

# funding the levee upgrade.

safety • prosperity • community



## Community Engagement Plan Special Rate Variation for levee upgrade

Wagga Wagga's position on a floodplain has tested the community in recent years with major flood events in 2010 and 2012 causing significant damage across the Local Government Area.

Many homes and businesses were evacuated and some flooded, public infrastructure such as roads and bridges were badly damaged, and the economic impact of an evacuation order for the Central Business District was immediate.

Lasting impacts include the ongoing clean-up, rebuilding homes and public infrastructure, and a spike in insurance costs for homes and businesses within the impact area for large flood events.

Wagga Wagga City Council (WWCC) has been planning for an upgrade to the levee system since 2007, with a Flood Risk Management Plan released in 2009 identifying a need to upgrade the Main City and North Wagga levee.

Council is finalising designs for an upgrade of the Main City levee to a 1 in 100 year level of protection, which is scheduled to commence in 2016/17.

The final design height for the North Wagga levee is yet to be determined and will be further considered in a review of the Floodplain Risk Management however designs are being finalised to upgrade it to a 1 in 20 year level of protection.

An application has also been submitted to the Office of Environment and Heritage (OEH) for grant funding from the State and Federal Governments to help fund the \$23.3M\* cost of upgrading the Main City Levee and the potential upgrade of the North Wagga Levee to a 1 in 20 year level of protection.

This cost estimate is based on design estimates by NSW Public Works.

Providing it can secure State and Federal funding, Council has committed to financing one-third of the total cost of both projects (\$7.75M).

Council's Long Term Financial Plan (LTFP) 2015/2025 and Fit for the Future submission proposes to fund its share of the funding via a Special Rate Variation (SRV).

An SRV is Council's preferred option, which will require a one-off annual increase of 3.83% above the rate peg, commencing in 2016/17 and maintained for five years.

Under the proposed increase, property owners in the Farmland rate category will pay an additional 1.91% above the rate peg. Assuming a rate peg of 3% **the total increase for Farmland properties would be 4.91%.**

All other properties will see an increase of 4.1% above the rate peg. Assuming a rate peg of 3% **the total increase for all rateable properties not in the Farmland category would be 7.1%.**

\*Based on estimates provided by NSW Public Works

The proposed increase for **all rateable properties not in the Farmland category** is as follows:

ASSUMED RATE PEG		UPGRADE COMPONENT	=	TOTAL RATE INCREASE
3%	+	4.1%	=	7.1%

The proposed increase for **Farmland properties** is as follows:

ASSUMED RATE PEG		UPGRADE COMPONENT	=	TOTAL RATE INCREASE
3%	+	1.91%	=	4.91%

After the SRV five year period (ending 2020/21), rates payable in the following year (2021/22) will revert back down to the equivalent level to that if an SRV had not occurred. i.e the rate increase in 2021/22 will be a 0.64% decrease (assuming a rate cap of 3%).

If the upgrade of the North Wagga Levee does not go ahead, or if the extent of the upgrade is reduced, the Special Rate Variation will be adjusted accordingly.

If a decision is made to upgrade of the North Wagga Levee higher than a 1 in 20 year level of protection, the difference will be paid for within Council’s budget.

In the event that a SRV is not approved by the Independent Pricing and Regulatory Tribunal (IPART), Council would need to borrow \$7.75M to fund its one-third share. This will impact on the delivery of other programs, services and projects to the community.

Council’s intention to apply for an SRV as a means of funding the levee upgrades has already been well documented and reported on in the local media.

The SRV has also been discussed at community forums where Council staff participated in discussions and formal feedback has been sought as a part of the exhibition process for Integrated Planning and Reporting documents such as the Long Term Financial Plan for 2014/15 and 2015/16.

