



NOTICE OF A SPECIAL COUNCIL MEETING

Dear Council Member,

Please be advised that a Special Council Meeting of the Shire of Dandaragan will be held on **Thursday 14 June 2012** at the **Council Chambers, Jurien Bay** commencing at **12.30pm**.

The purpose of the meeting is to consider the signing of a Financial Assistance Agreement for the Supertowns Development Project Fund – Jurien Bay City Centre Enhancement Project and to establish an Overnight Cash Deposit Facility to hold the funds from the Project.

Please be advised that your copy of the agenda and business papers for the meeting are attached for your perusal.

A handwritten signature in blue ink, appearing to read "Tony Nottle", is positioned above the typed name.

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Tony Nottle
CHIEF EXECUTIVE OFFICER

8 June 2012



SHIRE
of
DANDARAGAN

AGENDA AND BUSINESS PAPERS

for the

SPECIAL COUNCIL MEETING

to be held at the

COUNCIL CHAMBERS, JURIEN BAY

on

THURSDAY 14 JUNE 2012

COMMENCING AT 12.30PM

(THIS DOCUMENT IS AVAILABLE IN LARGER PRINT ON REQUEST)

AGENDA FOR SPECIAL COUNCIL MEETING TO BE HELD THURSDAY 14 JUNE 2012

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

1.1 DECLARATION OF OPENING

1.2 DISCLAIMER READING

“No responsibility whatsoever is implied or accepted by the Shire of Dandaragan for any act, omission or statement or intimation occurring during this meeting.

It is strongly advised that persons do not act on what is heard at this meeting and should only rely on written confirmation of Council’s decision, which will be provided within fourteen (14) days of this meeting.”

2 RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

Members	Councillor S Love	(President)
	Councillor L Short	(Deputy President)
	Councillor D Kent	
	Councillor L Holmes	
	Councillor K McGlew	
	Councillor W Gibson	
	Councillor M Sheppard	
	Councillor T Bailey	

Staff	Mr Tony Nottle	(Chief Executive Officer)
	Mr R Pepper	(Manager Technical Services and Works)
	Mr W George	(Manager Building Services)
	Mr S Clayton	(Manager Corporate Services)
	Mrs M Rourke	(Manager Environmental Health)
	Mr J Hurley	(Manager Planning)
	Mr B Bower	(Integrated Planning & Strategic Projects Coordinator)

Apologies	Mr Ian Rennie	(Deputy Chief Executive Officer)
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Approved Leave of Absence Councillor M Russell

3 PUBLIC QUESTION TIME


4 PURPOSE OF THE MEETING

The purpose of the meeting is to consider the signing of a Financial Assistance Agreement for the Supertowns Development Project Fund – Jurien Bay City Centre Enhancement Project and to establish an Overnight Cash Deposit Facility to hold the funds from the Project.

5 ORDER OF BUSINESS

5.1 FINANCE

5.1.1 JURIEB BAY CITY CENTRE ENHANCEMENT PROJECT – SUPERTOWNS FUNDING DRAFT FINANCIAL ASSISTANCE AGREEMENT (FAA)

Location:	Lot 124 Bashford Street, JurieB Bay
Applicant:	Department Regional Development & Lands
File ref:	
Disclosure of interest:	None
Date:	8 th June 2012
Author:	Tony Nottle, Chief Executive Officer
Signature of author:	

PROPOSAL

To endorse the projects and indicative funding for the Civic Precinct & Enhancement Project (the Project) under the Royalties for Regions (R4R) SuperTowns Program.

BACKGROUND

As part of the SuperTowns process the Shire of Dandaragan submitted its Growth Plan and three (3) business cases to the Department for Regional Development & Lands (DRDL) on the 6 March 2012.

These business cases were (in order of preference)

1. Aged Care Health Plan & Precinct
2. City Centre Enhancement Project
3. Industry Development Strategy

On the 31 May 2012 the Member for Moore, the Honourable Grant Woodhams MLA announced on behalf of the State Government that the Shire of Dandaragan would receive \$12,137,850 towards the Project.

Unfortunately the other priority projects of the Aged Care Health Plan and the Industry Development Strategy were not successful for funding.

As a result of this announcement, information has been received from DRDL personnel in relation to the establishment of a specific "SuperTowns Development Project Fund" as well as a draft Financial Assistance Agreement (FAA) which needs to be completed by 15 July 2012.

