



MINUTES

Special Council Meeting

Thursday 23 January 2014

6.00pm

City of Albany Council Chambers

CITY OF ALBANY COMMUNITY STRATEGIC PLAN (ALBANY 2023)

VISION

Western Australia's most sought after and unique regional city to live, work and visit.

VALUES

All Councillors, Staff and Volunteers at the City of Albany will be...

Focused: on community outcomes

This means we will listen and pay attention to our community. We will consult widely and set clear direction for action. We will do what we say we will do to ensure that if it's good for Albany, we get it done.

United: by working and learning together

This means we will work as a team, sharing knowledge and skills. We will build strong relationships internally and externally through effective communication. We will support people to help them reach their full potential by encouraging loyalty, trust, innovation and high performance.

Accountable: for our actions

This means we will act professionally using resources responsibly; (people, skills and physical assets as well as money). We will be fair and consistent when allocating these resources and look for opportunities to work jointly with other directorates and with our partners. We will commit to a culture of continuous improvement.

Proud: of our people and our community

This means we will earn respect and build trust between ourselves, and the residents of Albany through the honesty of what we say and do and in what we achieve together. We will be transparent in our decision making and committed to serving the diverse needs of the community while recognising we can't be all things to all people.

SPECIAL COUNCIL MEETING
MINUTES–23/01/2014
** REFER DISCLAIMER **

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I. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS:

[6:00:03 PM](#) The Mayor declared the meeting open.

II. OPENING PRAYER:

“Heavenly Father, we thank you for the peace and beauty of this area. Direct and prosper the deliberations of this Council for the advancement of the City and the welfare of its people. Amen.”

RESOLUTION

VOTING REQUIREMENT: SIMPLE MAJORITY

MOVED: COUNCILLOR DOWLING

SECONDED: COUNCILLOR BOWLES

THAT Standing Order 3.1 be SUSPENDED to allow recording of proceedings.

CARRIED 11-0

III. PUBLIC QUESTION AND STATEMENT TIME:

Each person asking questions or making comments at the Open Forum will be **LIMITED** to a time period of **4 MINUTES** to allow all those wishing to comment an opportunity to do so.

No members of the public wished to address the meeting.

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IV. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED):

Mayor Mayor D Wellington

Councillors:

Breaksea Ward	R Hammond
Breaksea Ward	V Calleja JP
Frederickstown Ward	C Dowling
Kalgan Ward	Vacant
Kalgan Ward	J Price
Vancouver Ward	S Bowles
Vancouver Ward	N Williams
West Ward	G Gregson
West Ward	A Goode JP
Yakamia Ward	A Hortin JP
Yakamia Ward	R Sutton

Staff:

Chief Executive Officer	G Foster
Executive Director Corporate Services	G Adams
Executive Director Community Services	C Woods
Executive Director Planning and Development Services	D Putland
Executive Director Works and Services	M Thomson
Minutes	J Williamson

Three members of the media and three members of the public were in attendance.

Apologies:

Frederickstown Ward	G Stocks
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V. DECLARATIONS OF INTEREST: Nil.

VI. IDENTIFICATION OF MATTERS FOR WHICH THE MEETING MAY SIT BEHIND CLOSED DOORS: Nil.

SCM008: INTENTION TO BORROW FUNDS

Proponent : City of Albany
Attachments : Nil
Responsible Officers: : Executive Director Corporate Services (G Adams)

Responsible Officer's Signature:



STRATEGIC IMPLICATIONS

1. This item relates to the following elements of the [City of Albany Strategic Community Plan 2023](#) and [Corporate Business Plan 2013-2017](#):
 - a. **Key Theme:** 3. A Connected Built Environment.
 - b. **Strategic Objective:** 3.1 To advocate, plan and build friendly and connected communities.
 - c. **Strategic Initiative:** 3.3.3 Streetscape Enhancement.

