



BUSINESS PAPER

EXTRAORDINARY MEETING OF COUNCIL

To be held on

Wednesday, 15 May 2019
4pm

at

Armidale Council Chambers

Members

Councillor Simon Murray (Mayor)
Councillor Dorothy Robinson (Deputy Mayor)
Councillor Peter Bailey
Councillor Jon Galletly
Councillor Diane Gray
Councillor Libby Martin
Councillor Andrew Murat
Councillor Debra O'Brien
Councillor Margaret O'Connor
Councillor Ian Tiley
Councillor Bradley Widders

AGENDA

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Item:	9.1	Ref: AINT/2019/09249
Title:	FOR DECISION: Adoption of Draft Three Year Delivery Program 2018 - 2021, Operational Plan 2019-20 and Resourcing Strategy	Container: ARC17/1962
Author:	Nathalie Heaton, Service Leader Governance, Risk and Corporate Planning	
Attachments:	<ol style="list-style-type: none">1. Draft Delivery Program 2018-20212. Draft Operational Plan 2019-20203. Draft Resourcing Strategy 2019-20204. Draft Revenue Policy 2019-20205. Draft Fees and Charges 2019-2020	

RECOMMENDATION:

- (a) That Council endorse the following draft documents for public exhibition for a minimum period of 28 days pursuant to the requirements of the Local Government Act 1993:
- Draft three year Delivery Program 2018-2021;**
 - Draft Operational Plan 2019-2020;**
 - Draft Resourcing Strategy, incorporating the Long Term Financial Plan, Workforce Management Plan and Asset Management Plan;**
 - Draft Budget 2019-2020, contained in the draft Resourcing Strategy;**
 - Draft Revenue Policy 2019-2020; and**
 - Draft Fees and Charges 2019-2020.**
- (b) That in relation to the Draft Capital Budget 2019-2020:
- That the Capital Budget 'Scenario 2' 2019-2020 be endorsed**
 - That the Kempsey Road Big Hill Project be undertaken**
 - That the Airport Apron be re-considered in the Capital Program if an additional \$350,000 can be secured in grant funding through the Security Screening Project.**
- (c) That the Draft Plans (a. – f. above) prepared under the Integrated Planning and Reporting (IP&R) Framework be placed on public exhibition from Friday 17 May to Monday 17 June; and
- (d) That following the exhibition period, a report be presented to Council on 26 June 2019, which outlines community submissions, along with the final IP&R Plans.

Background

The purpose of this report is to endorse the various draft Plans, required to be prepared under the Integrated Planning and Reporting (IP&R) Framework, for public exhibition.

Key Issues and Risks

The Integrated Planning & Reporting (IP&R) suite of documents must be adopted by 30 June 2019 in line with the statutory requirements.

The Community Strategic Plan (CSP) was readopted on 23 May 2018 and captures the long term aspirations of our community. It is a blueprint for the future and tells us what is important to the

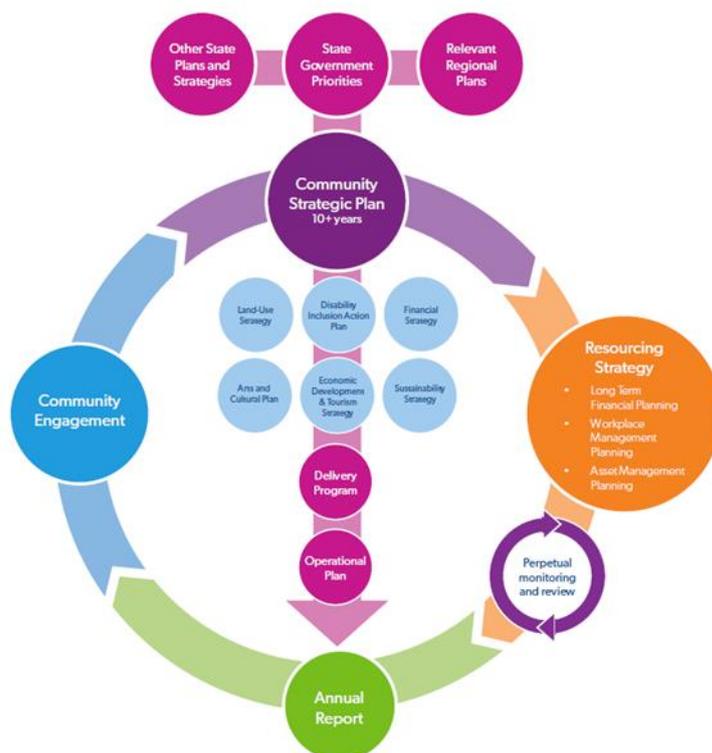
community, where we should allocate Council resources and is a guide for decision making about issues that will impact the region.

