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**MINUTES OF THE MEETING OF COUNCIL****10 MAY 2021****12.8 RESPONSE TO NOTICE OF MOTION 636 (CR ABBOUSHI) - SUGARGUM ESTATE, HILLSIDE SPECIAL CHARGE SCHEME****Author: Bhavin Mehta - Principal Planning Engineer  
Presenter: Luke Shannon - General Manager Planning & Development****PURPOSE OF REPORT**

To respond to Notice of Motion 636 (Cr Abboushi) and provide design and costings for Sugargum Drive development as well as a summary of options for a potential Special Charge Scheme for construction of footpath and drainage for Councillors future consideration.

**RECOMMENDATION:**

That Council:

1. Endorse Option 3 as presented within this report.
2. Advise its intention to implement a Special Charge Scheme for Sugargum Drive allowing Council officers to commence preliminary community consultation with the preferred option.
3. Receive a report at a future meeting of Council presenting a Special Charge Scheme Policy.

**Motion**

Crs Abboushi/Kesic

That Council:

1. Offer Options 1 and 3 as presented within this report.
2. Advise its intention to implement a Special Charge Scheme for Sugargum Drive allowing Council officers to commence preliminary community consultation with Options 1 and 3.
3. Receive a report at a future meeting of Council presenting a Special Charge Scheme Policy.

**CARRIED**

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**REPORT****1. Executive Summary**

At its Ordinary Meeting held 22 July 2019 Notice of Motion 636 (Cr Abboushi) was carried.  
The resolution was:

*That Council:*

1. *Undertake the preparation of comprehensive functional layout plans for the provision of kerb and channel and footpaths within the Sugargum Estate to enable appropriate costings to be undertaken for these works.*
2. *Upon completion of the comprehensive functional layout plans that Council officers undertake extensive consultation with the residents within the estate regarding the*

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*potential scope of works, costings and their willingness to contribute financially through a special charge.*

Council officers have assessed the request, and have produced detailed designs including construction costs estimated at \$3.5M.

Presently, Melton City Council has approximately 70km of road network with no footpaths and additionally approximately 80km of connector and arterial road network with under provision of footpaths (i.e. footpaths only on one side of busy roads or missing connections). Consequently, there are a number of high risk footpath projects across the municipality that would get a precedence over provision of footpaths within the Sugargum Estate in the event that it was financed solely by Council funds.

It is recommended that Council adopt Option 3 presented for a Special Charge Scheme for the provision of footpaths within Sugargum Estate and endorse the development of a Special Charge Scheme Policy for future implementation.

**2. Background/Issues**

At its Ordinary Meeting held 22 July 2019, Notice of Motion 636 (Cr Abboushi) was carried. The resolution was:

*That Council:*

- 1. Undertake the preparation of comprehensive functional layout plans for the provision of kerb and channel and footpaths within the Sugargum Estate to enable appropriate costings to be undertaken for these works.*
- 2. Upon completion of the comprehensive functional layout plans that Council officers undertake extensive consultation with the residents within the estate regarding the potential scope of works, costings and their willingness to contribute financially through a special charge.*

Subsequently, officers have prepared functional layouts as well as preliminary costings for footpath and drainage works for Sugargum Drive and Boronia Drive excluding other small court bowls within the Sugargum Estate. Preliminary costs for construction of footpath and drainage works were estimated between \$3.0M and \$4.0M, however there were several concerns in relation to service provision and cost overruns.