The FAA will require further detail to be obtained by Shire administration as to more accurate costs of the projects due to their conceptual nature at the time of submission.

Council's architect and other technical contractors are currently

working on the detailed designs at this moment.

COMMENT

In relation to what elements of the Project that the DRDL have funded there are some aspects that have not been funded. In essence the following elements were proposed:

Civic Precinct Stage 1 Development

Civic Building	\$9,287,000
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City Centre Infrastructure Improvement Project

Sewerage Project Stage 1 (Priority projects)	\$2,700,000
Stormwater Management Strategy	\$ 150,000

Total	\$12,137,000
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Council would be aware that a preliminary design of the three (3) proposed infill sewer stages was undertaken by engineering firm Cardno early 2012. The indicative costs associated with stage one of the project exceed the allocated amount.

Original estimate	\$2,700,000
Preliminary Design estimate (Cardno)	\$4,666,036
Difference	-\$1,966,036

While these figures were submitted to the DRDL early May 2012 they were not factored into the request for funding.

Proposed amendments

Provided in the attachments is a marked up version of the Draft FAA. All amendments have been tracked whereby deletions are annotated with a "strikethrough" and additions are in colour. Comments are also shown as speech bubbles.

As the FAA is in draft format the Shire administration will need to amend the Draft FAA to ensure the outcomes, milestones and funding components can be achieved.

In addition it seems an extra allocation of \$844,000 was added to the Civic Building which can be allocated to the Sewerage Project.

The Shire was also unsuccessful in obtaining funding for public realm works, Bashford Street re-design, further planning and design guideline development. As these were unsuccessful, this makes the stormwater management plan ineffective if these are not going to occur. It is therefore envisaged that \$150,000 will be allocated to the Sewerage Project.

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This still leaves the Shire \$971,186 short of the capital cost.

It is proposed that provided a Pre Funding Agreement (PFA) and be reached with the Water Corporation for the capital cost of the sewer, that a loan will be raised by the Shire of Dandaragan for this amount, which will be reimbursed by the Water Corporation.

This project would be dependent on that funding and the PFA.

CONSULTATION

- DRDL
- Manager Corporate Services
- Manager Planning
- Wheatbelt Development Commission
- Seleeba Adams Architects

A governance structure will also be established in due course for the delivery of the projects over an estimated 2 year timeframe.

STATUTORY ENVIRONMENT

There are no statutory implications relevant to this item.

POLICY IMPLICATIONS

There are no policy implications relevant to this item.

FINANCIAL IMPLICATIONS

Proposed funding (subject to negotiation with DRDL)

<u>Civic Precinct Stage 1 Development</u>			
Item of Expenditure	R4R	Other Source	Source of Funds
Building	\$ 5,414,500.00		
External Works	\$ 645,000.00	\$ 80,000.00	Shire of Dandaragan in kind
External Services	\$ 195,000.00	\$ 30,000.00	Potential Savings if Sewerage Project successful
Fit out	\$ 210,000.00	\$ 90,000.00	Department of Environment and Conservation; Department of Fisheries in
ITCC Fit out	\$ 713,500.00		
Project Management and Consultancy Fees	\$ 690,000.00	\$ 12,000.00	Shire of Dandaragan in kind
Contingencies and Escalation Allowances	\$ 575,000.00		
Sub Total	\$ 8,443,000.00	\$ 212,000.00	
<u>City Centre Infrastructure Improvement Project</u>			
Item of Expenditure	R4R	Other Source	Source of Funds
Preliminary design (\$140,000 already funded)	\$ -		
Detailed design Pumping Station C & Pressure Main (incl survey & geotechnical)	\$ 387,862.00		
Sewer infill design for Town Centre catchment area 'C' & area '1' (incl survey & geotechnical)			
Install Pumping Station 'C' & Pressure Main	\$ 1,829,754.00	\$ 971,186.00	Funded by Council via loan funds <u>conditional</u> upon obtaining pre funding agreement with Water Corporation
Install sewer infill (Town Centre)	\$ 1,477,234.00		
Sub Total	\$ 3,694,850.00		
Grand Total	\$ 12,137,850.00	\$ 1,183,186.00	

All of the above allocations will be brought back to Council at the

appropriate time for approval and budget amendment.

