

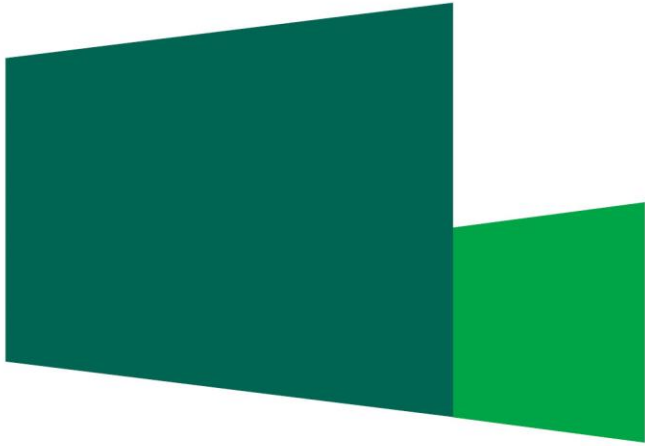
QUEANBEYAN-PALERANG REGIONAL COUNCIL

Council Meeting Attachment

22 NOVEMBER 2017

ITEM 6.21 AMENDMENT TO 2017-18 OPERATIONAL PLAN

ATTACHMENT 1 SUMMARY OF COMMENTS ON AMENDMENT TO
OPERATIONAL PLAN



Proposed amendment to 2017-18 Operational Plan



Report - Community engagement – Proposed amendment to 2017-18 Operational Plan

Executive Summary of engagement report:

Following Council’s resolution in September 2017, the proposed Amendment to the Operational Plan was publicly exhibited.

The exhibition period (29 September-27 October) was advertised in Council’s fortnightly advertisement in the Queanbeyan Age, Braidwood Times and Bungendore Weekly along with Council’s online engagement website at yourvoice.qprc.nsw.gov.au. Reference to the exhibition phase was also included in Council’s weekly e-newsletter.

Participation in engagement:

The statistics gathered from the Your Voice page show that 185 people visited the project page, six people submitted a comment on the proposed amendment.

Comments received:

Submitter:	Submission:	Council response	Recommendation
1	I am totally opposed to this. This is a huge project, and a huge loan to inflict on ratepayers. I am also very concerned at the way this project was scoped and costed... a company put in an "unsolicited" tender, just out of the blue? You must think ratepayers are very innocent and trusting. Go back to the drawing board, and present better, more sensible options, including a case for this change at all. The whole project appears to have been prompted by this "unsolicited" proposal. It is way too expensive.	<p>Funding Under the proposed funding model placed on exhibition, the project would be funded from a mix of loans, reserves, grants and asset sales. The loan component of the project would be offset by the rental income from the major tenant. The major tenant would pay around two-thirds of the annual loan repayments and it is expected that the rental income will lead to a cash positive result during the term of the loan. The reserve funding would be the water and sewer fund’s contribution towards the construction of the building. The building will house water and sewer staff when complete. It is therefore a requirement for the water and sewer funds to make a contribution to the project, either via an upfront capital contribution or an ongoing loan repayment.</p> <p>Unsolicited bid Following the endorsement of the CBD Property Feasibility Study in April 2016, Council resolved to authorise the General Manager to negotiate unsolicited and joint venture proposals for some of its CBD sites, for further report and endorsement of Council. On 24 August 2016, Council adopted the QPRC Unsolicited Proposals Guidelines, based on NSW Government documents, which outlined the procedure for the submissions and assessment of unsolicited bids. An unsolicited bid was presented to the General Manager in late 2016 which was assessed in line with the adopted guidelines. The unsolicited bid was presented to Council in December 2016 where it was resolved to enter into a heads of agreement with the proponent. The proponent was invited to resubmit its proposal on a staged basis and prepare a masterplan for the sites. Any proposition for sale of those sites in any of the stages are subject negotiation and decision by Council.</p>	Comments noted
2	Your a regional council pure ratepayer waste of money on a six storey building. Use it on something worthwhile like better paths so people can walk around their streets without having to go onto roads where there is no path or repair those that need it. Plant more trees to make Qbn etc a nicer looking	<p>QPRC currently has programs in place to provide for new footpaths and upgrade and maintain the current footpath network. Programs also exist for tree planting in Queanbeyan and Bungendore. The former Queanbeyan City Council committed to a 1000 trees pa program. This continues following the merger and is outlined in Council’s adopted Operational Plan.</p> <p>Carparking</p>	Comments noted

