

Indirect Beneficiary Cover Letter



«Owner_Name»

«Address»

«Locality»

Dear Resident

Preliminary Consultation for a Potential Special Charge Scheme; Sugargum Estate, Hillside

As you may be aware, Melton City Council has received a number of enquiries and a petition from landowners within Sugargum Estate, requesting Council consider the construction of a footpath along Sugargum Drive and Boronia Drive in Hillside.

The Sugargum Estate was developed as a lifestyle, low -density estate in the 1980s, at a time when pedestrian connections and underground drainage systems were not required for rural, low-density estates. Today, infrastructure standards require developers to construct the road network, footpaths and underground drainage in addition to providing utility services such as gas, electricity, water and street lighting. The cost of this infrastructure provided at the time of development is typically funded through the purchase of property within the estate.

In response to these requests, at a Council meeting on 10 May 2021, Council resolved its intention to explore the implementation of a Special Charge Scheme (SCS), and commence preliminary consultation, for the construction of drainage and footpath works on Sugargum Drive and Boronia Drive in Hillside.

Your property has been identified as being indirectly impacted by the proposed SCS for the works.

We are writing to you to seek your input into how we move forward with this project.

Through this preliminary consultation process, Council is seeking to gauge residents' interest to enter into a Special Charge Scheme to complete the works. A clear majority of 60 per cent (a minimum of 90 properties) in support of one of the two options provided in Attachment 2 is required for Council to progress with the development of a scheme for further consultation with residents. Please see detailed timeline in Attachment 1 for more information.

Given the complexity and scale of this project, we have assessed that the footpath can only be constructed after drainage and service relocation works are undertaken. The entire project will cost approximately \$3.5 million. See enclosed SCS Information Pack for more details.

A thriving community
where everyone belongs

Civic Centre
232 High Street
Melton VIC 3337

Postal Address
PO Box 21
Melton VIC 3337

DX 33005 Melton
ABN 22 862 073 889

03 9747 7200
csu@melton.vic.gov.au
melton.vic.gov.au
cityofmelton

Indirect Beneficiary Cover Letter

Please complete the survey form enclosed (refer Attachment 2) and return to Council in the prepaid envelope by **23 July 2021**.

Following receipt of the survey forms, council officers will prepare a summary report and present to Council at the 30 August 2021 Council meeting for further consideration of the Special Charge Scheme. In the event there is no clear majority for either option, Council may choose to abandon the Special Charge Scheme and seek support for a future scheme, which may take up to five years. (in three to five years).

Should you have further questions relating to this proposal, please contact Council's Engineering Services team on 03 9747 7200.

Yours sincerely



Sam Romaszko
Manager Engineering Services

Indirect Beneficiary Survey Form

ATTACHMENT 2

Sugargum Estate, Hillside Special Charge Scheme Survey

Property Address:

SCS Classification: Indirect Beneficiary

CIRCLE YOUR PREFERRED OPTION BELOW

<p>Option 1: Implementation of an area wide charge scheme I support a Special Charge Scheme contribution of approximately \$22,581 (per property) for the provision of infrastructure.</p>	YES	NO
<p>Option 2: Implementation of a hybrid option for area wide charge scheme I support a Special Charge Scheme contribution of approximately \$3,226 (per property) for the provision of infrastructure.</p>	YES	NO
<p>PLEASE PROVIDE ANY FURTHER COMMENTS</p>		
<p style="color: red;">Please complete this survey form as an INDIRECT BENEFICIARY and return via the postage paid envelope by 23 July 2021.</p>		

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Should you have further questions relating to this proposal, please contact Council's Engineering Services team on 03 9747 7200.

Yours sincerely



Sam Romaszko
Manager Engineering Services

Information Pack Sent to all Residents

ATTACHMENT 1

Sugargum Estate, Hillside

A thriving community
where everyone belongs

Special Charge Scheme Information Pack and
Frequently Asked Questions



BACKGROUND

Sugargum Estate, within the City of Melton, was developed as a lifestyle, low-density estate in the 1980s, at a time when our municipality was still a shire. Today, the City of Melton forms part of metropolitan Melbourne, and is experiencing sustained growth that sees over 7,500 people move into the municipality each year.

