



A CENTRE OF REGIONAL EXCELLENCE

AGENDA

EXTRAORDINARY MEETING OF COUNCIL

TO BE HELD AT

THE ADMINISTRATION CENTRE, LITHGOW

ON

17 APRIL 2014

AT 5.00pm

AGENDA

ACKNOWLEDGEMENT OF COUNTRY

APOLOGIES

PRESENT

DECLARATION OF INTEREST

PUBLIC FORUM

PRESENTATIONS - NIL

MAYORAL MINUTES - NIL

STAFF REPORTS

Corporate and Community Reports

COUNCIL COMMITTEE MINUTES - NIL

DELEGATES REPORTS - NIL

NOTICES OF MOTION - NIL

QUESTIONS WITH NOTICE - NIL

NOTICE OF RECISSIONS - NIL

BUSINESS OF GREAT URGENCY

as identified by Clause 241 of the Local Government (General) Regulations 2005

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CORPORATE AND COMMUNITY REPORTS

ITEM-1 CORP - 17/04/14 - COMBINED DELIVERY PROGRAM 2013-2017 AND DRAFT OPERATIONAL PLAN 2014-2015

**REPORT BY: D MCGRATH - CORPORATE STRATEGY AND COMMUNICATIONS
OFFICER & P MCFARLANE – A/FINANCE MANAGER**

REFERENCE

Min No 13-156: Ordinary Meeting of Council held on 6 May 2013

SUMMARY

In response to accepting tenders for Stages 2 and 3 of the Lithgow Aquatic Centre Council resolved to hold an Extraordinary Council meeting to deal with the Delivery and Operational Plans.

The Council's Combined Delivery Program 2013/14-2016/17 and Draft Operational Plan 2014/15 and Draft Fees and Charges 2014/15 have been prepared and are provided for the consideration of Council to place on public exhibition.

The Delivery Program 2013/14 – 2016/17 was adopted at the Ordinary Meeting of Council held on 6 May 2013 by Council for its four-year term of office.

The Draft Operational Plan 2014/15 details the operational (recurrent or annual) activities, capital works and new initiatives to be undertaken in the 2014/15 financial year. The Operational Plan implements the Delivery Program 2013-2017 and is provided to Council for adoption.

COMMENTARY

Background

In October 2009, NSW Parliament passed the Local Government Amendment (Planning and Reporting) Bill 2009 requiring all NSW local Councils to develop a 4 year Delivery Program and Annual Operational Plan as part of an overall Integrated Planning and Reporting Framework.

Lithgow City Council plays an important role in the community by undertaking a wide range of activities and works on behalf of residents and visitors. To inform the community of these planned activities and works, the Council prepares a combined four year Delivery Program and annual Operational Plan. The Plan provides details of how Council will fund proposed activities and how Council will measure its performance.

Following a series of internal workshops with Councillors, the draft Operational Plan 2014/15 has been prepared and details Council's activities and Revenue Policy for

2014/15. It incorporates the strategies of the Community Strategic Plan 2026 for the four year period identifying those activities which are operational (recurrent or annual) activities or capital works and new initiatives to be undertaken.

An overview of some of the key features contained in the Council's combined Delivery Program 2014/15-2016/17 and Draft Operational Plan 2014/15 is provided below. The aim of the Plan is to provide a solid financial framework to ensure infrastructure and Council services can be provided to meet the requirements of residents and ratepayers as far as is practicably possible.

The 2014/15 Draft Operational Plan has been prepared predicting an increase of 3% in wages and material costs.

General Rates

In 2010, changes were made to the Local Government Act 1993 to delegate the task of setting the annual rate peg away from the Minister of Local Government and passed it on to the Independent Pricing and Regulatory Authority (IPART).

In December 2013, IPART announced that the 2014/15 Rate Peg Determination would be 2.30%. The rate pegging limit has been reflected in the Draft Operational Plan 2014/15 and will provide an additional income of \$263,041 on the General Rate income to be received in 2014/15.

Following a general revaluation of the Lithgow Local Government Area by the Valuer General of New South Wales, the new valuations as at 1 July 2013 will be applied for the pending 2014/15 annual rate levy.

As per the valuations provided to Council by the Valuer General's Office, the 2013 revaluation resulted in a land valuation change of -2.44% from the base year 2010. The Residential Zone A category resulted in a total valuation movement increase of 0.5%.

Fees and Charges

The Council has reviewed its fees and charges to ensure that they contribute to a balanced budget. Some fees and charges are set by legislation which may result in some increases not being in line with the general Council index. Council controlled fees and charges were generally increased by 3.5%.

