

WANGARATTA RURAL CITY COUNCIL



BUSINESS PAPER FOR THE SPECIAL MEETING
OF THE WANGARATTA RURAL CITY COUNCIL, TO BE HELD
IN THE COUNCIL CHAMBERS, MUNICIPAL OFFICES,
62-68 OVENS STREET, WANGARATTA
ON **THURSDAY, 31 MAY 2012** COMMENCING AT 10.00AM

Doug Sharp
CHIEF EXECUTIVE OFFICER

TABLE OF CONTENTS

	Page No.
1. ACKNOWLEDGEMENT OF TRADITIONAL OWNERS	4
2. OPENING PRAYER.....	4
3. PRESENT.....	4
4. ABSENT	4
5. ACCEPTANCE OF APOLOGIES & GRANTING OF LEAVE OF ABSENCE	4
6. CONFLICT OF INTEREST DISCLOSURE.....	4
7. BUSINESS.....	4
7.1.1.1 MULTI-DECK CAR PARK PROPOSAL: WANGARATTA CBD	4
7.1.1.2 DRAFT 2012/13 BUDGET.....	8
8. CLOSURE OF MEETING.....	15

2. Wangaratta Retail Audit and Development Plan Review / Ovens Riverside Precinct Study

The Retail Audit identified that Wangaratta's compact CBD was a strength and point of difference that should be maintained.

Recommended reinforcing the existing town centre structure through intensification of particular precincts, including key retail developments, such as new major anchor tenants.

3. GTA Consultants Car Parking Solution Wangaratta CBD Report

Identified the need for 300 car parking spaces to meet future needs and growth by 2030; 140 untimed and 160 timed for retail purposes. Untimed should be in satellite car parks in close proximity to the CBD; timed in a centralised location within the CBD. The report concluded that a multi-storey car park was justified, but was only feasible if Council constructed it in partnership with a future large-scale commercial development.

4. Wangaratta Car Parking Strategy adopted by Council in May 2011

This was based on the GTA Consultant findings with a resolution that: short-term parking spaces are to be provided in a future multi-storey car park within the CBD area and long-term car parking provided in satellite car parks adjacent to the CBD area.

5. Council Plan

"Implement the Wangaratta Central Activities Area Car Parking Strategy".

Proposal

Pursuant to fulfilling the above, negotiations have taken place with Prudential Commercial Investments Pty Ltd, (PCI) which is the owner of the shopping centre known as the Co-Store on the corner of Reid and Ovens Streets, Wangaratta.

PCI are redeveloping the Co-Store with the majority of the site (approximately 10,000 m²) becoming retail space along with a multi-level car park above the retail area on the ground floor.

PCI have themselves been in negotiations with a major retailer to anchor the redevelopment. The proposal being finalised is for:

- Major retailer to occupy 2,843m² of retail space and approximately 580m² of back of house and office.
- A further 328m² will be provided for other retail
- 610m² for a medical centre.

Car parking requirements for the total redeveloped site are 219 car parking spaces.

Council's negotiations have been to partner with PCI to build a third deck to provide an additional 145 car spaces, making 364 in total over three decks.

Two independent pieces of advice were sought on this proposal, from Deloitte and Fosters Infrastructure (who specialise in assessing joint venture car parks). In addition, specialist legal advice was received to ensure statutory

requirements and other issues were addressed, including those of Local Government Victoria.

Memorandum of Understanding

Following further negotiations with PCI, an MOU has been prepared in conjunction with Council's solicitors that reflects the various advices and consultations referred to previously (see Confidential Attachment).

The key elements of the MOU are:

1. Council to licence 145 spaces (not lease or have equity share). This was recommended by Council's solicitors (see 2.).
2. Public access is available to all 364 spaces on any floor (which is not possible under the leasing option, where individual car park spaces for exclusive use by Council would have to be identified).
3. Council's licence is protected by a Section 173 agreement which is legally binding regardless of future owner.
4. Council's participation is conditional on a major retailer being the anchor tenant and the Additional Construction Cost of building the third deck being acceptable.
5. Licence term is 20 years with 2 x 10 year options at Council's absolute discretion.
6. Licence fee is based on capital cost less Council's share of income derived from the fees net of operating and maintenance costs.
7. Maximum net licence fee amount payable by Council is 9.85% of the Additional Construction Cost indexed per annum.
8. Additional Construction Cost to be subject to expert review of replacement cost every 5 years rather than just being indexed.
9. Car parking fees will apply, commencing at the rate of \$1.00 per hour.
10. Council bears no construction or operating risk and is indemnified against any third party claims for damages, injury, etc.
11. Operating hours: 6:00am to midnight.
12. PCI to be the operator of the car park.
13. Comprehensive reporting regime protecting Council's interest to be established.

