



LITHGOW CITY COUNCIL

AGENDA

EXTRAORDINARY MEETING OF COUNCIL

TO BE HELD AT

THE ADMINISTRATION CENTRE, LITHGOW

ON

13 FEBRUARY 2006

AT 6.00pm

AGENDA

PRESENT

QUESTIONS FROM THE PUBLIC GALLERY

PRESENTATIONS

Billy Miles

CONFIRMATION OF THE MINUTES OF THE ORDINARY MEETING OF COUNCIL - NIL

DECLARATION OF INTEREST

MAYORAL MINUTES

NOTICES OF MOTION

NOTICES OF RESCISSIONS

CORRESPONDENCE AND REPORTS

Corporate Services Report

REPORTS FROM DELEGATES

COMMITTEE MEETINGS

NIL

QUESTIONS WITHOUT NOTICE

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CORPORATE SERVICES REPORTS

ITEM: 1 CORP -13/02/06 PROPOSED 2006/07 SPECIAL RATE VARIATIONS

REFERENCE

Financial Statements / DLG Comments reported to the Ordinary Council Meetings of:

03 December 2001, 11 November 2002, 20 October 2003, 29 September 2004,
22 November 2004, 31 October 2005

Item 6: 06 February 2006 Policy & Strategy Committee

SUMMARY

This report is provided to Council to supply additional information and data with respect to the special rate variation(s) being recommended.

This report will recommend that Council agree in principal to the proposed Special Rate Variations for fire, tourism and stormwater and preparations be commenced for their conclusion in the Draft 2006/07 management Plan.

COMMENTARY

Following the Policy & Strategy Committee Meeting of the 6 February 2006 it was resolved to defer Item 6, 'Proposed 2006/07 Special Rate Variation,' for consideration at an extra ordinary meeting of Council on the 13 February 2006.

As Council is aware, the LGA restrains the extent to which local Government can increase the rate yield as part of Councils general income levels. The Act also enables council (subject to ministerial approval) to seek and apply special variations to fund its activities.

The special rate variations being recommended as part of the 2006 / 2009 Management plan will provide approximately \$690,000 in additional income to Council to provide services and resources in the areas of Tourism, Fire and Emergency and Stormwater management. Whilst not meeting the full costs of Councils activities in the area, the special rates (as proposed) will actually enable Council to provide greater services on the ground and provide an approved service to the community in other program s of the Council as the funding options become available.

Council should also be aware of the following information with respect to the financial position of Council and the projected result of Council's budgetary process through the Management Plan.

The proposed variations include:

- Rural Fire Service & NSW Fire Brigade Levies: Applied to all properties
- Tourism levy: Applied to all business properties
- Stormwater of varying amount: Applied to all properties

STORMWATER

- Residential Properties \$25.00 per property (10,157 properties)
 Sub Total \$253,925

- Business Properties \$100.00 per property (486 properties)
 Sub Total \$ 48,600

TOTAL \$302,525

It is appropriate to remind Council of past and future Flood Mitigation works which have committed ratepayer funds in excess of \$1,149,754. Bearing this in mind it would not be inappropriate to apply a Special Rate Variation for this purpose, stormwater management.

Should Council wish to proceed with the proposed Special Rate Variations the appropriate applications will be prepared for submission to the Minister for Local Government at the earliest opportunity.

In consideration of Councils past financial information the Department of Local Government may favourably consider Councils proposed Special Rate Variation to assist in achieving a surplus if not balanced budget for 2006/07.

A surplus budget is an important factor for Lithgow City Council to ensure we have adequate internal restrictions for future planned capital and recurrent works.

Prior to consideration of the rate variations Council may wish to take into account the purpose of the proposed funding as well as review background of our finances over a number of years. At this stage of Management Plan preparations programs and values may still vary

PROPOSED OF CAPITAL EXPENDITURE 2006/07:

Fire Operations

RFS operations are controlled from head office in Rosehill but are substantially funded by each local government area within the State.

To meet the annual contribution of 13.3% each year Council has sourced the funds from general fund revenue.

The following table shows the bid made by the local RFS to head office each year and Councils requested contribution. Also shown are office expenses which are also meet by Council funds, outside the nominal 13.5% contribution sought by the RFS.

RFS CONTRIBUTION	02/03	03/04	04/05	05/06	06/07
RFS Bid	1,148,600	1,307,841	1,209,074	1,297,496	1,475,296
Council Cont 13.3%	152,763	174,043	160,806	172,567	196,214
Office Expenses	8,464	21,021	10,285	10,500	10,800

NSW Fire Brigades are funded by current NSW Home Insurance polices which provide a levy 12.2% of the payable premium to the State Government for its operations as well as contributions from Local Government bodies.

The income is used for the upgrade of fire engines, buildings and equipments, employs additional staff as well as providing for building inspections and pre incident planning.

The following table shows the contribution made by Lithgow Council to the NSW Fire Brigade over the past three financial years.