Sugargum Estate was developed at a time that infrastructure provision for rural, low-density estates did not require pedestrian connections or underground drainage systems. Current infrastructure standards require developers to construct the road network, footpaths and underground drainage in addition to providing utility services such as gas, electricity, water and street lighting. The cost of this infrastructure, provided at the time of development, is typically funded through the purchase of property within the estate.

SCOPE AND COST OF WORKS

The image below illustrates the proposed scope of works. This includes the construction of kerb and channel (on both sides), formal underground drainage on one side of the road and a footpath (1.5m wide).



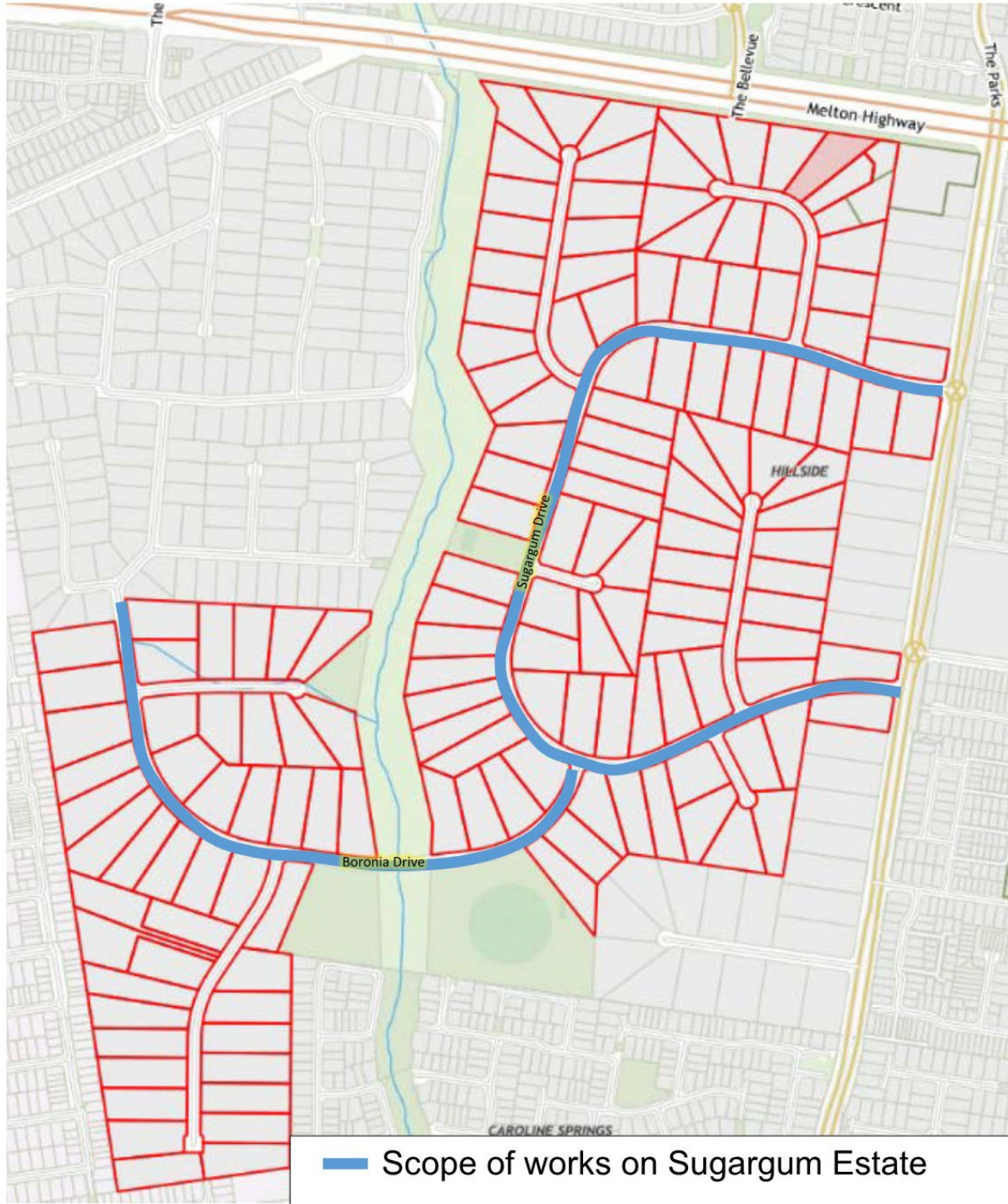
Given the complexity and scale of this project, design documentation has been prepared that indicates this project is estimated to cost \$3.5M. Of this, an estimated \$500,000 is attributed to the construction of footpaths, and \$3.0M is attributed to the construction of underground drainage and service relocation works.