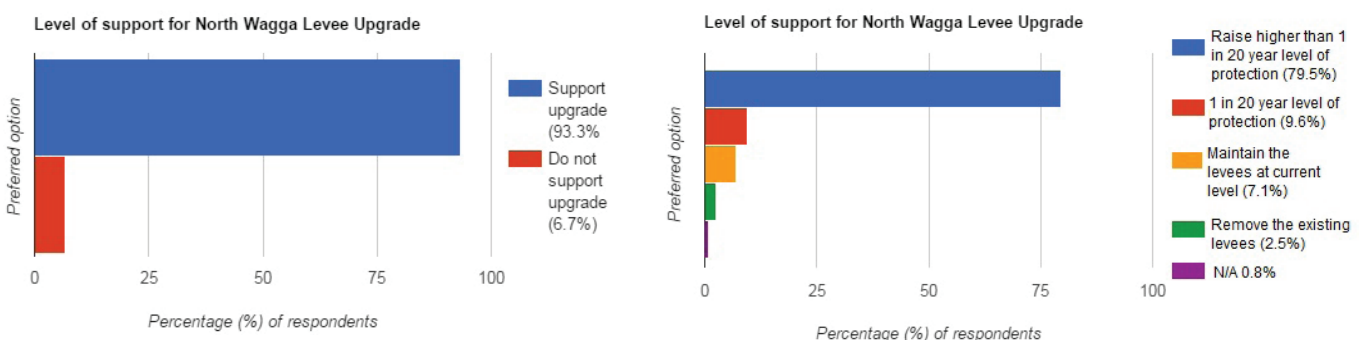
It is imperative that Council continues to engage the community and adequately communicate its intentions and the reasons for going down this path in the lead up to making an application to IPART.

If IPART approves the SRV this change will then need to be clearly communicated in the lead up to and for the duration of the five years that the SRV is in place.

## *recent consultation on levee upgrade*

In a recent Flood Futures consultation process focusing on the detailed designs, it was found that there is significant public support for an upgrade of the Main City and North Wagga Levees.

For those that supported the Main City Levee upgrade, there was a strong emphasis on protecting the city and spending money now to save money later if it is flooded.



Some statements of support include:

*“To support the future growth and prosperity of our city”*

*“We have a 3.7 billion dollar economy. I already lost my house in a flood - I can't afford to lose my job too!”*

*“To avoid evacuation and higher insurance costs”*

*“Because if the CBD of Wagga is flooded due to over topping or outright failure, the city may never fully recover from the devastation caused”*

Of those that support an upgrade of the North Wagga levee, there was a strong emphasis on protecting the community that many people have lived in for a long time and have grown to be a part of.

Some statements include:

*“If levee was higher would stop the chance of flooding under most circumstances”*

*“The emotional toll of the flood is evident when speaking with many residents.”*

*“Raise the levee banks and maybe the insurance companies might bring their premiums down.”*

At the July 2015 Council meeting it was resolved to:

a) proceed with construction of the Main City levee to provide a 1 in 100 year level of protection, making allowance for the possibility that the North Wagga levees may also be constructed to provide a 1 in 100 year level of protection

b) incorporate an investigation into providing a 1 in 100 year level of protection for North Wagga into the upcoming review of the Wagga Wagga Floodplain Risk Management Study and Plan

Current information on the Main City Levee Upgrade and the potential North Wagga Levee Upgrade can be found online: [wagga.nsw.gov.au/floodfutures](http://wagga.nsw.gov.au/floodfutures)

## *why engage?*

A criterion in the Office of Local Government (OLG) Guidelines for applications for a 2015/16 SRV states that there needs to be

*‘evidence that the community is aware of the need for and extent of the rate rise’*

and that

*‘the council’s community engagement strategy for the special rate variation must demonstrate an appropriate variety of engagement methods to ensure an opportunity for community awareness and input is to occur’*

This means communication and community engagement must form a key part of the application process, however IPART has advised that Council does not need to demonstrate that the community supports the SRV.

Engaging the community on such an issue is also in line with Council's Community Engagement Strategy and one of the goals of Ruby and Oliver, Council's Community Strategic Plan:

*'We are a community that is informed and involved in decisions impacting us'*

Decisions about both an SRV and an upgrade of the levee will greatly impact the community.