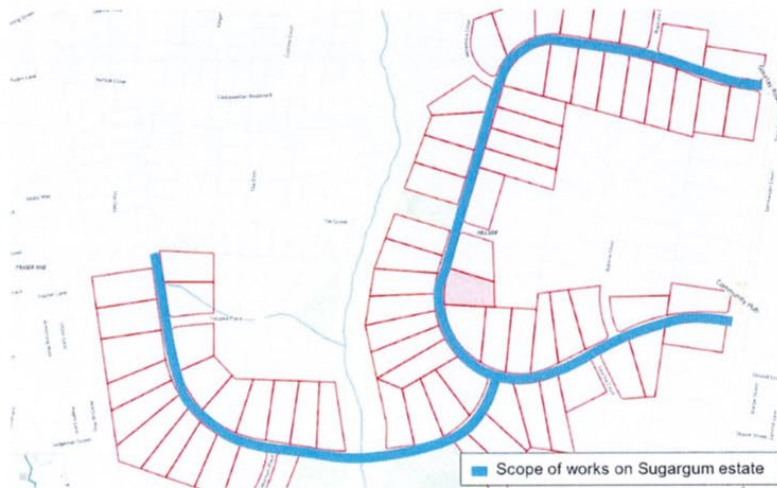
Due to significant unknowns at the time, it was decided to develop detailed designs and tender ready documentation prior to public consultation for a Special Charge Scheme. Engineering Services have now completed detailed designs and total construction cost is estimated at \$3.5M, of which approximately \$500k is for footpath works and the remaining \$3.0M is attributed towards drainage and other services works.

**Site Assessment:**

The image below provides an overview of Sugargum Estate and 150 rate paying properties that would get some benefit only from footpath works. Properties that only front Gourlay Road or Grevillea Close has been excluded from the consideration as they would not get any benefit from the works.



Additionally, only 76 rate paying properties out of 150 are fronting the scope for works and would directly benefit from both footpath and drainage works. This is shown in the image below. In addition to 76 rate paying properties, 5 Council open space reserves would also get some benefit from footpath works as they directly front the scope of works.



**Special Charge Scheme Options Assessment:**

Considering the property numbers mentioned above, following options are presented to Council for consideration in relation to a Special Charge Scheme;

**Option 1: Area wide charge scheme**

This option considers the total cost of civil works and distributes evenly across 150 rate paying properties in addition to 5 Council properties. It is likely to be highly contentious

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option due to fairness and equity as only 76 properties out of 150 directly benefit from the drainage works.

**Option 2: Charge scheme for properties fronting the scope of works (direct beneficiaries)**

Under this option, the total cost of civil works is distributed evenly across 76 rate paying properties in addition to 5 Council properties. Similar to Option 1, this option is likely to be unpopular as only 76 rate paying properties subsidise footpath for all 150 properties.

**Option 3: Hybrid option of area wide charge scheme**

This option is essentially a hybrid between the Option 1 and Option 2. It considers the cost of the footpath (\$500K) and distributes it evenly across 150 private plus 5 Council properties, while the costs of drainage works (\$3.0M) is distributed across 76 private plus 5 Council properties.

Options 1 to 3 are standard industry practice and have been implemented across various Councils including Cardinia, Mornington Peninsula and apportion the total cost of project directly to the beneficiaries, in this instance majority of private property owners.

**Option 4: Footpath component fully funded by Council**

Under this option, Council can consider the health and community benefits provided by provision of footpaths and choose to fully fund the footpath (\$500k) component of the works while acknowledging that footpath and drainage works are mutually non-exclusive meaning footpath cannot be constructed without completing the drainage works.

With this option, 76 direct beneficiary properties would pay for the drainage works (\$3M) and Council would fully fund the footpath component (\$500k) of the civil works.

**Option 5: Evaluation of overall community benefit and an example of Special Charge Scheme policy adopted by City of Casey**

As Melton City Council does not have a fully realised Special Charge Scheme, Council officers have looked at other practices including the one adopted by City of Casey which proposes;

- Minimum 50% Council contribution towards construction of footpaths in local streets (higher apportionment due to health and community benefits presented by footpaths)
- Minimum 25% Council contribution towards construction of kerb and channel in local streets

Sugargum Drive and Boronia Drive are classified as local roads and any improvements to drainage works are not expected to provide any broader community benefits. Based on the above, this option considers 50% apportionment for cost of footpath works distributed across 150 Properties (direct and indirect beneficiaries) as well as 75% apportionment for cost of drainage works distributed across 76 properties (direct beneficiaries).

**Proposal**

The process of implementing a Special Charge Scheme generally includes the following steps in accordance with the *Local Government Act 1989*:

1. Identification of a potential scheme; a report is presented to Council providing the background to the issue and an overview of the proposal and seeking endorsement on one of the options to undertake preliminary consultation to gauge the level of community support.
2. Preliminary consultation; engagement with all likely benefiting property owners, including a formal survey, to gauge the level of support for the proposal.
3. Finalise degree of direct and indirect benefit and Council contribution in accordance with the Special Rates & Charges Ministerial Guidelines. Formalise the proposed works.