Currently, Sugargum Drive and Boronia Drive have a rural seal with open drainage on both sides of the road. There is a significant level difference between the road and the base of the drain. To facilitate the construction of a footpath, this requires the construction of underground drainage and alterations to existing services that sit within the road reserve.

Given this, construction of the footpath can only occur after drainage and service relocation works are undertaken.

The image below provides an overview of Sugargum Estate and identifies the 150 rate paying properties that would receive benefit as a result of the footpath works.

Properties that front Gourlay Road or Grevillea Close have been excluded from this proposal, as they would not receive benefit from the proposed works.



DIRECT BENEFICIARY

Seventy-six rate-paying properties out of 150 are located on Sugargum Drive and Boronia Drive. These properties are directly fronting the scope of works and would directly benefit from both, footpath and drainage works as shown in the image below.

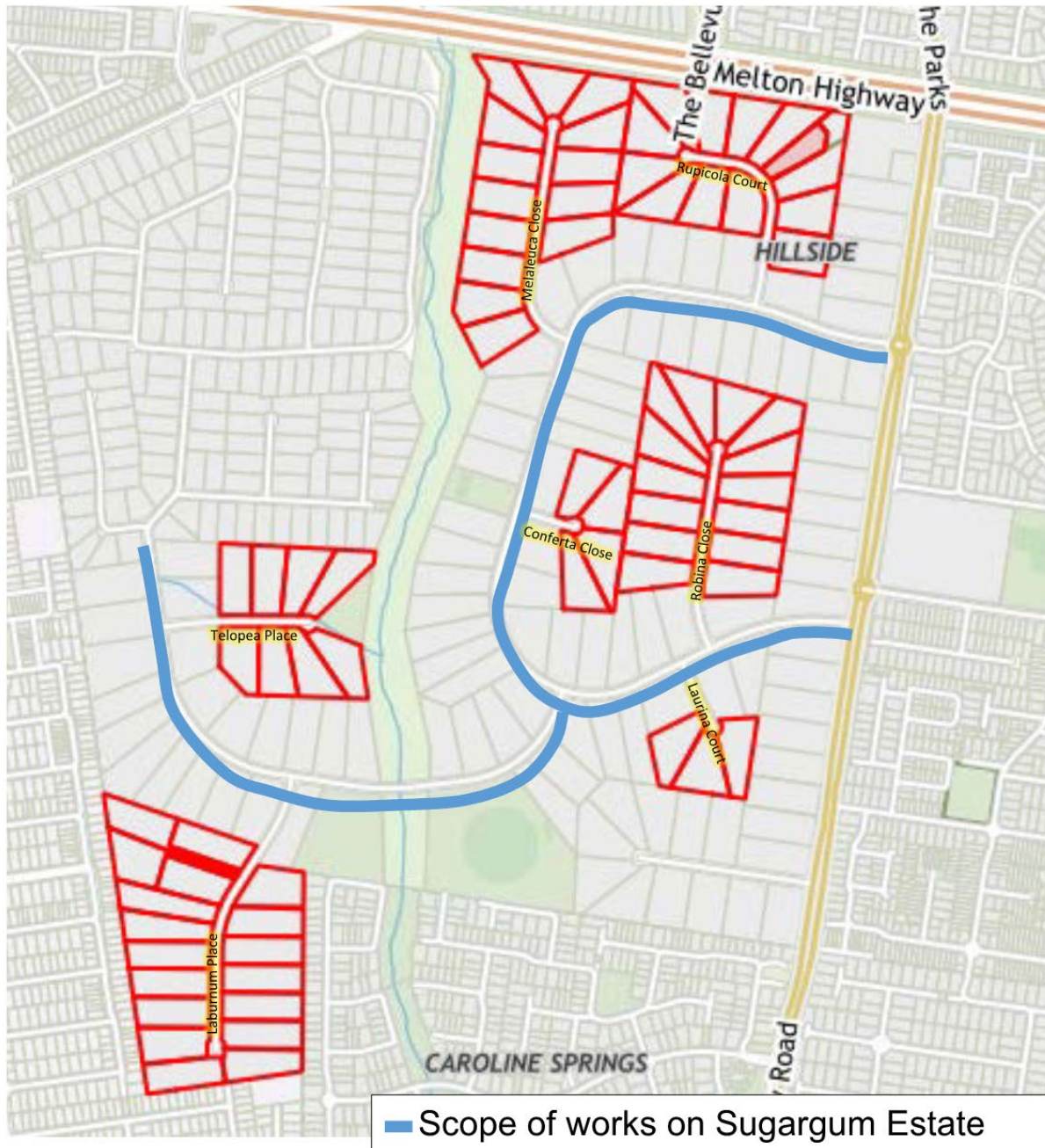
If your property is directly adjacent to Sugargum Drive or Boronia Drive, your property is considered a **Direct Beneficiary**.