NSW FIRE BRIGADE	03/04	04/05	05/06
NSW Expenditure	683,000	739,000	793,000
Council Cont	81,640	94,272	97,000

Tourism Operations:

Recurrent Operations for the Tourism Centre and Eskbank House for 2006/07 are currently estimated at \$495,372, which includes all programs 'on costs.' Programmed capital expenditure of \$27,950.00 and improvements to Hassans Walls Reserve of \$25,000.

Total Tourism Operations 2006/07: \$548,322

It is unrealistic to endeavour recovery of ALL tourism operations expenditure from a unique special rate; however 36% funding of the operation would appear to be equitable. Council may later consider a separate percentage of funding over two financial years.

Stormwater & Associated Works:

Planned work for 2006/07, subject to Council approval:

- Farmers Creek - Expenditure \$ 900,000
 - Grant (\$ 600,000)
 - Council funds (\$ 300,000)
- Drainage works \$ 30,000
- Kerb & Guttering \$ 108,000
- Footpaths \$ 55,000
- Road Sealing & resheeting \$1,413,000

LITHGOW CITY COUNCIL HISTORICAL FINANCIAL INFORMATION:

Council's main area of concern is our inability to fully cash fund annual depreciation charges currently at \$5,220M. Financial statements for the past four years show consistent operating deficits of (\$3,817), (\$1,778), (\$3,192), and (\$2,842) for 01/02, 02/03, 03/04 and 04/05 respectively, that is, the net result from ordinary activities before capital amounts. To fully meet the cost of depreciation Council must to consider the reduction of salaries, ongoing maintenance or annual capital improvements and / or special rate variations and / or alternative sources of revenue. Council is also reviewing depreciation charges in light of the life of asset categories.

Due to rate pegging Councils annual rate revenue has not maintained the equivalent increase in line with expenses for materials, which are subjected to annual CPI, and wages, which are subjected to award increases.

Council's annual reported costs for each financial year are summarised as follows:

ACTUAL COSTS AS PERCENTAGE OF TOTAL INC / EXP:

	2001/02		2002/03		2003/04		2004/05	
ORDINARY ACTIVITIES	\$	%	\$	%	\$	%	\$	%
EXPENSES								
Employee Costs	7,583	35%	8,584	38%	8,854	37%	9,781	38%
Materials & Contracts	5,461	25%	5,158	23%	6,049	25%	5,761	23%
Borrowing Costs	170	1%	188	1%	218	1%	236	1%
Depreciation	5,387	24%	5,405	24%	5,357	23%	6,330	25%
Other Expenses	3,236	15%	3,255	14%	3,102	14%	3,362	13%
Loss Disposal Assets	4	0%	0	0%	0	0%	0	0%
TOTAL EXPENSES	21,841		22,590		23,580		24,360	
REVENUE								
Rates & Charges	11,045	62%	11,758	57%	12,245	60%	12,944	60%
User Fees & Charges	2,151	12%	2,538	12%	2,649	13%	2,538	12%
Investment Revenue	438	2%	1,261	6%	597	3%	630	3%
Grants & Contributions	4,209	23%	3,941	19%	4,265	21%	5,151	24%
Other Revenues	181	1%	603	3%	391	2%	213	1%
Profit Disposal Assets	0	0%	711	3%	241	1%	42	0%
TOTAL REVENUE	18,024		20,812		20,388		21,518	
SURP/(DEF) ORDINARY	(3,817)		(1,778)		(3,192)		(2,842)	
CAPITAL								
Grants & Contributions	1,550		2,377		1,632		7,336	
SURP/(DEF) AFTER CAP	(2,267)		599		(1,560)		4,494	
CHANGES IN EQUITY	(2,267)		599		(1,560)		4,494	

Surpluses achieved in 2002/03 and 2004/05, after capital contributions, are due to the injection of capital income from the State Government for the Wallerawang Indoor Sports Stadium in 2002/03 and Three Tree Lodge as a controlled asset in 2004/05.

HISTORICAL DATA PERCENTAGE INCREASES:

	2001/02	2002/03	2003/04	2004/05
ESTIMATE INCREASES				
Rate Pegging	2.8%	3.3%	3.6%	3.5%
Wages: Award Inc	2.0%	3.0%	3.0%	3.5%
Materials: CPI	3.0%	2.8%	2.1%	2.5%
	5.0%	5.8%	5.1%	6.0%
ACTUAL INCREASES				
NB: Rate increases include changes due to split and additional valuations & the take-up from authorised shortfalls from previous year. Wage increases are due to changes in staff numbers and casual employees				
Rates & Charges	3.0%	6.0%	4.0%	10.0%
Wages: Award Inc	2.0%	13.0%	3.0%	-5.0%
Materials: CPI	3.0%	-6.0%	17.0%	6.0%
	5.0%	7.0%	20.0%	1.0%

Steadily increasing employees' costs alone represent 68%, 73%, 72% and 75% of the revenue derived from rates and charges each year.

