

6.2.7 Scheme Finalisation Report - Armstrong Road

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Recommendation(s)

That Council having declared a special charge on 18 October 2021 for the purposes of partially recovering the expenses incurred by Council in relation to the survey, design and construction of Armstrong Road, Beaconsfield Upper, including a sealed road pavement, kerb and channel and associated drainage and ancillary works:

3. Adopt a final scheme cost of \$742,955.30, which is 14% less than the \$ 859,050.00 on which the scheme was declared.
4. Note that a fixed charge of \$7,000 per benefit unit was declared on all included properties within the scheme area in accordance with attachments 2 and 3 to this report.

Attachments

1. SCS Process Chart- Armstrong [6.2.7.1 - 1 page]
2. Map - Armstrong Rd [6.2.7.2 - 1 page]
3. Confidential table [6.2.7.3 - 1 page] 6.2.7.3

Executive Summary

Council declared a special charge to fund portion of the cost of constructing Armstrong Road, Beaconsfield Upper on 18 October 2021.

The estimated cost of the works at the time of declaration was \$859,050.00 with \$94,500.00 property owner contribution based on \$7,000 per benefit unit and \$764,550.00 Council contribution, to be funded from the Australian Government grant.

The actual cost of the works following construction plus 15% to cover survey, design and administration costs totalled \$742,955.30. The amount recovered from property owners, based on the fixed amount of \$7,000 per benefit unit remains at \$ 94,500.00, therefore Council's contribution of Australian Government grant funds decreases to \$648,455.30.

Background

The Armstrong Road, Beaconsfield Upper catchment that includes Armstrong Road, Beaconsfield Upper was included for construction in Council's Sealing the Hills program. The properties included are shown on the plan included as attachment 2 to this report.

A survey of the property owners within the scheme boundary, (total of 14, was undertaken asking if they were in support of contributing to a special charge scheme at a capped contribution rate of \$7,000 per benefit unit, with a benefit unit being defined as:

- Existing lots, either developed or vacant, that gain, or will gain, primary (vehicular) access from a road being constructed would generally be required to contribute one benefit unit (\$7,000) towards the cost of construction.
- Existing lots, either developed or vacant, with side or rear abuttal to a road being constructed would generally be required to contribute one half benefit unit (\$3,500) towards the cost of construction.

- Existing lots, either developed or vacant, that gain, or will gain, primary access and have side or rear abuttal to roads being constructed would generally be required to contribute one benefit unit (\$7,000) in total
- Existing lots that have the potential to be further subdivided or developed may be allocated a multiple development benefit unit charge.

Following the survey of the property owners, where 55% of the responses received indicated support for the scheme, Council resolved to issue a notice of decision to declare a special charge on the included properties at its' Council meeting on 19 July 2021. The scheme was subsequently declared by Council, following the required advertising and 28-day submission period. at the Council meeting on 18 October 2021.

The scheme construction works are now complete, with practical completion being issued on Tuesday, 18 April 2023.

Policy Implications

The proposed special charge scheme has been developed in accordance with the provisions of the Local Government Act, Cardinia Councils Special Rate and Charge Policy and the adopted Sealing the Hills program. It is based on community benefit, health, safety, amenity and property owner support.

Section 163 of the Local Government Act provides that Council may not recover a greater portion of the cost of the works than calculated in accordance with the statutory 'benefit ratio' as set out in the previous *notice of decision* report presented to Council on 19 July 2021. Given that Council has capped the property owner contribution at \$7,000 per benefit unit, the proposed scheme is compliant.

Relevance to Council Plan

2.1 We support the creation of liveable spaces and places

2.1.1 Advocate, plan for and deliver accessible community infrastructure and services that address community need.

2.1.5 Upgrade Council's road network to improve safety and connectivity while considering traffic demand and freight transport needs.

Climate Emergency Consideration

The Sealing the Hills project will consider climate emergency reduction measures such as:

- minimising tree removal through innovative road design
- use of LED lighting to reduce energy emissions
- utilising local contractors and local road & drainage construction materials to minimise travel
- investigating the reuse and use of recycled road construction materials

Consultation/Communication

Extensive consultation was undertaken with the affected property owners, including a formal questionnaire that revealed majority property owner support for the scheme, prior to Council determining to proceed with the special charge scheme legislative process as outlined in Section 163 of the *Local Government Act 1989*.