Issues

The remaining issue to be finalised is the construction of the additional car park deck or Additional Capital Cost. This will not be known until PCI have engaged a contractor to undertake the works.

As provided for in the MOU, the Additional Capital Cost must be acceptable to the Council as it is this figure that determines the value of the licence fee. Financial modelling has been undertaken based on a range of scenarios involving Additional Capital Cost outcomes to establish limits of acceptability. Providing the Additional Capital Cost falls within the range of acceptability, which for the time being must remain confidential for competition purposes, the proposal can proceed.

Implications

The proposal developed provides for Council to share in the income generated by the multi-deck car park, less maintenance and operating costs, on a proportional basis of licenced car spaces to total car spaces. On this basis the greater net income reflecting higher usage, the less net cost to Council in licence fees.

In the financial modelling a conservative approach has been taken to usage and income generated. A range of Additional Capital Cost scenarios and utilisation rates have been modelled that produce indicative net cost outcomes. Within the limits of acceptable Additional Capital Cost scenarios that have been modelled, the net cost to Council for the provision of 145 car parking spaces under licence, is estimated to be between \$175,000 and \$225,000 per annum.

A cap on the licence fee, whereby Council never pays more than 9.85% of the Additional Capital Cost as indexed, net of income and expenditure, provides security and certainty with financial planning and related implications.

This proposal, as defined in the MOU, minimises Council's risk exposure in that:

1. it does not use Council equity;
2. Council is not the operator of the car park;
3. Council's licence fee is capped;
4. Council's licence to use the car park is protected by a Section 173 Agreement that is attached to the title of the property;
5. Council has absolute discretion over an option to renew the licence after the initial 20 year term;
6. there are extensive reporting and maintenance requirements.

A further benefit of not tying up Council's own funds as equity in the car park is that it allows Council to invest these funds elsewhere for other community purposes.

Conclusion

The proposal, as provided for in the MOU, achieves Council's aim of securing a major retail tenant for Wangaratta's CBD in keeping with the vision of retaining a compact yet vibrant CBD. At the same time it provides for Council's forecast short-stay car parking needs in the CBD up until 2030 in accordance with the adopted Car Parking Strategy.

The proposal minimises Council's risk exposure while not tying up equity funds that could be invested elsewhere for community purposes.

The proposal rests on there being an acceptable Additional Capital Cost for construction of the third deck of the multi-storey car park as the basis for Council's licence fee over 145 spaces in the 364 space capacity. This will not be known until a contractor to construct the development is appointed.

Use of a licence, as opposed to other tenure options, is favoured for a variety of reasons, not the least of which it allows the public access to all 364 car spaces in the multi-deck car park.

Recommendation

1. ***That the Memorandum of Understanding between the Rural City of Wangaratta and Prudential Commercial Investment Pty Ltd (PCI) to reflect provisional agreement that:***
 - (i) ***PCI will design and construct a three storey car park;***
 - (ii) ***the parties will enter into a licence under which PCI will operate and maintain the Car Park, and Council will be entitled to occupy and use (on a non-exclusive basis) the Car Park, for the Term; and***
 - (iii) ***terms have been reached on which they will negotiate and finalise the Agreement***

be adopted.
2. ***That the Chief Executive Officer be delegated the authority to sign the Memorandum of Understanding between the Rural City of Wangaratta and PCI.***

7.1.1.2 DRAFT 2012/13 BUDGET

Council Budget 2012/13

51.060.020

Introduction

The draft 2012/13 Budget for the Rural City of Wangaratta has been prepared in accordance with the provisions of the Local Government Act 1989 and relates to the financial year commencing on 1 July 2012 and concluding on 30 June 2013.

