

**City of Kingston  
Special Council Meeting**

**Agenda**

**4 July 2011**

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**Notice** is given that a Special Meeting of the Kingston City Council has been scheduled for 6.00pm at 1230 Nepean Highway Cheltenham on Monday 4 July 2011.

*Business will be as follows:*

- 1. Apologies**
- 2. Disclosures of conflicts of interest**
- 3. Items of Business**
  - N 102 2011/12 Draft Budget Submissions**
  - N 103 Mordialloc Creek Dredging Program Strategy - Update**

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**N 102**

**2011/12 Draft Budget Submissions**

**Approved by:** John Nevins, Chief Executive Officer

**Author:** Paul Franklin, General Manager Corporate Services

In accordance with Sections 127 and 158 of the Local Government Act, Council advertised that its draft Budget was available for inspection and invited written submissions on any proposal contained in the draft Budget on Wednesday, 25 May 2011. Section 127 requires that the Budget must be on display for at least 28 days and that Council consider any submissions received from interested parties pursuant to Section 223 of the Local Government Act.

The period for submissions relating to the 2011/12 Budget and Statutory Disclosures closed at 5.00pm on Wednesday, 22 June 2011 with formal adoption scheduled for the Special Council meeting at 6.00pm on Monday, 11 July 2011.

Two submissions on the Budget had been received at the time of preparing this report. These are summarised below with the full submissions attached to this report.

<b>Submitter</b>	<b>Issue Raised</b>	<b>Officer Comment</b>
Mr John Smith and Mr Stanley Holland (Richfield Retirement Village)	Request Council to apply a refurbishment adjustment to Retirement villages in Kingston. This would be in the form of a discount on Rates of 5% for unrefurbished units between 2 and 5 years old and 10% discount for unrefurbished units between 5 and 10 years old. This refurbishment adjustment is not applied to valuations of Retirement Villages in Kingston. Richfield residents presented a petition to Council in February 2011 asking that Council consider a differential rate for Retirement Villages.	The refurbishment general adjustment table in the Specialist Property Guidelines issued by the Valuer General is not meant to be a mathematical rule to be applied in all cases. Kingston is valuing Retirement Villages within the Valuer General's overall guidelines.  Refer to Attachment A from Julian Harvey (Property Services Manager) - Retirement Village Rating Valuation Principles, which includes a letter from the Valuer General that confirms Kingston's approach that the guide provides examples of applying a refurbishment allowance and that professional judgements need to be made.
Mr Jack Stanhope	Raised several matters relevant to the budget including: 1. Apart from the Landfill Levy what other cost shifting is Council experiencing.  2. The final payment of the inherited debt can be dropped from future payments. How much to ratepayers?	1. An exact figure is not easily calculated however examples of grants received over recent years will be provided.  2. As per Councils previously adopted Long Term Financial Strategies, annual interest and principal repayments of \$2.35 million has been redirected to Capital Renewal projects.

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	<p>3. Is Council picking up the maintenance of roadside assets from Vic Roads? If so, why?</p> <p>4. Loss of grants of \$0.7 million is this part of cost shifting and why not reduce services?</p> <p>5. Employee Numbers 811 EFT compared to 784 in 2009/10. Have we increased services to that extent?</p> <p>6. Employee costs up 4.7%, what is the anticipated wage increase.</p> <p>7. Explain the \$2 million call up for the Defined Benefits Scheme.</p>	<p>3. Council has delayed since 2004 taking responsibility under the Road Management Act for specific road reserves. Generally Vic Roads are still responsible for the maintenance of Road Reserves.</p> <p>4. Capital Grants have reduced to \$2.1 million however in 2010/11 significant “one-off” stimulus grants were received from the Federal Government for projects such as the development of Bicentennial Park, Patterson Lakes Primary School Warm Season Grass Conversion and Skate, BMX and Youth Spaces Study. The reduction in grants do not relate to operating grants.</p> <p>5. This is mostly due to the growth in services and some organisational changes. An explanation of the movement from 784 in 2009/10 to 811 in the 2011/12 Draft Budget is attached. (Note change over 2 years).</p> <p>6. The Enterprise Bargaining Agreement in place incorporates a \$36 per week increase or 3.5% increase (whichever is greater) from 1 July 2011. The balance of the increase is related to movement within the banding structure and related employee oncost movement (eg annual leave and LSL provisions).</p> <p>7. A shortfall in the liquidity level of the closed (to new members since 1993) Vision Super Defined Benefits Superannuation fund has been identified by the Funds’ actuary and the Trustees of the Fund have made a call on employer members of the fund. Kingston’s share of the overall \$71 million shortfall is \$2,043,893 including the Federal Government Superannuation Contributions Tax. Council recently adopted an approach to repay this debt without a call on the ratepayers.</p>