Interest Income

The interest income earned on Council's investments is impacted by the average level of funds invested and the interest rates available. Whilst it is extremely difficult to forecast future interest rates, the budget includes a slight reduction in rates from the current 3.41% to 3.25%. Expected changes in Financial Institution regulations scheduled to come into effect early in 2015 will require banks to hold more capital to support their loan portfolios. This is anticipated to reduce interest rates offered in short term deposits (up to 180 days) to Council which will affect the level of interest income expected to be earned by Council.

Parking Rates

The Special Parking Rate will be levied on 153 CBD business properties within the designated area of Lithgow. This rate is to fund the maintenance of parking facilities within the designated area. Council will apply the ad valorem rate for 2014/15, 0.9193

which will be applied to the valuations of applicable properties. This will generate income of \$237,831.24 (GST exclusive).

Special Rate Variation – Infrastructure Levy

Council resolved in 2009 to apply to the Minister for Local Government for a special rate variation for infrastructure improvements in the local government area. The variation was approved for a 10 year period. Funds raised by this special rate are being used to improve many of the local roads and community buildings.

Council continues to apply for grants to both the State and Federal Governments and for corporate sponsorship in addition to the special rate to progress improvements as quickly as possible.

The works funded by the Special Rate Variation in the following table are included in the combined Delivery Program 2013/14 – 2016/17 and Draft Operational Plan 2014/15:

Proposed Infrastructure Levy: Special Rate Variation s508 (2) of the Local Government Act 1993			
	2014/15	2015/16	2016/17
Roads			
Browns Gap Road	105,000	110,000	115,000
Hampton Road	103,000	110,000	115,000
Reseals - 10mm	120,000	120,249	122,366
Lithgow/ Portland Lanes	90,101	90,000	90,000
Total Road Improvements	418,101	430,249	442,366
Buildings			
Golf Club	15,000		
Lake Wallace Toilets: Refit Interior & Security	37,000		
General Asset Building Maintenance	51,500	107,000	111,000
Total Building Improvements	103,500	107,000	111,000
TOTAL EXPENDITURE SPECIAL RATE	521,601	537,249	553,366

Section 94A Levy Contributions

Council has undertaken a review of its Development Contributions Framework and has proceeded with the introduction of a Section 94A Levy Plan that will apply across the LGA.

Note: The table below identifies the Section 94A Levy Contribution portion only for each project.

Proposed 3 Year Works Program – Section 94A Levy Contributions			
	2014/15	2015/16	2016/17
Roads			

Rural Roads Rehabilitation	100,000	100,000	100,000
Town & Village Drainage	50,000	50,000	50,000
Buildings			
Aquatic Centre Stage 2/3	100,000	100,000	100,000
CCTV	10,000	10,000	10,000
Total Expenditure Section 94A	260,000	260,000	260,000

Waste Charges

Due to the further development of the waste disposal facility at Blackman's Flat, upgrading of the Lithgow Solid Waste Facility and the closure and rehabilitation of rural landfills during 2014/15 it is recommended that the residential and business garbage charge be increased by \$13.55 per property from \$387.00 to \$400.55.

Waste Charges		
Type of Service	Charge (\$) (GST ex)	Estimated Yield (\$) (GST ex)
Residential	400.55	3,307,741
Business	400.55	251,943
Non Rateable	400.55	50,869
Unoccupied Urban	148.55	84,819
Rural	95.77	223,150
Total Estimated Yield		3,918,522

Stormwater Charges

It is proposed that the following stormwater charges will be levied on all residential and business properties within identified urban areas (except those which are vacant land) and remain unchanged from the 2013/14 stormwater charges. The levy is used to partly fund the maintenance and improvements to urban drainage as well as the flood mitigation works at Farmers Creek, Lithgow.

Stormwater Charges		
Type	Charge (\$)	Estimated Yield (\$)
Residential	25.00	152,900
Strata Unit (Residential)	12.50	1,263
Business	25.00 per 350sq metres (\$1,500 Cap)	88,050
Total Estimated Yield		242,213

Grant Funding and Corporate Sponsorship

The Council is continuing to apply for funding from the State and Federal Government and other sources. Council is planning for a significant upgrade of the Portland Sewerage Treatment Plant and will receive a total of \$10 million in grant funding in 2015/16 from the Resources from Regions program.

Council has secured \$4.2 million of funding from the NSW Office of Environment and Heritage for flood mitigation works to be undertaken on Farmers Creek from Tony Luchetti Sportsground to Glanmire Oval. Council is required to contribute an additional \$2.1 million in funding for Flood Mitigation Works.