INDIRECT BENEFICIARY

The remaining 74 rate paying properties out of 150 are located on Melaleuca Close, Rupicola Court, Conferta Close, Robinia Close, Laurina Court, Telopea Place and Laburnum Place as shown in the image below. These properties would indirectly benefit from footpath works.

If your property has a frontage on Melaleuca Close, Rupicola Court, Conferta Close, Robinia Close, Laurina Court, Telopea Place or Laburnum Place your property is considered an **Indirect Beneficiary**.



SPECIAL CHARGE SCHEME OPTIONS

Two options have been presented below, with varying degrees of financial co-contribution from properties identified as benefitting from the project.

Option 1: Implementation of an area wide charge scheme

This option considers the total financial co-contribution from the residents for civil works and distributes evenly across 150 rate paying properties. Following table summarises the total distribution of the contributions and per property cost should this option gets the majority.

	Total Cost	Per Property Cost
76 Direct Beneficiaries	\$1,716,129	\$22,581
74 Indirect Beneficiaries	\$1,670,968	\$22,581
Council Properties	\$112,903	N/A
Total	\$ 3,500,000	N/A

Option 2: Implementation of a hybrid option for an area wide charge scheme

This option considers the cost of the footpath and distributes evenly across 150 properties, while the costs of drainage works is distributed across 76 properties. Following table summarises the total distribution of the contributions and per property cost should this option gets the majority.

	Total Cost	Per Property Cost
76 Direct Beneficiaries	\$3,059,976	\$40,263
74 Indirect Beneficiaries	\$238,710	\$3,226
Council Properties	\$201,314	N/A
Total	\$ 3,500,000	N/A

Notes:

1. The figures mentioned above are estimates only and reflect the maximum amount for civil works. The final co-contribution will be calculated based on the actual tender price.
2. Administration cost for the Special Charge Scheme is not included in above and will be added at a later stage should Council formally enter into a scheme.
3. Method of repayment, number of instalments and interest rate on instalments are not included in the above and will be added at a later stage should Council formally enter into a scheme.

SPECIAL CHARGE SCHEME TIMELINE

☆ Phase 1: Preliminary consultation

- Designed to gauge community interest for a Special Charge Scheme
- This is a non-binding process
- Feedback closes **23 July 2021**

☆ Phase 2: Council officers reviews community feedback

☆ Phase 3: Report is presented to Council by end of August 2021

- If majority in favour of the scheme Council may continue to progress the proposal and develop a Scheme for further consultation in **September 2021**
- If a majority is not achieved, Council may abandon the Scheme at this point

☆ Phase 4: Follow-up consultation with binding agreement

- Formal consultation with residents would occur by **November 2021**. This would include a binding agreement.
 - Residents can object to the proposal in writing
- The agreement would provide details including:
 - final costs, including administrative costs
 - method and duration of repayment period
 - number of repayment instalments
 - interest on borrowing costs

☆ Phase 5: Finalisation of the Special Charge Scheme

- If a majority signs the binding agreement, Council commences implementation of the Scheme by **early 2022**
 - Residents in disagreement of the Scheme can appeal to VCAT for review of Council's decision to impose a special charge.
- If majority is not achieved, Council may abandon the Scheme at this point

FREQUENTLY ASKED QUESTIONS:

What is a Special Charge Scheme?

