

JELlicOE AVENUE, MONBULK SPECIAL CHARGE SCHEME RECONCILIATION

Report Author: Special Charge Scheme Officer
Responsible Officer: Director Built Environment & Infrastructure
Ward(s) affected: Chandler;

The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.

CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

SUMMARY

This report presents to Council for approval the final cost of works for the Jellicoe Avenue, Monbulk Road Improvement Works Special Charge Scheme.

RECOMMENDATION

That

- 1. Council approve the Final Cost of Works (Attachment 1) associated with the Jellicoe Avenue, Monbulk Special Charge Scheme with no variation in landowner apportionment costs.***
- 2. Landowners included in the special charge scheme be advised of the result of the final costing of the scheme.***

RELATED COUNCIL DECISIONS

At the meeting held on 28 March 2017, Council declared a special charge scheme for the construction of Jellicoe Avenue, Monbulk.

In accordance with the provisions of Section 163 of the *Local Government Act 1989*, notice was served upon all persons liable for the special charge.

DISCUSSION

Purpose and Background

Council's Special Charge Scheme policy recommends that upon completion of the final costing for the project that a report be presented to Council advising:

- That the works are complete and costs finalised;
- Of the final apportionment costs to liable property owners; and
- Of the details of any variation between the original estimate and final costing.

The *Local Government Act 1989 (Section 165)* requires that where there have been savings achieved with a special rate or special charge, Council must make a refund which is proportionate to the contributions received by the Council, to the current owners of the relevant land.

Recommended option and justification

This report recommends that Council approve the Final Cost of Works (Attachment 1) for the Jellicoe Avenue, Monbulk Special Charge Scheme, with no variation in landowner apportion costs.

FINANCIAL ANALYSIS

Works have been formally completed for the improvement of Jellicoe Avenue, Monbulk as proposed to landowners.

The following is a summary of the costs associated with the project.

Jellicoe Avenue, Monbulk	Project Estimate	Actual Cost	Saving (Overrun)
Total cost of works	\$1,306,893	\$1,240,252	\$66,641
Council WSUD Costs			
Water Sensitive Urban Design Works (ex Scheme - Council/Melbourne Water cost)	\$46,000	\$56,818	(\$10,818)
Council SCS Costs			
Council's 20% contribution (broader community benefit)	\$252,179	\$236,687	\$15,492
Contribution for landowner costs over ceiling of \$15,500 per	\$287,585	\$225,617	\$61,968

Residential Development Unit			
Jellicoe/Vika Intersection works	\$2,550	\$2,550	Nil
Total Council Scheme Costs	\$542,313	\$464,854	\$77,459
Landowner Costs			
Cost per individual Residential Development Unit	\$15,500	\$15,500	Nil
Total landowner costs (excluding financing costs)	\$718,580	\$718,580	Nil

The Special Charge Scheme has been completed at a saving of \$77,459 compared to the initial scheme estimate.

The methodology for determining the apportionment of costs for the scheme is as follows:

1. Estimate of Cost is established;
2. Council costs for any external works are deducted from the Estimate of Cost;
3. A calculation of broader community benefit is determined as a percentage of the sum of Estimate of Cost less Council cost for external works;
4. A sub total is established of Estimate of Cost less costs for external works and less Council contribution for broader community benefit;
5. The sub total is then apportioned amongst landowners; and
6. If the cost per Residential Development Unit exceeds the agreed ceiling amount (\$15,500), a further contribution is made by Council on the basis that should there be any savings achieved in the delivering the scheme compared to the Estimate of Cost, that this subsidy will be first reduced before any savings would become available to landowners.

This same process is then applied in the distribution of the actual costs incurred for the scheme.

Council scheme costs have reduced by \$77,459 as a result in the reduction in the contribution for landowner costs over the ceiling of \$15,500 per Residential Development Unit and Council's 20% contribution to the scheme.

As the actual landowner costs still exceed the Special Charge Scheme ceiling amount of \$15,500, which was the ceiling amount for residential properties specified when landowner support for the scheme was received, the actual costs to landowners will not vary.

APPLICABLE PLANS AND POLICIES

This construction of a local road as a Special Charge Scheme meets the Council Plan 2021-2025 strategic objective of Quality Infrastructure and Liveable Places. Local road construction also has benefits related to the strategic objective of a Vibrant Economy, Agriculture and Tourism.

Council's Special Charge Scheme Policy for Infrastructure Improvements sets out in detail the procedures for managing Special Charge Schemes.

RELEVANT LAW

Special Charge Schemes for Infrastructure Improvements are implemented under the Special Charge provisions of the *Local Government Act 1989*.

SUSTAINABILITY IMPLICATIONS

Economic Implications

As the actual landowner costs still exceed the Special Charge Scheme Council ceiling amount of \$15,500 (per Residential Development Unit), these costs will not vary.

Social Implications

See comments (above) under Economic Implications.

Environmental Implications

Environment implications of the works were considered when Council declared the Special Charge Scheme.

COMMUNITY ENGAGEMENT

Landowners were advised at the time that the Special Charge Scheme was declared that, if there are any savings when final costings of the works are determined upon completion of the scheme, the savings will be reapportioned, and the landowner component of the savings will then be passed onto landowners.

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

Part of Council's funding for the scheme was sourced from the Federal Government's Roads to Recovery Program.

Water Sensitive Urban Design works were jointly funded by Melbourne Water and Council.

RISK ASSESSMENT

Risk assessment of the works was considered when Council declared the Special Charge Scheme.

CONFLICTS OF INTEREST

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

ATTACHMENTS TO THE REPORT

1. Final Cost of Works