In Brief:

- The City has received notice from Lotterywest that it will assist in funding two infrastructure projects being the upgrade of Stirling Terrace and the establishment of a Town Square.
- The National Anzac Centre is being built with primarily external funding, however, it is part of the Forts Precinct which requires significant upgrades.
- To optimise and generate opportunities associated with the Anzac Centenary, a number of development projects are required. To maximise the long term benefits and provide a lasting legacy to the City offered by these three projects, it is recommended that funds are borrowed to expand and enhance the projects.
- The officer recommendations deal with the borrowing of funds. The expenditure of these funds requires Council approval.

RECOMMENDATION

SCM008: RESOLUTION 1
VOTING REQUIREMENT: ABSOLUTE MAJORITY

MOVED: COUNCILLOR GREGSON
SECONDED: COUNCILLOR HORTIN

THAT Council:

- **RESOLVE** to exercise the power to borrow, for the purpose of construction of the Town Square project; and
- **GIVE** one months notice, from 31 January 2014, of the intention to borrow \$500,000, for a period up to ten (10) years, at prevailing interest rates.

CARRIED 11-0
ABSOLUTE MAJORITY

**SCM008: RESOLUTION 2
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

**MOVED: COUNCILLOR HAMMOND
SECONDED: COUNCILLOR GREGSON**

THAT Council:

- **RESOLVE** to exercise the power to borrow, for the purpose of construction and upgrade of Stirling Terrace road and streetscape; and
- **GIVE** one months notice, from 31 January 2014, of the intention to borrow \$400,000, for a period up to ten (10) years, at prevailing interest rates.

**CARRIED 11-0
ABSOLUTE MAJORITY**

**SCM008: RESOLUTION 3
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

**MOVED: COUNCILLOR GREGSON
SECONDED: COUNCILLOR BOWLES**

THAT Council:

- **RESOLVE** to exercise the power to borrow, for the purpose of construction, renovation and upgrade of cafe, retail and administration facilities in the Forts precinct; and
- **GIVE** one months notice, from 31 January 2014, of the intention to borrow \$600,000 for a period up to ten (10) years, at prevailing interest rates.

**CARRIED 11-0
ABSOLUTE MAJORITY**

**SCM008: RESOLUTION 4
VOTING REQUIREMENT: ABSOLUTE MAJORITY**

**MOVED: COUNCILLOR PRICE
SECONDED: COUNCILLOR SUTTON**

THAT Council:

- **RESOLVE** to exercise the power to borrow, for the purpose of construction, renovation and upgrade of facilities in the Forts precinct; and
- **GIVE** one months notice, from 31 January 2014, of the intention to borrow \$500,000, for a period up to ten (10) years, at prevailing interest rates.

**CARRIED 11-0
ABSOLUTE MAJORITY**

**SCM008: RESOLUTION 5
VOTING REQUIREMENT: SIMPLE MAJORITY**

**MOVED: COUNCILLOR SUTTON
SECONDED: COUNCILLOR HORTIN**

THAT Council RESOLVE that 40% of the annual net operating revenue from Albany Airport be deposited into the Debt Management Reserve annually.

CARRIED 11-0

BACKGROUND

2. The City is currently building and planning various infrastructure projects and events in preparation for the Centenary of Anzac commemorations and to ensure the long term benefits of this major event are realised.
3. The long term sustainability of the National Anzac Centre is dependent on its integration into the Forts Precinct which requires significant upgrades.
4. An application to Lotterywest has been successful to fund two of the priority projects identified by the CBD Working Group established by the City.