Council resolved to issue a notice of decision to declare the scheme at its Council meeting 19 July 2021. Property owners were then sent a letter and advertisements outlining the proposal placed in the Pakenham Gazette and Hills Trader, providing owners with the opportunity to make a submission or objection within the prescribed 28-day period. Council declared the scheme at its meeting on 18 October 2021.

Financial and Resource Implications

The scheme funding arrangements are as outlined in Table 1.

Table 1. Preliminary estimated cost of project

Original estimated cost of scheme	\$859,050.00
Actual cost of the project	\$742,955.30
Adjusted Council contribution	\$648,455.30
Benefiting property owner contribution	\$94,500.00

Note: the estimated project cost includes an allowance of 15% for design, supervision and administration of the scheme.

The Australian Government \$150m grant will be used to fund Council's contribution.

Property owners will be offered the option of paying their contribution in full, or by quarterly instalments over 7-years. Instalment payments will include principle and interest, with interest calculated at the declaration of the scheme based on Council's borrowing rate at the time plus one percent.

Council will require the first payment, either in full or by instalment to be made within 6-months of the practical completion of the works.

Conclusion

That Council note:

1. The actual cost of the scheme works is \$742,955.30, which is 14% less than was originally estimated. This means that Council's contribution to the scheme of Australian Government grant funds decreases by \$116,094.70.
2. The property owner contribution to the scheme remained fixed at \$94,500.00 based on the capped contribution amount of \$7,000 per benefit unit as outlined in attachment 3 to this report.

Sealing the Hills program Special Charge Scheme process checklist



Special charge scheme projects (Section 163 Local Government Act)

Complete	Stage	Description
✓	Survey of landowners	Initial survey of property owners to assist in determining the need, associated issues and level of support for the proposed works and special rate/charge scheme.
✓	Approval to prepare scheme	Decision made to prepare scheme or to shelve project following consideration of the survey of property owners and feedback from the community. <ul style="list-style-type: none"> If the decision is that the scheme should proceed, the engineering design is completed, and a detailed estimate and an apportionment of costs are prepared. If a decision is made that the scheme should not proceed based on resident and community feedback, the affected residents are advised accordingly
✓	Intention to declare scheme	Report to Council providing information on proposed scheme including advice of impending advertising of scheme and declaration of charge. Report seeks Council approval by resolution to proceed with process.
✓	Advertisement and notification	The proposed scheme is advertised in the local newspaper and all affected property owners are notified by mail of proposed works, costs and contributions. This advertisement and notification indicate Council's intention to <i>declare</i> a scheme in a month's time and seeks submissions from affected property owners. Details of the scheme may be inspected at the shire offices.
✓	Submissions	From the time of advertising, property owners have 28 days (as set down by the Act) to lodge submissions, either in support or opposing the proposed scheme.
✓	Submissions review panel hearing	A Submissions Review Panel is convened (may be Council Committee or whole Council) and meets to consider submissions. Some submissions are written only. Submitters may also request to be heard before the committee. The panel makes a recommendation to Council regarding the scheme.
	Abandonment of scheme	The panel may recommend to Council that the scheme be abandoned. After considering the panel's report, Council may proceed to abandon the scheme following which property owners are notified and the scheme does not proceed.
✓	Declaration report	Alternatively, the panel may recommend to Council that the scheme proceed. After considering the panel's report, Council may proceed to <i>declare</i> the charges in accordance with its advertised intent. <ul style="list-style-type: none"> After this the Finance Manager issues the levy notices and there is a formal charge placed on the property. Invoices are issued seeking payment of the declared contribution. Payment may be made by instalments or lump sum. The social responsibility provision of Council's Special Charge Scheme Policy provides for those facing financial difficulty This is the final step in the process for Council to make a decision on the scheme
✓	Appeal	Property owners may lodge an application for review of Council's decision with the Victorian Civil and Administrative Tribunal (VCAT) within one month of issue of the levy notice. An appeal is listed, heard and determined by the tribunal and this process generally takes four to six months. Decisions made by VCAT are binding on all parties.
✓	Construction	Council may then proceed to construction. Tenders are invited and a contractor appointed to construct the works. Invoices are issued seeking payment of the declared contribution. Payment may be by instalments or lump sum. The social responsibility provisions of Council's Special Charge Policy provide for those facing financial difficulty.
✓	Final cost report	At the completion of the works the scheme is <i>finalised</i> and a report presented to Council.

ORDINARY COUNCIL MEETING 18 OCTOBER 2021

ATTACHMENT 6.1.4.2



Ordinary Council Meeting 18 October 2021

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