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4. Outcomes of initial engagement; a further report is presented to Council on the outcome of the consultation and providing all of the detail around the proposed scheme with a recommendation. Council will be required at this point to resolve to abandon, alter or give public notice of its intention to enter into a scheme.
5. Establishment of a detailed Special Charge Scheme Policy which would consider the following aspects of charge schemes for future implementation;
  - Type of works and minimum council cost contributions;
  - Cost Apportionment;
  - Engineering and administration costs;
  - Methods and terms of payment;
  - Interest on special charge scheme;
  - Consideration of submissions and objections;
  - Abandonment of Schemes; and
  - Formation of Special Charge Scheme review group.

To gauge the level of community support for the implementation of a scheme, it is proposed that officers undertake preliminary consultation with residents (step 2 above) and present the proposed work and the steps involved in a Special Charge Scheme.

A further report to Council on the outcome of this consultation is expected to be presented to the 27 September 2021 Council meeting while a draft Special Charge Scheme Policy is expected to be presented to the 25 October 2021 Council meeting.

### 3. Council and Wellbeing Plan Reference and Policy Reference

The Melton City Council 2017-2021 Council and Wellbeing Plan references:

3. A well planned and built City: A City with a clear vision to manage growth in a sustainable and accessible way
  - 3.2 *Community facilities, infrastructure and services that are equitably planned for, provided and maintained.*

### 4. Financial Considerations

The following Table summarises both the Council and Private contribution for each of the five options outlined above, excluding the administrative costs of running a Special Charge Scheme.

It is estimated that Council would need to contribute between \$112.9K and \$1.0M depending upon the option taken. It could be even higher should Council choose to contribute a higher amount than that shown in Option 5.

Private contribution varies from \$22.5K per property to \$43.2K (or \$2,258 to \$4,321 per year over ten years) per property for properties that directly front these works. Cost of design and project management are included in the above.

Options	Footpath	Drainage	Council cost	Private cost per property (direct)	Private cost per property (indirect)
Option 1: Area wide charge scheme	\$ 500,000	\$ 3,000,000	\$ 112,903	\$ 22,581	\$ 22,581
Option 2: Direct beneficiaries	\$ 500,000	\$ 3,000,000	\$ 216,049	\$ 43,210	\$ -
Option 3: Hybrid of Option 1 and 2	\$ 500,000	\$ 3,000,000	\$ 201,314	\$ 40,263	\$ 3,226
Option 4: Footpath fully funded by Council	\$ 500,000	\$ 3,000,000	\$ 500,000	\$ 39,474	\$ -
Option 5: Overall community benefit	\$ 500,000	\$ 3,000,000	\$ 1,000,000	\$ 31,272	\$ 1,667

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Assumptions used in above assessment:

1. Cost of footpath construction and cost of drainage are mutually non-exclusive meaning only footpaths cannot be constructed without completing the drainage works;
2. Administration cost for the Special Charge Scheme is not included in the above analysis;
3. Number of lots have been used for distribution of costs. Other methods include apportionment by length of abutting boundaries, apportionment by lot sizes and any other reasonable special benefits;
4. Method of repayment and interest rate:
  - considering the large lump sum amount, it is standard practice to offer quarterly instalments (10 to 15 year term),
  - an interest rate is not considered in above calculation. An interest rate could be applied along with the standard practices around current rate deferral notices or Council's borrowing interest rate plus one percent (1.0%) for administration costs.

**5. Consultation/Public Submissions**

The recommendation of this report is to proceed with preliminary community consultation with residents of the Sugargum Estate in relation to the preferred option.

**6. Risk Analysis**

Not applicable.

**7. Options****Option 1: Area wide charge scheme**

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**Option 2: Charge scheme for properties fronting the scope of works (direct beneficiaries)**

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- Minimum 50% Council contribution towards construction of footpaths in local streets (higher apportionment due to health and community benefits presented by footpaths)
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**LIST OF APPENDICES**

Nil