DISCUSSION

5. The City is preparing for significant events activity focused around Anzac Centenary and the building of the National Anzac Centre within the Forts precinct.
6. Lotterywest has recently announced funding for two significant projects within the CBD, both of which will be used in support events for the Anzac Centenary.
7. The first project is the Town Square Community space. This is the grassed area between the Town Hall and Library. Lotterywest has committed \$500,000 to this project. Total estimated project cost is \$1 million.
8. Fundamental to the contemporary use of this precinct is the space between the two most significant civic assets in the CBD - The Albany Town Hall and the Albany Public Library. This area currently acts as the default town square for the Albany CBD and wider region. Its limitations include:
 - a. Poor visual and pedestrian amenity to York St;
 - b. Inadequate access, services and flexibility for public events; and
 - c. Adhoc landscaping and lighting, and an absence of regular event programming.
9. These limitations will negatively impact planned events as well as inhibiting place activation for the precinct more broadly in the long term.
10. The Town Square project will provide an activated community meeting place, information hub and a gathering space for learning and cultural engagement, which will enable small subsidiary events to take place during the Anzac commemorations. It will also provide for a hub for events such as the Christmas Pageant and markets into the future.
11. The second project is Stirling Terrace enhancement, between York St and the Old Post Office/UWA Building. Lotterywest has committed \$300,000 to this project. Total estimated project cost is \$700,000. The exact scope and timing of construction works will require further discussion and consultation with local business owners.
12. Stirling Terrace represents one of the most significant heritage sites in Western Australia. The street has been identified as being the longest stretch of Georgian Architecture in Western Australia and has been a hub for industry, commercial enterprise and civic engagement since the mid-nineteenth century. Significantly, soldiers leaving for the Boer War as well as soldiers leaving on the First Convoy for Egypt, Sinai and Palestine marched on Stirling Terrace.
13. The current state of basic community amenity in this precinct renders it unsuitable for large-scale community events. This represents a particular challenge (and barrier) for proposed Anzac events (Stirling Terrace 'Pop-Ups' and street festivals).
14. The project will however focus on improving the streetscape and amenity of the area, a pivotal space connecting to CBD to the Waterfront precinct and Anzac Peace Park precincts.

15. The third project is upgrade, renovation and construction of facilities in the Forts Precinct. This has a number of elements:
 - a. The establishment of a new cafe/restaurant within the Forts Precinct to cater for the demands of visitors. Estimated cost \$450,000.
 - b. Renovation and development of retail and administration space to cater for the additional visitor demands. Estimated cost \$150,000.
 - c. Construction of public open space leading into the national ANZAC Centre, Memorial Gardens, and entry enhancement. The aim of the project is to design and ultimately install a high quality public space to enhance the Princess Royal Fortress precinct and present a diversity of experiences with areas for public activity, congregation, commemoration and education to complement the new National Anzac Centre Estimated cost \$500,000.
16. With interest rates at historically low levels (currently quoted at 4.6% fixed for 10 years), the current environment is very favourable for using borrowed funds for improving infrastructure.
17. With Lotterywest partly funding the Town Square and Stirling Terrace projects, and the State and Federal Governments funding the National Anzac Centre, an opportunity exists for the City to leverage these funds and deliver these long lasting, significant civic projects.
18. Currently all annual net revenue from Albany Airport is directed into the Airport Reserve to be used for the future development of the Albany Airport. During the past two financial years there has been significant Capital Works conducted at the Airport, much of which has been funded via grants.
19. On current calculations the Airport Reserve will have a balance of approximately \$2 million at the end of the current financial year with all major Capital Works accounted for.
20. Currently approximately 60,000 passengers (primarily business) pass through the Airport each year and additional visitation is expected during the project phase and the actual Commemoration period.
21. The budgeted net operating surplus for the Airport this financial year is approximately \$1 million per annum, however, based on current figures, it is likely to exceed this amount.
22. A Debt Management Reserve was created this financial year, which currently has a balance of \$2.375 million as a result of the returns from Lehman Bros investments. If 40% of net operating revenue from the Airport was deposited into this reserve, it would provide an inflow in excess of \$400,000, which could be used to service debt.

GOVERNMENT & PUBLIC CONSULTATION

23. One month's public notice must be given of any proposal to borrow money.

STATUTORY IMPLICATIONS

24. Under the Local Government Act 1995, *Subdivision 3 – Borrowings*, sec 6.20, a local government has the power to borrow money, and must detail that in the annual budget. If the proposal has not been included in the annual budget, one month's public notice of the proposal must be given, and the resolution to exercise that is to be by absolute majority.