Best Practice Water and Sewer Pricing

In 2010/11 Council was required as part of the funding conditions from the NSW State Government for the upgrade of the Lithgow Sewerage Treatment Plant to introduce major changes to its Water and Sewer Pricing which would see best practice in line with industry standards.

The 2014/15 water pricing structure ensures the Lithgow local government area maintains water charges in compliance with the NSW Best Practice Guidelines of 75% of residential income from usage and 25% of revenue from access charges.

Council has reviewed in detail the water consumption pattern of the last 15 years and has resolved to continue using the two tier structure that is currently in place.

Sewerage Charges

Over recent years Council has spent approximately \$30 million in the upgrade of the Lithgow and Wallerawang Sewerage Treatment Plants. Plans are also being made to upgrade the Portland Sewage Treatment Plant.

In 2014/15 the following residential or business sewage access charges will be levied on all rateable and non rateable properties which are connected to or within 75 metres of Council's reticulated sewerage system:

The sewerage access charge has been held at the 2013/14 level to offset the water access increase.

The following sewerage usage charges will be levied to all properties using Council's reticulated sewerage system:

Sewerage Charges		
Sewerage Access Charge		
Type	Charge (\$)	Estimated Yield (\$)
Residential	836	5,964,024
Less write-off pension rebate		-160,000
Business (main size):		
200mm	1,085	651
100mm	1,085	22,210
50mm	954	55,761
20mm	720	256,032
Total Estimated Yield		6,138,678
Sewerage Business Usage Charges		
Type	Charge (\$)	
Business (most commonly 95% of water usage)	1.55	

Water Charges

The residential or business water availability charge will be levied on all rateable and non rateable properties which are connected to or within 225 metres of Council's reticulated water supply system. Water usage charges will be levied to all properties using Council's reticulated water supply system.

The average residential water consumption for 2012/13 was 168kl with 82% of residential properties consuming less than 250kl in the year.

Water Charges		
Water Availability Charges		
Type	Charge (\$)	Estimated Yield (\$)
Residential	150	1,155,900
Less write-off pension rebate		-172,988
Business (main size):		
200mm	970	970
100mm	970	26,195
50mm	854	64,877
20mm	645	268,195
Total Estimated Yield		1,343,149
Water Usage Charges		
Kilolitres Used	Charge (\$)	
0 – 250 Residential	2.96 / kl	
250+ Residential	4.45 / kl	
All business – Flat rate	2.96 / kl	

Residential Water and Sewer Access Charges			
Charge	2013/14	2014/15	Increase
Water Access	\$135.00	\$150.00	11.11%
Sewerage Access	\$836.00	\$836.00	0.00%
Total Combined Access Charges	\$971.00	\$986.00	1.54%

Interest charges on outstanding property balances

Interest to be charged on rate and charges arrears has been determined by the Division of Local Government which is to be 8.5% in 2014/15. This is a reduction of 0.5% from the 2013/14 rate of 9.0%.

Capital projects and discretionary expenditure

To highlight major capital projects and discretionary expenditure in the combined Delivery Program and Draft Operations Plan they may be summarised as:

Capital Projects & Discretionary Expenditure: Summary of Major Projects			
	Expenditure	Income	2014/15
General Fund			
Executive			
LG Election (Future years to Reserve)	35,000		35,000
Operations			
Bridge Improvements	104,300		104,300
Kerb & Gutter Construction	87,283		87,283
Footpath Construction	95,760		95,760
Rural Roads Improvements: Gravel Re-sheeting	201,366	150,000	51,366
Roads to Recovery Program	560,000	560,000	0
Infrastructure Levy Program (2009/10 DLG Application 5% Special Rate Variation)			
Infrastructure Levy Program (5% Special Rate: Income in Operating)			
Browns Gap Road	105,000		105,000
Hampton Road	103,000		103,000
Reseals – 10mm	120,000		120,000
Lithgow/Portland Lanes	90,101		90,101
Golf Club	15,000		15,000
Lake Wallace Toilets: Refit Interior & Security	37,000		37,000
General Asset Building Maintenance	51,500		51,500
Sec 94/94A Plan			
Rural Roads Rehab	100,000		100,000
Drainage Construction	50,000		50,000
Aquatic Centre Stage 2/3 – Loan Servicing	100,000		100,000
CCTV	10,000		10,000
Operations Miscellaneous			
CBD Enhancement	400,000		400,000
Guardrail Installations	30,900		30,900
Line Marking	30,000		30,000
Tree Removal Contract	20,000		20,000
Bus Shelters	11,330		11,330
Floodplain Management			