STRATEGIC IMPLICATIONS

The City Centre Enhancement Project is a strategic project which features in both the SuperTowns Growth Plan and the Strategic Community Plan.

This project will establish a tourist / visitors centre, enable development, establishment of government offices, higher education, co-located government services and the Community Resource Centre.

Infill sewerage has been a long term goal for the Shire of Dandaragan over a significant number of years.

ATTACHMENTS

Circulated with the agenda are the following items relevant to this report:

- Email regarding Draft FAA from the DRDL
- City Centre Enhancement Business Case
- Email from DRDL regarding savings of \$844,000
- Jurien Bay Infill Sewer Planning (Cardno report) May 2012
- Draft FAA marked up with tracked changes – *to be distributed under separate cover*

(Marked 5.1.1)

VOTING REQUIREMENT



Simple majority

OFFICER RECOMMENDATION

That Council:

1. **recognise the proposed funding of \$12,137,000 from the Department of Regional Development & Lands towards the City Centre Enhancement Project;**
2. **endorse the Description of Project as detailed in Section 5 of the Draft Financial Assistance Agreement and proposed amendments in the attached documentation on the understanding that further detailed design, costing and milestones are still to be developed; and**
3. **authorise the Shire President and the Chief Executive Officer to sign and affix the common seal to the Draft Financial Assistance Agreement to achieve the following project:**
 - i) **Civic Precinct Stage 1 Development**
 - ii) **City Centre Infrastructure Improvement Project (Infill Sewer Stage 1)**

5.1.2 ESTABLISHMENT OF AN OVERNIGHT CASH DEPOSIT FACILITY FOR THE SUPERTOWNS DEVELOPMENT PROJECT FUND – JURIE BAY CITY CENTRE ENHANCEMENT PROJECT

Location:	Shire of Dandaragan
Applicant:	
Doc ID:	8157
Date:	7 June 2012
Author:	Scott Clayton, Manager of Corporate Services
Signature of author:	
Senior officer:	Tony Nottle, Chief Executive Officer
Signature of senior officer:	

PROPOSAL

To establish appropriate controls and procedures to allow the Shire of Dandaragan to take receipt of SuperTown Project Funding of \$12,137,850 prior to 30 June 2012.

BACKGROUND

Correspondence has been received from Ms Lynette O'Reilly, General Manager of SuperTowns at the Department of Regional Development and Lands (DRDL) advising that they wish to disburse SuperTowns funding for the amount of \$12,137,850 to the Shire of Dandaragan prior to 30 June 2012.

A draft Financial Assistance Agreement (FAA) has also been distributed to the Shire of Dandaragan outlining outcomes expected of the Supertowns Development Project Fund – Jurien Bay City Centre Enhancement Project.

These outcomes can broadly be broken down into two achievables, the Civic Precinct Stage 1 Development and City Centre Infrastructure Improvement Project with corresponding costs associated to each.

These outcomes and costs have been drawn from the Business Case submitted by the Shire of Dandaragan as part of the initial SuperTowns funding round.

The correspondence also outlines the requirements of the Shire to establish an Overnight Cash Deposit Facility (OCDF) with the Western Australian Treasury Corporation specifically for the purpose of holding the SuperTowns funds until such time as agreed milestones are reached at which point funds will be transferred from the OCDF to the Shires regular Municipal bank account.

The following is an extract from the Draft FAA;

“SCHEDULE 6 – REQUIREMENT FOR FUNDS TO BE INVESTED WITH THE WESTERN AUSTRALIAN TREASURY CORPORATION (WATC)

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The full amount of the Funding provided under this Agreement is required to be invested by the Recipient with the Western Australian Treasury Corporation (WATC) until expended as per the Project Budget detailed in Schedule 4.

The Recipient must invest the Funding with the WATC by opening a separate Overnight Cash Deposit Facility (OCDF) and depositing in the OCDF the Funding, within seven (7) days of receipt of the Funding from the Department. This facility gives the Recipient access to their funds at call. Interest is calculated daily and paid monthly.

The Recipient is required to authorise the Department as a joint signatory to its WATC OCDF account relating to the Funding and all withdrawals/drawdowns will require the approved signatures of both the Department and the Recipient before WATC will release the funds.

The Recipient provides authority for the WATC to send to the Department copies of all investment confirmations and monthly statements as evidence of investments and/or transactions.