POLICY IMPLICATIONS

25. Any new borrowings need to comply with the Long Term Borrowing policy. The policy has a number of criteria that need to be met. Two ratios need to be satisfactory, being the debt service ratio, and net debt ratio. Both of these remain in the satisfactory band after allowing for the new proposed borrowing.

	2014/15	2015/16	2016/17	2017/18	2018/19
Debt Service Ratio					
- Without additional borrowing	5.33	5.32	5.25	5.61	6.11
- With additional borrowing	4.79	4.81	4.76	5.10	5.53
Satisfactory >2					
Net Debt Ratio					
- Without additional borrowing	17.6%	14.8%	11.4%	6.3%	1.6%
- With additional borrowing	21.1%	17.9%	14.1%	8.6%	3.5%
Satisfactory <45%					

26. The policy also requires that when borrowing money for the acquisition or construction of an asset, the new asset must have an economic life greater than 10 years, alternative options prove to be less advantageous to the City.

RISK IDENTIFICATION & MITIGATION

27. The risk identification and categorisation relies on the City's [Enterprise Risk Management Framework](#).

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
<i>Power to borrow is not authorised.</i>	<i>Possible</i>	<i>Moderate</i>	<i>Medium</i>	<i>Mitigation dependent on borrowing funds.</i>

FINANCIAL IMPLICATIONS

28. The estimated repayments on the total borrowings of \$2,000,000 principal and interest, over 10 years at an interest rate of 4.6% is \$251,766 p.a.
29. Once the new cafe is renovated, it will be offered for lease, with anticipated annual lease payments of between \$35,000 and \$45,000. This will partially offset the loan repayments and after repayment of the loan, will provide additional income for the Precinct.
30. If the various asset upgrades and enhancement projects are not funded by additional borrowings, funding would need to be sourced from general revenue or reserves.
31. By sourcing the funds from general revenue, other areas of City operations would need to be cut or restricted.
32. By using borrowed funds, and spreading the repayments over 10 years, the yearly impact on general City operations is minimised.
33. By utilising funds generated by the Airport to pay down debt, there is no impact on ratepayers as the budget bottom line will not be impacted.

LEGAL IMPLICATIONS

34. Each project has distinct heritage, native title, land ownership buildings and engineering compliance issues to satisfy. Each project proposal details these separately.
35. Lotterywest funding has been approved on the basis that the City is required to contribute to the projects.

ENVIRONMENTAL CONSIDERATIONS

36. Any environmental considerations are dealt with within each project proposal.

ALTERNATE OPTIONS

37. That funds are not borrowed to fund the various projects, which may result in Lotterywest funding being withdrawn.

SUMMARY CONCLUSION

38. To maximise the long term benefits and provide a lasting legacy to the City offered by these three projects, it is recommended that funds are borrowed to expand and enhance the projects.

Consulted References	:	<ul style="list-style-type: none">• Council Policy: Long Term Borrowing Policy• Local Government Act 1995, Subdivision 3 – Borrowings, s6.20 (Power to borrow)• Local Government (Financial Management) Regulations 1996
File Number (Name of Ward)	:	Frederickstown Ward GS.APC.79
Previous Reference	:	OCM 16 July 2013 Item 4.7: 2013-14 (Budget Adoption)

XIII. ITEMS TO BE DEALT WITH WHILE THE MEETING IS CLOSED TO MEMBERS OF THE PUBLIC: Nil.

XV. RESUME STANDING ORDERS 3.1:

PROCEDURAL MOTION

**MOVED: COUNCILLOR PRICE
SECONDED: COUNCILLOR DOWLING**

THAT Standing Order 3.1 be RESUMED to stop recording of proceedings.

CARRIED 11-0

XVI. CLOSURE OF MEETING:

[6:03:49 PM](#) there being no further business the Presiding Member declared the meeting closed.

(Unconfirmed Minutes)

Dennis W Wellington
MAYOR