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**Detailed responses to each of the submissions will be provided following the adoption of the Budget. Any late submissions will be brought to the attention of Councillors at the Special Council Meeting.**

**Recommendation**

That Council notes that two submissions were received on the 2011/12 Budget for consideration prior to the adoption of the Budget and the declaration of rates and charges at the Special Council meeting to be held on Monday 11 July 2011.

**N 103            Mordialloc Creek Dredging Program Strategy - Update**

**Approved by:** Tony Rijs, General Manager Environmental Sustainability

**Author:** Peter Bain, Manager Infrastructure

**1. Purpose**

The purpose of this report is to provide an update of the Mordialloc Creek maintenance dredging project for 2011/12 and 2012/13 and the development of a 10 year management plan. The strategy previously presented in March 2011 is still current and a number of tasks have been created and milestones reached. The State has announced funding commitments however we are awaiting written details from Melbourne Water. The report seeks endorsement of the current plan to commence works by mid-July 2011.

**2. Council Plan**

- Planned Outcome 1 – Infrastructure for a Safe and Active Community  
Strategy: 1.1.1 – Implement asset management program. Identify and undertake priority works.
  
- Planned Outcome 2 – A Sustainable Environment  
Strategy: 2.3.4 – Implement the Coastal Management Plan – coastal infrastructure objectives.  
Objective 7b – Coastal Management Plan – improving and sustaining the boating facilities & waterways.
  
- Planned Outcome 5 – Community Inspired Leaders  
Strategy: 5.1 – Be community centric – advocate funding for environmental and amenity improvements along Mordialloc Creek.

**3. Background**

- The City of Kingston is the Committee of Management for Mordialloc Creek from the creek mouth up to the railway bridge. Melbourne Water manages the creek upstream as a drainage course including Area C noted in Figure 1 overleaf. The mouth of the creek and the pier are managed by Parks Victoria.



*Figure 1: Mordialloc Creek – Overview of proposed dredging sections*

- The Ordinary Council Meeting of 23 March 2011 received the report - Mordialloc Creek Dredging Tender Assessment Contract 10-123 and endorsed the recommendation to engage Birdon Pty Ltd to perform the works subject to Coastal Management Act Consent being received. Council received Consent on 22 June 2011. The contract with Birdon has not yet been executed.
- Preliminary works including an initial hydrographical survey, sediment tests and water sample tests have been initiated by Council and completed.
- Birdon Pty Ltd has completed early work elements of the scope of works including the development of an environmental management plan, project schedules and construction plans in support of the successful Consent application as agreed.
- Mooring Permit holders have been advised to remove all vessels from the Lambert Island channel by 1 July 2011. The boating clubs have been actively supporting these arrangements.
- Further licenses and permits from Melbourne Water for the works are in process and are supported by DSE. They are expected to be provided in time to commence works.
- Environmental constraints have confirmed that the dredging season is between April and November. Dredging works for the Lambert Island channel must commence no later than mid-July 2011 to be completed in time.
- The Minister for Water, the Hon Peter Walsh MP, issued a media release on the 4 May 2011 committing the \$6M over two years required to complete the main creek channel dredging.
- Melbourne Water has not provided details of the funding arrangements due to issues around delegated approval.