The draft budget includes spending on services and works of \$62 million financed by grants of \$20 million, rates and charges of \$23 million, other income of \$18 million and borrowings of \$900,000.

Overview

1. Budget 2012/13: Summary

	\$'000 Proposed Budget 2012/13	\$'000 Adopted Budget 2011/12
Rates surplus brought forward from previous year	847	1,770
Income from sources other than rates & charges	38,360	38,810
Expend	(62,133)	(62,194)
Amount required from rates & charges	(22,926)	(21,614)
Amount proposed to be raised by rates & charges	23,106	21,826
Rates Surplus	180	212

2. Budget 2012/13: Strategy

The Budget has been prepared on the following basis:

- 2.1 Incorporating all key actions of the Council Plan applicable to the 2012/13 financial year.
- 2.2 Addressing the Council Plan requirements for the Long Term Financial Plan of:
 - (i) prudent management of financial risks related to debt, assets and liabilities;
 - (ii) provision of reasonable stability in the level of rating;
 - (iii) consideration of the financial effects of Council decisions on future generations;
 - (iv) full, accurate and timely disclosure of financial information;
 - (v) maintaining service delivery at current standards;
 - (vi) rate income at rate growth plus a cost index factor;
 - (vii) meeting replacement and renewal of assets as programmed;
 - (viii) provision of new assets as identified;
 - (ix) maintaining the health and functional requirements of the organisation; and
 - (x) taking a triple bottom line approach to new initiatives.
- 2.3 Ensuring that key strategies, such as footpath, transport and recreation, etc., are responded to.
- 2.4 Maintaining waste, cemetery, childcare, livestock selling, Wangaratta Performing Arts Centre, Community Support North East and plant & fleet services as stand-alone operations with any general subsidy clearly identified.
- 2.5 Providing for property and plant purchases on a self-funding basis through asset sales and use of reserves.
- 2.5 Restricting operational increases to a price index relevant to local government.

Key Features

- Recurrent expenditure increase of 2.9% including increased service levels in some areas.
- Rate rise of 5% in accordance with Council's long term financial plan;
- Total borrowings reduced by \$661,000;
- Asset renewal commitment being maintained indicating there is no gap between Council's funding and requirements. Increased renewal expenditure of \$704,000 has been provided to maintain this commitment which has been directed to: roads, bridges, drainage, kerbs, footpaths, buildings and signage; and

- Capital expenditure commitment of \$15 million.

Disclosures

The following aspects of the Budget are required to be disclosed:

- the estimated total amount to be raised by general rates is \$19,306,445;
- the estimated total amount to be raised by municipal charges is Nil;
- the estimated total amount to be raised by garbage collection charges is \$2,707,545;
- the estimated total amount to be raised by recycling charges is \$976,794;
- that an amount of \$937,801 be borrowed to support the final stage of the children's services centre, the WISAC cogeneration project and energy efficient street lighting.
- the cost of servicing the borrowings during the financial year will be \$565,889.
- the total amount of loans proposed to the redeemed during the financial year will be \$1,598,972.
- the total amount of borrowings at 30 June 2013 will be \$7,943,478.
- the proposed 2012/13 Fees and Charges are listed in Appendix D to the Budget Report.

Detailed information on all aspects of the draft 2012/2013 Budget are contained in the draft 2012/2013 Budget Report annexed to this report (***refer attachment***).

Consultation

Submissions on the Draft Budget 2012/2013 will be invited via public notice and Council's website. Copies of the Draft Budget Report 2012/2013 will be available for inspection at the Municipal Offices and at the Wangaratta Library during office hours, and on Council's website from Friday 1 June 2012 until Friday 29 June 2012. Submissions on any proposal contained in the draft Budget may be lodged at the Municipal Offices, 62-68 Ovens Street, Wangaratta during that period.

Implications

Council Plan Objectives

Council's 2009-2013 Council Plan has an objective to provide community leadership through the provision of accessible, open and consultative government. Council encourages appropriate community involvement in its governance processes and will aim to produce accurate, concise and easy to

read reports and publications for members of our public. Further, Council's objectives include ensuring that Council's plans and budgets are both responsible and sustainable.

Local Community

The establishment of the draft 2012/13 Budget is a critical component in the financial management of Council's operations to ensure the delivery of appropriate services and programs to residents and ratepayers.