Report - Community engagement – Proposed amendment to 2017-18 Operational Plan

Submitter:	Submission:	Council response	Recommendation
	<p>town...Bungendore could use more. There are enough vacant buildings to convert into different departments of council and I am sure the underground parking will not be for the public. Queanbeyan looks like a mess...poor planning. You have a barely used carpark - shove it full of demountables and use them. The parking will be ridiculous for the ratepayers and staff if you take out more car places. No wonder business is dying unless you are in Riverside Plaza.</p>	<p>The current Lowe St carpark has 176 carparks. Under the concept design, the area would have 202 carparks available via a publicly-accessible underground carpark, on-street parking in a new street running parallel to Rutledge St and basement under the Queanbeyan Head Office and Smart Hub.</p> <p>CBD Transformation The Queanbeyan Head Office and Smart Hub is seen as the catalyst for the transformation of the Queanbeyan CBD. At present, Queanbeyan-based staff are located in 11 different buildings around the CBD. The former Administration building at 257 Crawford St is currently unused and is not suitable for a redevelopment of this nature. The building is due to be demolished in early 2018.</p> <p>By developing a new Queanbeyan Council Head Office, Council will free up a number of surplus buildings within the CBD that have been the subject of an unsolicited bid for the possible mixed-use developments. It is proposed that the funds gained from the sale of these properties would be used to enhance the public domain in the area.</p>	
3	<p>All ratepayers do not seem to have been informed of these massive expenditure increases. Many people do not have computer access, so cannot either read about this online proposal, nor supply online feedback. This therefore seems to be an elitist type feedback survey. This has not been sent out to all ratepayers in the recent October Council newsletter, so many ratepayers, who do not know about these cost increases, are therefore prevented from supplying council feedback. Council feedback also was only seemingly asked for, after the September 27th Council meeting, when the council agreed to continue with this expensive building proposal, without first seeking feedback from ratepayers, as the initial estimated cost had more than doubled. The QPRC seems to be proposing to spend vast amounts of ratepayer monies, without first ensuring that all ratepayers are kept fully informed of several large expenditure items, such as a \$39 million loan for 20 years, and the worrying proposal to transfer over \$11 million from the accumulated Queanbeyan Water and Sewer Fund, when the QPRC's own website, contains a study by Prof. Percy Swan, that suggests that the Queanbeyan Water and Sewer Fund is presently massively underfunded. Not much seems to be saved for extenuating circumstances problems, or regional road maintenance problems etc. The abysmal lack of reserved funds, suggests a council intend on spending, and with little apparent intent on trying to build up council reserves for future possible problems. A truly frightening view of ratepayer future increases in rates and probably decreases in many essential services, due to</p>	<p>Feedback mechanisms The proposed amendment to the Operational Plan, and the original Operational Plan, were advertised in Council's fortnightly newspaper advertisement in the Braidwood Times, Bungendore Weekly and Queanbeyan Age. Submissions can be received via letter, email, or online surveys such as the one posted at yourvoice.qprc.nsw.gov.au</p> <p>The concept design for the Queanbeyan Head Office and Smart Hub was originally placed on exhibition in July-August 2017 and subject to community forums.</p> <p>Preparation, printing and distribution of the community newsletter takes 5-6 weeks to complete. The timing of the most October newsletter was based around the outcome of the election and at the time of printing, this matter had not been considered by Council and staff could therefore not include information in the newsletter.</p> <p>A key component of Council's Communications Strategy focuses on informing people via traditional methods (newspapers, newsletters, flyers etc) however there are costly and take time to produce, print and deliver. Council is currently undertaking a communications survey and will use the data gathered during this period to inform our communications methods.</p> <p>Percy Allen report The Prof Percy Allen report stated the water and sewer backlog would grow substantially under 'Existing Policy'. Hence, with the adoption of the Financial Strategy, Council is progressing a 'Responsible Scenario' to utilise debt and reserves to replace and renew ageing infrastructure such as the Queanbeyan Sewage Treatment Plant. The Plant is scheduled for renewal in the next five years in line with the Masterplan adopted last year. The Queanbeyan water and sewer funds currently have a combined \$41m in reserves. The Financial Plan published with the Resourcing Strategy this year, indicates the funds assigned to water and sewer asset renewals and expansion, and includes provision for \$30m in reserves to be used for the upgrades Queanbeyan Sewage Treatment Plant, as well as government grants and developer contributions. Once constructed, that part of the backlog is reduced. The Financial Plan prepared with Percy Allan notes the backlog reduces from a combined backlog of 7% to less than 2% over the 10 year term of the Plan.</p>	Comments noted