The Delivery Program (DP) and Operational Plan (OP) provide detail of how the community aspirations in the CSP are systematically translated into actions that lie within the responsibility and resourcing (time, money, assets and people) capacity of Council.

The Long Term Financial Plan (LTFP) ensures that Council is a financially viable, adequately funded and sustainable organisation. The Workforce Management Plan (WMP) ensures Council has the skills and resources available to achieve the CSP goals. The Asset Management Strategy and Plans (AMPs) demonstrates how Council manages assets using a lifecycle approach to support services provided to the community.

The IP&R Framework is built on a quadruple bottom line, that is, the pillars of sustainability of economy, social, environmental and civic leadership. The plans reinforce the imperative of the integration of sustainability into Council's core business as outlined in the DP and OP.

The framework is summarised in the following diagram:



The framework requires the development, implementation and review of the following planning components:

- A Community Strategic Plan [covering a timeframe of at least 10 years];
- A Delivery Program [4 Year Plan aligned with the term of each council];
- An Operational Plan and Budget [1 Year Plan];
- A Resourcing Strategy – comprising the Long Term Financial Plan [10 Year Plan], Workforce Management Plan (WPM) [4 Year Plan] and Asset Management Strategy and Plans (AMPs) [10 Year Plan]

The first DP for the newly elected Armidale Regional Council covered a three year period (1 July 2018 to 30 June 2021) in accordance with the Local Government (Council Amalgamations) Proclamation 2016. It is a statement of commitment to the community for the newly elected Council for their term of office.

The DP 2018 – 2021 sets out Council's proposed course of action. It details the broad goals and principal activities that Council will pursue in addressing the CSP objectives and strategies.

The Draft OP 2019-2020 details the priority and non-routine works and services that Council will undertake during the coming year. The Budget 2019-2020 is incorporated into the Resourcing Strategy and details the proposed revenue and resourcing allocations to support Council's activities.

Integrated Planning and Reporting Framework

Community Strategic Plan – Leadership for the Region

L2 – Council exceeds community expectations when managing its budget and operations

L2.3 – Council's strategic planning documents are integrated in a way which delivers community outcomes while effectively managing budgets, asset management and workforce planning

L2.3.1 – Develop and review Integrated Planning and Reporting Framework in line with statutory requirements

Stakeholder Engagement

The DP and OP have to be consulted on and reviewed every year. After each local government election, Council is required to review its CSP.

Under the provisions of the Act, the IP&R suite of documents must be exhibited for public comment for a period of 28 days. The public exhibition period will be Friday 17 May to Monday 17 June 2019.

Public consultation outlined in the Communications & Engagement Plan comprises widespread promotion through advertisements, media releases, email to key stakeholders, e-newsletters, the Your Say Armidale online hub, radio and social media. Hard copies can be viewed at the Armidale and Guyra offices. A community workshop will be held to enable interested members of the community to give feedback and provide input.

All submissions received during the exhibition period will be reported to Council at its meeting to be held on 26 June 2019. Council is required to adopt the DP and OP, Operational Budget, Resourcing Strategy and Revenue Policy by 30 June 2019.

Financial Implications

The DP and OP outline a range of projects, programs and activities to be completed over the next three years. The Operational Plan outlines those activities budgeted for in the draft 2019/20 budget. The DP and OP are underpinned by the Resourcing Strategy, which ensures Council is positioned to achieve the objectives it has set.

A statement on the 2019-2020 Fees and Charges is detailed in a separate Revenue Policy (Part A) document. The Revenue Policy (Part B) provides statements on the 2019-2020 Ordinary Rates and Annual Charges. The submissions received on the Revenue Policy will be reported to the 26 June 2019 Council meeting.

Draft 2019-20 Budget

An extensive process has been undertaken in order to deliver a budget that is not in deficit both in terms of the operating and cash results and sets a path towards financial sustainability. This has necessitated the elimination of all non essential spend from the operating budget and the inclusion of a capital budget scenario that prioritises asset renewal and safety factors over new capital demands. In order to deliver the recommended draft budget scenario some projects and commitments have not been able to be funded in the 2019/20 financial year.