Council's financial position

The draft 2012/13 Budget establishes the financial framework of Council including income and expenditure, rating strategy, borrowings and asset management programs necessary for Council operations.

Local environment

The draft budget contains financial provision for Council to achieve significant environmental outcomes for the community.

Council's workplace

The draft 2012/13 Budget establishes the organisational arrangements necessary for Council's operations.

Other

It is proposed that Councillors will meet to consider any submissions made in regard to the draft 2012/13 Budget on Tuesday, 10 July 2012 and it is proposed that Council will formally adopt the 2012/13 Budget at its Ordinary Meeting to be held on Tuesday, 17 July 2012 at 7.00 pm.

Recommendation:

That:

- 1. The draft 2012/13 Budget annexed to this resolution and initialled by the Chairperson for identification be the Budget prepared by Council for the purposes of section 127 of the Local Government Act 1989;***
- 2. That as part of the adoption of the 2012/13 Budget, Council levy the following rates and charges:***

Amount Intended to be Raised:

- a. An amount of \$22,990,784 be declared as the amount which Council intends to raise by general rates and the municipal charge and/or service rate and/or annual service charge later described in this Resolution, which amount is calculated as follows:***

	\$
General Rates	19,306,445
Municipal Charge	Nil
Garbage Collection Charge	2,707,545
Recycling Charge	976,794
TOTAL	<u>\$22,990,784</u>

- b. (i) **A general rate be declared for the period commencing on 1 July 2012 and concluding on 30 June 2013.**
- (ii) **A differential rate be declared for that rateable land having the characteristics specified below which characteristics will form the criteria for the differential rate so declared:**

Type	Description
General:	All land except where otherwise classified
Commercial/ Industrial Land	Any land which is used primarily for commercial or industrial purposes or is located at 18-20 Cusack Street, Wangaratta.
Vacant Commercial/ Industrial Land	Any land which: <ol style="list-style-type: none"> 1. is located within: <ul style="list-style-type: none"> ▪ a Mixed Use Zone; ▪ Industrial Zone 1; ▪ Business Zone 1; ▪ Business Zone 2; ▪ Business Zone 4; ▪ Special Use Zone 1; ▪ Special Use Zone 2; ▪ Special Use Zone 3; or ▪ Special Use Zone 4, under the Wangaratta Planning Scheme; and 2. has developed infrastructure and utilities available to it but in respect of which no commercial or industrial use is occurring.
Vacant General Land	Any land which: <ol style="list-style-type: none"> 1. is located within a Residential 1 zone under the Wangaratta Planning Scheme; and 2. on which no building designed or adapted for occupation is erected.
Rural Residential Land:	Any land which is located within: <ol style="list-style-type: none"> 1.1 Rural Living 1 zone; <ul style="list-style-type: none"> ▪ Rural Living 2 zone, ▪ Low Density Residential zone; or ▪ Township zone under the Wangaratta Planning Scheme; or 1.2 a Farming zone or Rural Conservation zone under the Wangaratta Planning

Type	Description
	<p>Scheme and is less than 8ha in area, except where the land is farmed as a single enterprise occupied by the same person or persons whether or not the properties are contiguous; and</p> <p>2. on which there is erected a building designed or adapted for occupation; and</p> <p>3. does not have the characteristics of Commercial/Industrial Land.</p>
Vacant Rural Residential Land:	<p>Any land which :</p> <p>1. is located within:</p> <ul style="list-style-type: none"> ▪ Rural Living 1 zone; ▪ Rural Living 2 zone; ▪ Low Density Residential zone; ▪ Township zone <p>under the Wangaratta Planning Scheme except where the land is a farmed as a single enterprise occupied by the same person or persons whether or not the properties are contiguous; and</p> <p>2. does not have the characteristics of Commercial/Industrial Land.</p>
Rural Land:	<p>Any land:</p> <p>1. which is:</p> <ul style="list-style-type: none"> ▪ located within a Farming zone or Rural Conservation zone under the Wangaratta Planning Scheme and is equal to or greater than 8 ha in area; or ▪ farmed as a single enterprise occupied by the same person or persons whether or not the properties are contiguous; and <p>2. does not have the characteristics of Commercial/Industrial Land.</p>