When a Special Charge Scheme is implemented, landowners contribute financially to Council-managed infrastructure improvement projects such as roads, footpaths and drainage.

A Special Charge Scheme is generally introduced in townships and historic low-density subdivisions where the works proposed are to the special benefit of a defined group of properties.

If a special charge scheme is introduced, all affected property owners are required to make the contribution.

Why haven't these improvement works been provided in the past?

Sugargum Estate, within the City of Melton, was developed as a lifestyle, low-density estate in the 1980s, at a time when our municipality was still a small shire. Standards and community expectations for infrastructure improvements were lower than what would be required today.

Now, developers are now required to construct roads, footpaths and underground drainage in addition to providing utility services such as gas, electricity, water and street lighting. The costs of these infrastructure improvements are, however, passed on to new property owners as they purchase new allotments created through the subdivision.

Why should I be involved in a Special Charge Scheme?

Your property has been identified as receiving special benefit from the works, i.e., a benefit which is over and above that obtained by persons who have not been included in the scheme.

I live on a Government Road, why would I be required to contribute towards works?

The Local Government Act 1989 removed the distinction between government roads, public highways and private streets. All roads are now assessed on an equal basis. Council does not receive any specific or special funding for improvement of government roads, therefore, these roads are treated equally to all other roads.

The Act allows Council to introduce a special charge where the works or project will be of special benefit to specific landowners.

What do the rates I pay go towards?

Council's budget is committed mainly to the provision of services such as rubbish collection, recycling, community facilities, aged, disability and childcare services, parks and reserves, library services and expenditure on capital works. A large proportion of the capital works budget is allocated to maintaining existing assets for which Council is fully responsible.

Melton City Council has significant demands for infrastructure improvements, with approximately 200km of missing footpath and shared path networks, over 100km of unsealed road network and significant demand for drainage improvements. Unfortunately, Council does not have the capacity to meet the demand for these improvements or fully fund these works from rates that are collected.

How does Council determine if a Special Charge Scheme will go ahead?

Through this preliminary consultation process, Council is seeking to gauge residents' interest to enter into a Special Charge Scheme to complete the works. A clear majority of 60 per cent (a minimum of 90 properties) in support of one of the two options is required for Council to progress with the development of a scheme.

What are GST implications for schemes?

Special Charge Schemes are GST free to the landowner. Any GST paid by Melton City Council is claimed back from the Australian Taxation Office.

How are costs apportioned to landowners?

Cost apportionment to landowners differs based on your property address (Direct Beneficiary or Indirect Beneficiary) and the options detailed in this correspondence.

Costs mentioned in this correspondence are estimates only and reflect the maximum amount for civil works. The final co-contribution will be calculated based on the actual tender price.

Administration cost for the Special Charge Scheme is not included in this correspondence and will be added at a later stage should Council formally enters into a scheme.

Can I repay the charge over time?

Method of repayment, number of instalments and interest rate on instalments has not been determined at this stage. Payment option details will be considered should Council formally enter into a scheme.

Can I object to this preliminary proposal?

This process of identifying landowner support is only the first stage of initiating a Special Charge Scheme.

Following consideration of any submissions received, Council will then determine whether to proceed with the special charge. All landowners will be notified of Council's decision.

If Council resolves to proceed with the special charge, formal statutory process of the Local Government Act 1989 provides opportunity for landowners to make submissions/objections where a landowner has issues associated with the proposal. A person/landowner may then apply to the Victorian Civil and Administrative Tribunal for a review of Council's decision.

At the time of implementing a special charge, detailed information is provided to landowners of their rights to object and with whom to lodge their objection.