Report - Community engagement – Proposed amendment to 2017-18 Operational Plan

Submitter:	Submission:	Council response	Recommendation
	financial future restrictions, is rapidly appearing on ratepayers council expenditure views.	Water and sewer funds are contributing capital to the head office in line with the cost attribution policy and the building accommodates staff from with the Utilities (water and sewer) group. The General Fund will carry and service the debt.	
4	Rather than increase a centralised government, why not decentralise government functions through out the council area. The former Palerang buildings in Bungendore and Braidwood could be used.	With more than 70% of the Local Government Area's population living within 10km of the Queanbeyan office, it would not be feasible to locate the bulk of staff at the Bungendore and Braidwood offices. Council is required to maintain the number of full time equivalent staff members existing at the time of merger at the Bungendore and Braidwood sites into perpetuity as required under the <i>Local Government Act</i> .	
5	While it's helpful to see the numbers, it would be substantially more helpful to see the business case and justification for this change, and the impact this is anticipated to have on the areas from which you intend to draw the funds.	<p>The September 2017 Council report outlined the various strategies and plans that guided the project and outlined the costs and benefits expected by the project. Those plans include the 2009 CBD Masterplan, the 2015 Queanbeyan Carparking Strategy, the Queanbeyan CBD Transformation Strategy and the Smart City and Communities Strategy</p> <p>The concept design for the Queanbeyan head office and smart hub included public domain and parking; the façade at street level is expected to be sympathetic to the heritage red brick features of the precinct. Both Strategies and the design supported an application to the Commonwealth Government for a smart city grant to act as a catalyst for the QCBD precinct activation. Collectively those strategies and the head office/smart hub construction aim:</p> <ul style="list-style-type: none"> to guide activation, pedestrianisation and build case to increase number of workers and residents into CBD to guide a City Deal to integrate road and public transport networks with ACT, and collaborate on 3D City modelling in the ACT and QBN CBDs to guide the review of LEP and development control plans and staging of QCBD public domain works to be the catalyst for redevelopment of QCBD to attract government and small business tenancies; then enable redevelopment of vacated council office sites into mixed use (commercial, residential) – ie workers and residents – to invigorate the retail and lifestyle precinct of CBD recycle assets (eg redundant buildings and carpark) into public domain fitted out with smart infrastructure to be catalyst for new public domain connecting green spaces for casual work and social/digital interaction, all of which is designed to build confidence and change the perception of Queanbeyan <p>The head office, smart hub and public domain project proposes to recycle assets (eg redundant buildings and carpark) into public domain fitted out with smart infrastructure (lighting, parking, cctv, wifi) to support community connection and improve the urban character – all key drivers of the Community Strategic Plan.</p>	Comments noted
6	There are water, waste and road issues all over the council area. There is no presentation from council on how the new building will fix these issues. With this I presume the proposal isn't connected to better outcomes for ratepayers. Suck it up and live within your means like everyone else does. I'm working two weeks per year just to pay QPRC rates and fees. I'm not seeing much for that and don't see the proposal will change that.	Water, waste and road issues remain a priority of Council and the development of this project will not impact on Council's ability to undertake maintenance and upgrades on these assets. The asset strategy, capital works and financial plan outline the scope and scale of infrastructure works over the next 10 years. Council will confirm the details of those works in the next Delivery Program.	Comments noted

Report - Community engagement – Proposed amendment to 2017-18 Operational Plan

Submitter:	Submission:	Council response	Recommendation
7	<p>Summary of submission</p> <p>See attachment to 29 November Council meeting for full submission</p> <ul style="list-style-type: none"> • Raises objections to increasing borrowings and utilising water and sewer reserves to fund the project • Suggests that the Percy Allen Report has been ignored by QPRC • Raises concerns about the proposed major tenant and asks how QPRC will fund the shortfall. 	<p>Borrowings and reserve funding</p> <p>The capital and debt plan published with Council's long term financial plan (LTFP) proposed borrowings of \$35m for the building and basement carparking at 4% fixed over 20 years, at an annual servicing (P&I) cost of \$2.55m. However, excluding fitout, the office, smart hub and parking estimates indicate a loan of \$39m would be required at an annual servicing (P&I) cost of \$2.85m. Fees are to be met from reserves set aside for the refurbishment.</p> <p>It is envisaged the value of the public domain works will be offset by the proceeds of sale or works in kind, and associated development contributions. Fitout of the building is estimated at \$11.3m, being technology, conditioning, security and furniture, to be funded from Water and Sewer reserves as those Funds' capital contribution to the head office.</p> <p>The lease with the major tenant (subject to survey of nett lettable area after construction), is estimated to return gross figures as outlined in the attachment, and indexed annually. No provision has been made in the financials for likely returns from occupation of the smart hub or lease of co-work space by agencies, but would reduce the annual nett cost of debt servicing, and accelerate the transition to a cash-positive return.</p> <p>By way of comparison, refurbishment and extension of the former office at 257 Crawford Street for the chambers and occupation by staff offices only with equivalent floor area, excluding carparking, is estimated at \$3300/m2, requiring borrowings of \$20m with annual loan payments of \$1.6m.</p> <p>Percy Allen Report</p> <p>The Prof Percy Allen report stated the water and sewer backlog would grow substantially under 'Existing Policy'. Hence, with the adoption of the Financial Strategy, Council is progressing a 'Responsible Scenario' to utilise debt and reserves to replace and renew ageing infrastructure such as the Queanbeyan Sewage Treatment Plant. The Plant is scheduled for renewal in the next five years in line with the Masterplan adopted last year. The Queanbeyan water and sewer funds currently have a combined \$41m in reserves. The Financial Plan published with the Resourcing Strategy this year, indicates the funds assigned to water and sewer asset renewals and expansion, and includes provision for \$30m in reserves to be used for the upgrades Queanbeyan Sewage Treatment Plant, as well as government grants and developer contributions. Once constructed, that part of the backlog is reduced. The Financial Plan prepared with Percy Allan notes the backlog reduces from a combined backlog of 7% to less than 2% over the 10 year term of the Plan.</p> <p>Tenancy</p> <p>As previously resolved by Council, tenders for the construction of the project will not be called until a lease agreement has been executed with a major tenant. Should that not eventuate, a further report will be brought to Council for consideration, prior to tenders being called</p>	Comments noted