The Recipient may invest the whole or any part of the Funding from the OCDF into one or more WATC Short Term Inscribed Stock facility (STIS facility). On maturity of investment of the Funding in a STIS facility, the Funding may be reinvested in a further STIS facility. The Funding must be redeposited into the OCDF once it is no longer held in a STIS facility.

Any interest earned from either the Recipient's OCDF account or a STIS facility must be deposited into the ODCF and utilised for the Project in accordance with this Agreement."

Finally, to meet the requirements of GST, DRDL will require the initial funds to be deposited into the Shire's Municipal bank account with GST being withheld then an immediate transfer of the grant funds to the OCDF.

COMMENT

Local Government is required each year to produce a balanced budget. By taking possession of the grant funds prior to 30 June 2012 the Shire will have an opening surplus for 2012/2013 of an additional \$12,137,850.

Having such an opening surplus, the budget of the Shire of Dandaragan would need to allocate this entire surplus to identified expenditure, in accordance with the achievables identified in the funding agreement.

A difficulty that has arisen from the short time frame between the announcement of the funding and the receipt of the funds is that there has been insufficient time to calculate accurate costs for the

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achievable, be it individual capital projects or operational expenses.

The draft FAA does include costs to each of the achievables but these are drawn from the business case where the conceptual designs were costed on a square metre basis using various formulas. Further detailed architectural design is required for more accurate costing in the future.

To allow accurate costings sufficient for inclusion into a budget, time must be allocated to call for expressions of interest and various quotes and possible tenders.

With such short time frame it is unlikely that these costs can be accurately calculated in time for inclusion into the 2012/2013 annual budget which is generally adopted in July.

It is therefore proposed that a reserve be setup for the purpose of holding the SuperTown funding until such time as accurate costs and milestones can be established.

Once established a budget amendment would be presented to Council to transfer the funds from this reserve back to the Municipal fund and to identify the individual expenditure line items in accordance with the FAA, its achievables and its milestones.

CONSULTATION

Chief Executive Officer

STATUTORY ENVIRONMENT

- Section 6.37 subsection (2) of the Local Government Act
- Section 6.11 subsection (1) of the Local Government Act

POLICY IMPLICATIONS

There are no policy implications relevant to this item.

FINANCIAL IMPLICATIONS

The initial receipt of the funds will give rise to an unbudgeted income event, a budget amendment will be required to receive these funds.

The transfer to reserve will require Council to authorise the creation of a reserve for the specific purpose as well as a budget amendment to authorise the transfer.

To begin utilising the funds for the SuperTown Projects a further budget amendment will be required authorising transfer from reserve as well as a budget amendment to identify the individual expenditure line items.

STRATEGIC IMPLICATIONS

There are no strategic implications relevant to this item.

ATTACHMENTS

Circulated with the agenda are the following items relevant to this report:

- Email from Ms Lynnette O'Reilly
- Overnight Cash Deposit Facility Brochure
(Marked 5.1.2)

VOTING REQUIREMENT

Absolute majority

OFFICER RECOMMENDATION

That Council authorise:

1. **the creation of an Overnight Cash Deposit Facility with the Facility Identification: "SuperTowns Development Project Fund" in accordance with Schedule 6 "REQUIREMENT FOR FUNDS TO BE INVESTED WITH THE WESTERN AUSTRALIAN TREASURY CORPORATION (WATC)" included in the draft Financial Assistance Agreement for the Supertowns Development Project Fund – Jurien Bay City Centre Enhancement Project;**
2. **a budget amendment to recognise non-operating grant income of \$12,137,850;**
3. **the creation of a reserve titled "Jurien Bay City Centre Enhancement Project" for the purpose of "fulfilling the requirements, outcomes and achievables identified in the Financial Assistance Agreement for the Supertowns Development Project Fund – Jurien Bay City Centre Enhancement Project;**
4. **the transfer of \$12,137,850 from the Shire of Dandaragan's Municipal bank account to the Shire of Dandaragan's Overnight Cash Deposit Facility with the Facility Identification: "SuperTowns Development Project Fund"; and**
5. **the appropriate entry to be made in the Shire of Dandaragan's financial records to recognise \$12,137,850 as belonging to the Jurien Bay City Centre Enhancement Project reserve.**

6 CLOSURE OF MEETING