The draft 2019-20 budget includes a consolidated operating surplus of \$2.04 million with the following fund operating surplus results:

1. General Fund	\$20,391
2. Water Fund	\$973,803
3. Sewer Fund	\$1,045,886

The improvement of the General Fund operating result from the previous adopted original 2018-19 budget position of a \$3.5m deficit is particularly important. The General Fund supports all Council operations other than water and sewer services and has the most demands placed on it in terms of funding requirements.

The draft 2019-20 budget forecasts an increase in the unrestricted cash position of \$1.2m. Assuming that there are no unexpected events occurring that will significantly impact Council's forecast budget position this should result in Council having an unrestricted cash position of around \$6.3m by 30 June 2020. While still not optimal, it represents a significantly more stable position than previous low points.

The unrestricted cash position is important as it is Council's main buffer for unexpected events. Such risks included:

- Changes to government policies reducing local government grant funding
- Severe weather events resulting in impacts on the infrastructure network
- Unexpected shifting of costs from other levels of government
- Downturn in the economy resulting in lower revenues from user charges and fees

In order to reach the final draft 2019-20 budget position Council requested various scenarios be prepared and it was found that the only scenario that produced an acceptable balance between funding for services and capital was the proposed scenario that forms the basis for the draft 2019-20 budget.

Draft 2019-20 Capital Program

BACKGROUND

Three Capital Budget scenarios were considered as part of the Capital Budget preparation. Each of the scenarios supported our special rate variation (SRV) obligations and have been calculated to improve our asset renewal ratio position from the reported 43% at 30 June 2018 towards the industry benchmark equal to or greater than 100%.

Based on our current delivery rate, each of the scenarios listed are optimistic in terms of our capacity. The recommendation provides a best fit-for-purpose capital program for the 2019-2020 financial year and reflects the most realistic to be achievable.

SCENARIO 1

The initial capital expenditure consideration was reduced from the original position of approx. \$61 million to \$46 million through a series of prioritisation matrix assessments, which included public safety/ safety, asset renewal, community strategic planning, sale of land, economic

growth, revenue opportunities and waste management. With the estimated rollover of \$8.8 million from 2018/19, the total capital budget estimate for Scenario 1 is approximately \$55 million.

Description	Gross	External Funding	Council Funding
General Fund	\$27,734,519	\$17,619,689	\$10,114,830
Water Fund	\$13,330,000	\$1,100,000	\$12,230,000
Sewer Fund	\$4,705,000	\$250,000	\$4,455,000
Total	\$45,769,519	\$18,969,689	\$26,799,830

SCENARIO 2

This scenario excludes all new build projects. This scenario includes only projects whose main drivers are: asset renewals, meeting the requirements of the SRV, public safety, sale of land, public enforcement and waste management. Projects that are not included in this scenario are also listed. With the estimated rollover of \$8.8 million the total capital estimate for Scenario 2 is approximately \$43 million.

Description	Gross	External Funding	Council Funding
General Fund	\$19,976,803	\$12,346,372	\$7,630,431
Water Fund	\$9,030,000	\$3,600,000	\$5,430,000
Sewer Fund	\$4,705,000	\$250,000	\$4,455,000
Total	\$33,711,803	\$16,196,372	\$17,515,431

SCENARIO 3

This scenario includes only asset renewals, fully funded capital build projects, SRV, essential public safety initiatives, sale of land, enforcement and waste management. Projects that are not included in this scenario are also listed. With the estimated rollover of \$8.8 million the total capital estimate for Scenario 2 is approximately \$49 million.

Description	Gross	External Funding	Council Funding
General Fund	\$25,894,789	\$16,802,358	\$9,092,431
Water Fund	\$9,680,000	\$3,600,000	\$6,080,000
Sewer Fund	\$4,705,000	\$250,000	\$4,455,000
Total	\$40,279,789	\$20,652,358	\$19,627,431

PROJECTS INCLUDED IN SCENARIO 2 (RECOMMENDED) IN THE 19-20 CAPITAL BUDGET

Description	Project Value	External Funding	Council Funding
Airside Works Stage 2	\$569,000	\$0	\$569,000
Industrial Land Development	\$3,250,000	\$3,000,000	\$250,000
Security Screening - Stage 1	\$1,855,000	\$1,855,000	\$0
Facility Upgrade - Safety Issues	\$40,000	\$0	\$40,000
Cookes Road Bridge	\$745,000	\$745,000	\$0

