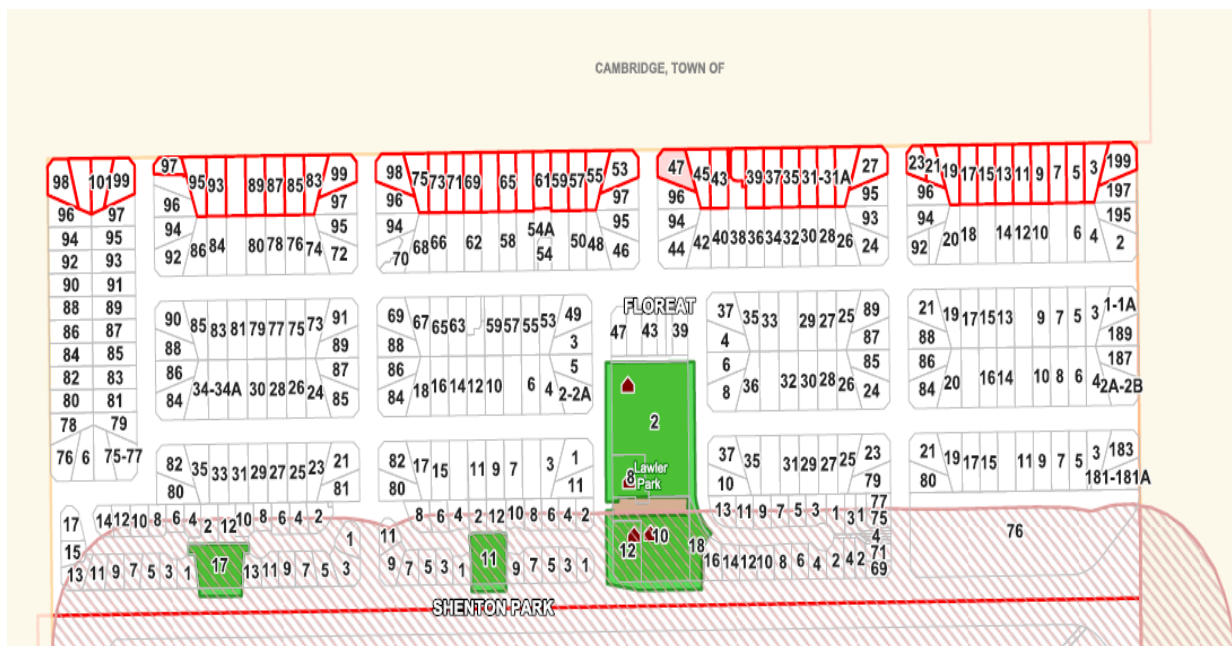


Figure 3. Alderbury Street, Floreat City of Nedlands Allotments

## **Conclusion**

The Department of Finance and Public Utilities Office are ready to go to survey of the Town of Cambridge Proposal which includes Alderbury Street, Floreat. A total of 44 property owners reside within the City of Nedlands and therefore will be required to participate in the survey as part of the evaluation process of the SUPP Round 6.

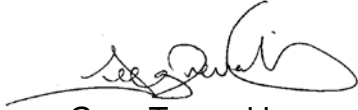
In order to deliver underground power to the residents of Alderbury Street, Floreat and capitalise on grant funding from the SUPP Round 6, two options have been presented for consideration.

## **Attachments**

Nil.

**Declaration of Closure**

There being no further business, the Presiding Member will declare the meeting closed.

A handwritten signature in black ink, appearing to read 'Greg Trevaskis', with a stylized flourish at the end.

Greg Trevaskis  
Chief Executive Officer