#### **4. Summary and Conclusion**

At this point there are two options available for consideration:

1. Continue as per the schedule and strategy and commence works without explicit confirmation of the funding from Melbourne Water.
  - a. Finalise the contract with Birdon. They have fulfilled their commitments to date without payment.
  - b. Commence dredging operations in mid-July with completion at end November.
  - c. Fund the cash flow as per table 1 below.
  - d. Commence work on the 10 Year Master Plan for the Mordialloc Creek.
  - e. Prepare the Tender for the main channel dredging operation in 2012.
2. Reject the tender with Birdon and wait until Melbourne Water funding arrangements are clear.
  - a. Pay out Birdon for work completed and liquidated damages. Estimated payout is \$200,000, assuming minimum claims from Birdon.
  - b. Re-tender dredging operations for the entire creek for completion in 2013 or 2014 depending on progress of the Sustainable Management Plan. Note that the current consent would immediately lapse and further work would be subject to the City of Kingston, Melbourne Water, DSE and Parks Victoria agreeing on a Sustainable Management Plan first.
  - c. Rescind notice to move boats from the Lambert Island channel.

#### **5. Consultation**

Consultation has already taken place with the key stakeholders (internal and external including Melbourne Water; Parks Victoria, DSE and Marine Safety Victoria). Consultation has also taken place with the Mordialloc Creek Community including recreational, environmental and commercial users over detail plans and the program of works.

#### **6. Issues**

There are a few identified risks and issues associated with the current plan to commence dredging immediately, the key ones not being managed by the project are:

- Melbourne Water may manage to defer the provision of funds which would defer the second phase of dredging. The City of Kingston will need to fund the cash flow as shown in Table 1.
- The Minister for the Environment has not yet given a decision on a concession of the entire EPA levy for disposal of the sediment. This is not factored in the attached cash flow.

There are a wide range of issues and risks associated with not continuing with immediate dredging:

- Birdon Pty Ltd would have a claim for work performed and possibly for damages if the contract was withdrawn.
- Community expectations are high and there would be significant fallout from the community groups especially the boating clubs who have already begun boat movements.
- The work done in obtaining consent under the Coastal Management Act would be lost as consent is strongly tied to the actual contractor, the contractor's plans and the actual work methods used.

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- The condition of other infrastructure such as mooring poles and revetments mean that new work plans will need to be developed and licenses / consent given.
- No dredging will be able to be performed this season and the best finish date is likely to be pushed out until November 2014.

**7. Options**

As per Section 4.

**8. Triple Bottom Line Checklist**

- **Environmental** – this is a sensitive project environmentally and a substantial portion of the costs are incurred in safe disposal of the silt. The consent to perform the works under the CMA (including EPA approval) will impose restrictions regarding water quality, disposal of contaminated silt, odour controls and acid sulphate soil management.
- **Social** – as the current condition is a major issue for the users of the Creek and the general Mordialloc community, there is overwhelming support for the project however the short-term dislocation and inconvenience to residents and business adjacent to points nominated for transfer of the silt will need to be carefully managed.
- **Financial** – Table 1 overleaf indicates the estimated cash flow for the preferred schedule and distribution of work packages. The Lambert Island section is to be completed by end Q2 2011/12 with preparatory design and testing work commencing May 2011. The main sections of the creek to be completed in Q1 and Q2 2012/13 with preparatory and finalisation work either side. Retention and final quality assurance payments would be in Q3 2012/13

**9. Recommendation**

That Council resolve to approve the letting of Contract 10 - 123 in accordance with the Mordialloc Creek Dredging Strategy so that works can commence around Lambert Island in mid-July to ensure completion by end November, in accordance with CMA Consent.