Description	Project Value	External Funding	Council Funding
Pint Pot Bridge Rockvale Road	\$561,000	\$561,000	\$0
Bridge Safety Program - R2R	\$515,000	\$515,000	\$0
Carpark Reseals	\$61,000	\$0	\$61,000
Causeway Replacements	\$163,050	\$0	\$163,050
Cycleway Resheeting & Footpath Slab Replacement	\$83,000	\$0	\$83,000
K & G Replacements	\$136,720	\$0	\$136,720
Construct new landfill waste facility - Stage 4	\$500,000	\$500,000	\$0
Construct new Transfer Station at new waste management centre	\$330,000	\$250,000	\$80,000
Rehabilitate reserve	\$45,364	\$0	\$45,364
Cemetery Beams Rolling Program	\$15,000	\$0	\$15,000
Playground Replacement Program & Warning Signage	\$115,000	\$0	\$115,000
Field Drainage Upgrade	\$130,000	\$0	\$130,000
Grandstand Guyra Sportsground	\$80,000	\$80,000	\$0
IT Capital Replacement, Library Books & Subscriptions	\$375,000	\$0	\$375,000
Plant & Vehicle Replacement	\$3,148,753	\$1,242,725	\$1,906,028
Property Management Upgrade inc Electrical & Fire Compliance	\$110,000	\$0	\$110,000
Various Council Facilities Safety and Security Project	\$239,933	\$239,933	\$0
Gravel Resheeting Program	\$800,000	\$0	\$800,000
Guyra Main Street Upgrade Phase 2	\$1,500,000	\$1,500,000	\$0
Investigation & Design Future Capex Road Rehabilitation Program	\$250,000		\$250,000
Local Rural Resealing Program	\$871,200	\$0	\$871,200
Local Urban Roads Resealing Program & rehab Works	\$664,069		\$664,069

Description	Project Value	External Funding	Council Funding
Regional Roads Reseal Program	\$329,000	\$329,000	\$0
Rockvale Rd - Stage 1 - 0.0 to 1.4km south of Guyra Road intersection	\$990,000	\$990,000	\$0
Stage 2 - Upgrade Shand Drive including stormwater improvements works	\$673,000	\$0	\$673,000
Niagara Street Provide traffic calming to approaches of the roundabout at Quaeen Elizabeth Drive	\$26,440	\$26,440	\$0
Trevenna Road Install a single lane roundabout	\$592,274	\$592,274	\$0
Stormwater Drainage Pipe Relinement Various Locations	\$235,000	\$0	\$235,000
Mann Street Depot Electrical upgrade	\$8,000	\$0	\$8,000
Kempsey Big Hill Project Phase 1	\$1,303,381	\$1,303,381	\$0
Airport Apron	\$3,000,000	\$1,450,000	\$1,550,000
Dumaresq Dam upgrade	\$1,500,000	\$1,000,000	\$1,500,000
Puddledock Dam - upgrade existing walkway, compliance, security and safety.	\$50,000		\$50,000
Malpas dam Intake tower scour valves, ventilation & lighting	\$50,000		\$50,000
Malpas Intake tower - Inspection & Condition Assessment	\$100,000		\$100,000
Guyra Dam- survey of perimeter fence and guard railing top and bottom dams	\$40,000		\$40,000
Telemetry and SCADA upgrade/renewal	\$700,000		\$700,000
Renewal of Water Mains includes AC pipe replacement	\$1,500,000		\$1,500,000
Meter replacements program	\$250,000		\$250,000
Service mains replacement program	\$250,000		\$250,000
Upsize Puddledock RWTM and a new Pump Station	\$500,000		\$500,000
Malpas- Guyra pipeline with a Pump Station	\$3,000,000	\$2,500,000	\$500,000
Guyra Raw Water Pump station and switchboard upgrade	\$350,000		\$350,000
An additional clear water tank or the baffles in the existing tank at the Guyra WTP site to increase CT	\$100,000		\$100,000