The Department of Local Government, continually comments on the written down value of Councils infrastructure assets, i.e. buildings, roads, water, sewerage, drainage all of which are depreciated to an extremely low level. Highlighted are the sewerage assets which are currently shown at a cost of \$37,402M and are written down to \$7,378M, water infrastructure are shown at cost of \$37,240M and WDV of \$16,509M, drainage assets at a cost of \$13,180M and WDV of \$2,922M and road infrastructure of \$195,178M and WDV of \$110,023M.

During 2003/04 Council engaged the services of a valuer to undertake a revaluation. The result proved the assets have depreciated to an acceptable level as the revaluation equal the current WDV.

Council owns a rapidly ageing fleet of plant & equipment. Of the twelve owned backhoes, graders, tractors and loaders owned only three have been purchased since 1995. The capital value of these items is \$1,713,354 with a WDV of \$54,844. The 2006/07 budget will endeavour to create and internally restricted amount for plant purchases created from 'profits' retained from hire rates but this internally restricted asset will be dependent on the level of unrestricted cash achieved for the period.

FINANCIAL HEALTH CHECK

To assist Local Government in NSW the Local Government Managers Assoc (LGMA), has developed a 'Financial Health Check' document to assist the State Government to integrate planning, sustainable development and efficiency of service delivery within NSW. A completed health check document showing Lithgow's results is attached for Councillors information.

Local Councils are recognising that there is a need to change and Local Government must have the means to raise funds to meet its responsibilities

(a) Policy Implications

Special Rate Variations for fire, tourism and stormwater

(b) Financial Implications

Additional General rate income of \$691,225 of the 2006/07 financial year

(c) Legal Implications

Nil

ATTACHMENTS

1. Lithgow results of LMGA 'Sustainable Finances Health Check' (Councillors)

RECOMMENDATION

THAT Council agree in principal to the proposed Special Rate Variations for fire, tourism and stormwater and preparations commence for inclusion in the Draft 2006/07 Management Plan.

ITEM: 2 CORP - 13/02/06 - SPECIAL PARKING RATE ADDITIONAL PROPERTIES FOR THE 2006/07 RATING YEAR

REFERENCE

Nil

SUMMARY

To advise Council of additional properties which it is proposed to charge the Special Parking rate from the 2006/07 rating year.

COMMENTARY

Council in past years has charged a parking rate to business properties in Main St, Mort St and Railway Pde. Lithgow. During 2005/06 various properties were identified and charged the parking levy but as an ongoing program Council should consider expanding the areas which utilise parking to ensure all business properties are captured in 2006/07.

It should be noted that if a property is identified within the parking area, and they are categorised as 'residential', they will not be charged parking unless the use of the property is changed at any time to 'business'.

The areas identified are the:

- Central section of Railway Pde (Dental & Doctors surgery)
- Mort St from Lithgow St to Bridge St, both sides
- Cook St (Main St lane to Mort St)
- Coles, Aldi, Pottery Estate developments

PROPERTY	VALUATION	LEVY TO BE INCLUDED FOR SPECIAL PARKING FROM 2006/7	
11580	65,000	531.70	Cook St, Lithgow
11590	80,300	656.85	Cook St, Lithgow
11600	7,200	588.96	Cook St, Lithgow
35000	48,000	392.64	Mort St, Lithgow
35010	48,000	392.64	Mort St, Lithgow
35050	49,800	407.36	Mort St, Lithgow
35080	30,000	245.40	Mort St, Lithgow
35090	30,000	245.40	Mort St, Lithgow
35190	79,000	646.22	Mort St, Lithgow
35320	55,400	453.17	Mort St, Lithgow
35420	58,800	Non Rateable	Mort St, Lithgow
35430	117,000	957.06	Mort St, Lithgow
40390	56,300	460.53	Railway Pde, Lithgow
102513	2,250,000	18405.	Bent St, Lithgow
103869	1,050,000	8,589.00	Valley Drive, Lithgow
102884	800,000	6,544.00	Valley Drive, Lithgow
TOTAL PARKING LEVY		\$39,515.93	

Prior to levying the parking rate Council is required to undertake the following process.

- Identify and resolve the properties to be charged
- Contract a surveyor to undertake a 'meets & bounds' survey
- Notify ratepayers they will be rateable for parking from the 2006/07 financial year
- Apply the parking rate from the 1 July 2006

(a) Policy Implications

Nil

(b) Financial Implications

Additional parking income of \$39,515.93 for 2006/07

(c) Legal Implications

Nil

ATTACHMENTS

1. Maps of the areas

RECOMMENDATION

THAT:

1. Properties 11580, 11590, 11600, 35000, 35010, 35050, 35080, 35090, 35190, 35320, 35420, 35430, 40390, 102513, 103869, 102884 be included in the parking rate levy area for the 2006/07 rating year
2. Individual property owner involved be advised accordingly
3. Required surveys of the area be undertaken
4. Exhibition of the proposal in the draft 2006/07 Management Plan when prepared for a period of 28 days

COMMITTEE MEETINGS

Nil.

QUESTIONS WITHOUT NOTICE

Nil.