(iii) The differential rate be determined by multiplying the Capital Improved Value of the rateable land categorised in paragraph 2(b)(ii) by the percentage indicated as follows:

General	0.4510 Cents in \$ on CIV
Vacant General	0.9020 Cents in \$ on CIV
Rural/Residential	0.4510 Cents in \$ on CIV
Vacant Rural/Residential	0.9020 Cents in \$ on CIV
Rural	0.3315 Cents in \$ on CIV
Recreational & Cultural	0.2706 Cents in \$ on CIV
Commercial/Industrial	0.6089 Cents in \$ on CIV
Vacant Commercial/ Industrial	0.9020 Cents in \$ on CIV

(iv) It be further recorded that the objectives of the differential rate are those objectives specified in the Differential Rating Statement for the 2012/2013 rating year as presented in the Draft Budget Report 2012/13, including the following objectives:

- The equitable and efficient distribution of the rating burden.**
- To make due allowance for the availability of and access to services offered by Council to its ratepayers.**
- To make due allowance for the demand for services created by the various classes of properties.**
- To provide a discount for rural properties.**
- To encourage appropriate development.**
- To support recreational and cultural pursuits.**

Service Charges

- c. (i) A garbage collection charge be declared for the period commencing on 1 July 2012 and concluding on 30 June 2013. The garbage collection charge be in the sum of \$193 for a 140 litre mobile garbage container and \$358 for a 240 litre mobile garbage container. The garbage collection charge so declared will be applied in accordance with Council's Waste Charge Policy.**
- (ii) A recycling charge be declared for the period commencing on 1 July 2012 and concluding on 30 June 2013. The recycling charge be in the sum of \$78. The recycling charge so declared will be applied to all tenements along existing garbage collection routes within the Waste Charge Policy.**
- (iii) Fees to be paid for registration or renewal of registration, under the Domestic Animals Act 2009 for the 2011/2012 year shall be the fees set out on pages 38 and 39 of the Fees and Charges Register 2012/2013 appended to the draft 2012/2013 Budget.**
- (iv) That the Fees and Charges for the 2012/2013 year, as set out in the Fees & Charges Register 2012/2013 appended to the draft 2012/2013 Budget be adopted and applied effective from 1 July 2012, (unless otherwise proposed in the Register).**

Waivers and Concessions

- d. It be confirmed that Council grants each of the owners of the rateable lands described below a waiver:**

Department of Human Services **\$3,952.95**
Units 1 - 4/70 Burke Street, Wangaratta
Units 1 - 9/98 Burke Street, Wangaratta
Units 1 - 9/42 Manley Crescent, Wangaratta

Council grants a rebate to the Department in relation to the Municipal General Recurrent Rate of 50% for the 2012/2013 year.

Payment of Rates and Charges by Instalments

- e. **In accordance with Section 158 (4)(b) and Section 167 of the Local Government Act 1989, the dates for the payment of rates and charges for the 2012/2013 year by four (4) instalments are as follows:**

1st instalment	01 October 2012
2nd instalment	30 November 2012
3rd instalment	28 February 2013
4th instalment	31 May 2013

Consequential

- f. **The Manager – Finance and Rates Administrator of Council be authorised to levy and recover the general rates and/or service rate and/or annual service charge described earlier in this Resolution in accordance with the Local Government Act 1989.**
3. **The Chief Executive Officer be authorised to:**
- a) **give public notice of the preparation of such Budget in accordance with section 129(1) of the Local Government Act 1989; and**
 - b) **make available for public inspection the information required to be made available by the Local Government (Finance and Reporting) Regulations 2004.**
4. **Councillors consider submissions on any proposal or proposals contained in such Budget, made in accordance with section 129(2) of the Local Government Act 1989 at a meeting to be held on Tuesday 10 July 2012.**
5. **Council consider the adoption of such Budget at a Meeting of Council to be held on Tuesday, 17 July 2012 at 7pm.**

Communication

Submissions on the draft 2012/13 Budget will be invited in the local media. Copies of the draft Budget will be available for inspection at the Municipal Offices and at the Wangaratta Library during office hours, and on Council's website from Friday 1 June 2012 until Friday 29 June 2012.

8. CLOSURE OF MEETING