Description	Project Value	External Funding	Council Funding
Toadolla reservoir	\$150,000		\$150,000
St Pats Reservoir	\$80,000		\$80,000
Lynland park reservoir water entitlements	\$500,000		\$500,000
Garibaldi Street pumps (1 & 2) overhaul	\$40,000		\$40,000
Land Acquisition for Watermain	\$30,000		\$30,000
Upgrade of fluoridation system at Armidale and Guyra WTP	\$200,000	\$100,000	\$100,000
Ventilation upgrade in the pipe gallery	\$50,000		\$50,000
New soda ash lifting system and dust extractor	\$50,000		\$50,000
Upgrade of polymer dosing pump at Guyra WTP	\$30,000		\$30,000
Major overhaul of ozone generators at Armidale WTP- replacement of dielectrics - recommended every 10 years	\$40,000		\$40,000
Sludge Management at Armidale WTP	\$150,000		\$150,000
Upsizing of Sewer mains (500m @Martins Gully and 500m @Milson Place)	\$400,000		\$400,000
Sewer Relining Annual program of sewer mains relining - Armidale and Guyra	\$1,200,000		\$1,200,000
House junctions renewal Annual program of house junctions renewal	\$100,000		\$100,000
Sewer Ancillaries Annual program to reline/rehabilitation sewer manholes	\$110,000		\$110,000
Sewer Ancillaries Annual program to replace vent stack	\$45,000		\$45,000
New inlet screens and channel (needed irrespective of the chosen new STP work)	\$450,000		\$450,000
Water Treatment Plants WHS Works at Armidale WWTP (HH20 2017) - Stage 1	\$300,000		\$300,000
Water Treatment Plants WHS Works at Guyra WWTP (HH20 2017)	\$100,000		\$100,000
Water Treatment Plants Armidale STP Upgrade (included cost is for a completely new advanced plant and if we went with the option of refurbishing the existing plant, its estimated cost would be \$14M) - Stage 2	\$500,000	\$250,000	\$500,000
Water Treatment Plants Guyra STP Upgrade - Stage 2	\$600,000		\$600,000

Description	Project Value	External Funding	Council Funding
Small Pivot on Windway	\$200,000		\$200,000

Summary By Fund	Project Value	External Funding	Council Funding
General Fund	\$24,310,184	\$15,179,753	\$9,130,431
Water Fund	\$9,710,000	\$3,600,000	\$7,110,000
Sewer Fund	\$4,005,000	\$250,000	\$4,005,000
Total	\$38,025,184	\$19,029,753	\$20,245,431

PROJECTS EXCLUDED OR DEFERRED FROM 2019-20 CAPITAL BUDGET

Description	Project Value	External Funding	Council Funding
Armidale Hydrotherapy Pool H1 Phase 2		\$ 607,331	\$ 364,399
Guyra Install solar panels	\$ 50,000	\$ -	\$ 50,000
Bike Plan & PAMP	\$ 80,000	\$ 60,000	\$ 20,000
New Footpath - ACKKP & NERAM	\$ 50,000	\$ -	\$ 50,000
New Priority Pathways	\$ 380,000	\$ 380,000	\$ -
Armidale Regional Adventure Playground Phase 2	\$ 666,477	\$ 666,477	\$ -
Sports Council nominated projects	\$ 95,000	\$ -	\$ 95,000
Lagoon and Natura reserve Upgrade Phase 2	\$ 306,128	\$ 306,128	\$ -
Airport Precinct FCC Preliminary	\$ 350,000	\$ 350,000	\$ -
Guyra Preschool Upgrade Stage 1	\$ 300,000	\$ 150,000	\$ 150,000
Saumarez Road - Upgrade of private access road at Saumarez Homestead from the second cattle grid to the Jackson Centre	\$ 100,000	\$ -	\$ 100,000
Traffic Safety Improvements Various Locations	\$ 90,000	\$ -	\$ 90,000

Fit for the Future - Financial Indicators

Council has recognised the need to continue to give priority and attention to ongoing financial sustainability, including the matching of the Delivery Program commitments against resourcing availability, particularly in the medium to longer term.

As part of Council's current operations in every section a number of actions and plans have been formulated to ensure existing levels of front line services are maintained.

Council's 2019-2020 budget recognises that changes need to happen, within the current service levels, in order to align with the sustainability criteria for Fit for the Future. The Financial Plan

developed will, over the next 5 years, strengthen the financial viability of Armidale Regional Council.

Under the merger guidelines, Council has until 2020/2021 to address the Fit for the Future indicators. It is anticipated that proactive financial strategies will result in Council meeting the targets by that date.

The Water, Sewer and Waste business units are all currently financially sustainable.

Next Steps

The Draft Plan will be placed on public exhibition and following the exhibition period (not less than 28 days), a report will be presented to Council on 26 June 2019, which outlines community submissions, along with the final Plans.