Flood Mitigation	3,207,503	3,138,335	69,168
Recreation			
Streetscape Improvements	25,754		25,754
Tony Luchetti Improvements	75,750		75,750
Lake Lyell Improvements	72,900		72,900
Aquatic Centre – Stage 2/3	3,600,000	3,600,000	0
Watercourse Maintenance / Farmers Creek Vegetation	20,600		20,600
Cemetery Improvements	49,664		49,664
Plant			
Light / Heavy Vehicles – Including to Reserve	1,337,000	337,000	1,000,000
Buildings			
Capertee Toilet	100,000	100,000	0
Lake Lyell Amenities	14,500		14,500
Rydal Toilet Block – Land Purchase	40,000		40,000
Other	870,200	150,000	720,200
Planning			
Rural Lands Study	80,000		80,000
Marrangaroo DCP Masterplan	150,000		150,000
Corporate			
Lithglo	25,750		25,750
Xmas: Main St Decorations Duplicated above	14,300		14,300
Economic Promotions	40,000		40,000
Main St Façade Program	20,000		20,000
CBD Business Attraction Program	150,000		150,000
Information Technology			
IT Reserve as programmed	206,900	41,900	165,000
Library			
Resources	118,775	22,000	96,775
E-Book Service	10,000		10,000
Community & Culture			
Youth Day Activities	3,000	1,500	1,500
Blast Furnace Park & Inch Street Bridge	322,000	172,000	150,000
Youth Program	5,000		5,000

Borrowings

In 2014/15 Council intends to borrow up to \$4,600,000 for the General Fund to carry out the following works:

Aquatic Centre Stage 2/3	\$3,600,000
Flood Mitigation	\$1,000,000

Note: A further \$1,000,000 will be borrowed for the Flood Mitigation Program in 2015/16.

Community Engagement

The Draft Delivery Program 2013-2017 and Draft Operational Plan 2014-2015 is provided for Council's consideration to place on public exhibition for a minimum period of 28 days. Closing date for public submissions will be Friday 23 May 2014. This will allow the document to be put to the Council on 2 June for adoption.

Should the Council endorse the Combined Delivery Program 2013/14 – 2016/17 and Draft Operational Plan 2014/15, community briefing sessions will be held on the following days and times:

- Wednesday 30 April, 6.30 - 7.30pm - Rydal Mount Guest House
- Thursday 1 May, 6.30 – 7.30pm – Old Hartley School
- Wednesday 7 May, 6.30 – 7.30pm – Capertee Memorial Hall

Council's Corporate Strategy and Communications Officer will be available by appointment for interested members of the community wishing to discuss the Draft Operational Plan 2014/15.

POLICY IMPLICATIONS

NIL arising from the report.

FINANCIAL IMPLICATIONS

The financial implications of the combined Delivery Program 2013/14 – 2016/17 and Draft Operational Plan 2014/15 are detailed in the financial plans provided.

LEGAL IMPLICATIONS

The Local Government Act 1993 and Local Government (General) Regulation 2005 outlines requirements for the preparation, exhibition and adoption of the management plans. The Draft Operational Plan must be exhibited for a minimum period of 28 days.

ATTACHMENTS

1. The combined Delivery Program 2013/14 – 2016/17 and Draft Operational Plan 2014/15.
2. Draft Fees and Charges 2014/15.

RECOMMENDATION

THAT:

1. Council note the operating result of the Operational Plan is a deficit position of \$167,673.24
2. Council applies to the Office of Local Government for \$2,000,000 of the LIRS subsidy to be switched from the Aquatic Centre Stage 4 to the Farmers Creek Flood Mitigation Program.
3. The combined Delivery Program 2013-2017 and Draft Operational Plan 2014-2015 be placed on public exhibition for a minimum of 28 days. This will include the following documents:
 - a. The combined Delivery Program 2013/14 – 2016/17 and Draft Operational Plan 2014/15.
 - b. Draft Fees and Charges 2014/15.

BUSINESS OF GREAT URGENCY

In accordance with Clause 241 of the Local Government (General) Regulations 2005 business may be transacted at a meeting of Council even though due notice of the business has not been given to the Councillors. However, this can happen only of:

- a) *A motion is passed to have the business transacted at the meeting: and*
- b) *The business proposed to be brought forward is ruled by the Chairperson to be of great urgency.*