For ratepayers it will mean paying extra each quarter, and for the community as a whole the levee will mean the protection of homes, lives, many of the city's assets and its economy. It will also mean that some sections of the floodplain will experience higher levels of flooding in some of the more significant flood events.

## *key messages*

The communication and engagement campaign will be branded as "Funding the levee upgrade: safety, prosperity, community".

# **funding the levee upgrade.**

safety · prosperity · community

The three words 'safety', 'prosperity' and 'community' reflect the positive outcomes that upgrading the levees could have for the City of Wagga Wagga, and are inspired by feedback sought during the *Flood Futures* consultation for the detailed design in March 2015.

Given Council has already decided to proceed with the upgrade of the Main City Levee and a separate process is underway to determine the future of the potential North Wagga Levee, this engagement campaign will not focus on seeking feedback on the levee project itself.

However, when undertaking consultation about the SRV, the community will also want to talk about several other aspects relating to the levee upgrade project and recent and future flooding. Whilst out of scope for the SRV consultation, they are considered as high a priority for the community and cannot be separated.

Any feedback received online, over the phone, at community meetings and elsewhere will be recorded and an analysis will be included in the SRV application to IPART.

The two options available to Council to fund its one-third share of the project are:

- 1) Fund the required contribution with a special rate variation
- 2) Fund the required contribution with loan borrowings

The key messages for each option are outlined in detail below.

## *fund the required contribution with a special rate variation*

In order to raise the \$7.76M to cover Council's one-third share of the cost of the project, the special rate variation will need to be 3.83%. Assuming a rate peg of 3% the full rate rise would be 6.83%.

The SRV will be a one off rise maintained for five years, i.e. it will not be applied cumulatively each year, and will drop off at the end of the five year period.

IPART is quite specific in its documentation about what material must be presented to the community when communicating a potential SRV application.

It states that information must show:

<b>IPART direction on what information to communicate</b>	<b>Wagga Council message</b>
The requested percentage increase(s) including the rate peg	The increase in rates for 2016/17 are proposed to be 7.1% for all rateable properties not in the Farmland rate category. The total rate increase for rateable properties in the Farmland category is proposed to be 4.91%. These total increases include an assumed rate peg of 3% and an additional component for the levee upgrade.
The full cumulative impact on rates	The SRV will be a one off increase maintained for five years. The SRV will be removed from rates at the end of the five year period. Assuming the rate peg is set at 3% each year for the five year period, once that period is over rates will drop by -0.64%.
Whether the increases are temporary or permanent	The increases will apply each year for five years, beginning in the 2016/17 financial year.
Rates and rate increases on an annual (not just daily or weekly) basis	Outlined in the table below.
Increases in other charges, where these are likely to exceed increases in the CPI	No significant increases are proposed. Domestic & Commercial Waste Charges are scheduled to increase 3% each year as per the 2015/25 LTFFP. Sewer charges are scheduled to increase 4.5% for 3 years and then 2.5% for 7 years as per the LTFFP.

### *Options for distribution of SRV to rate categories*

Councillors were asked to make a decision at the October Supplementary Council Meeting on how the levee upgrade component of the rate increase will be distributed amongst rate categories.

The first proposal was to apply the rate increase evenly to all categories.

The second proposal was to provide a reduced rate to property owners under the farmland category, with other ratepayers to make up the shortfall.

The second proposal is designed to assist a section of ratepayers that may receive little benefit from the upgrade of the Main City Levee and the potential upgrade of the North Wagga Levee.

Councillors chose to adopt the second option for distribution, giving the farmland rate category a reduced rate of 50% compared to other rate categories.

Rates for each property are calculated as a percentage of the land value so the rate increase in dollar terms will vary.

The following table outlines the average annual increase compared to 2015/16 rates for each category. Under this distribution method the levee upgrade component of the rate increase for the farmland category is 1.91%, and 4.1% for all other categories. The assumed rate peg is 3%.

Rate category	Average land value*	Average annual increase in 2016/17 for levee upgrade component only**	Total average annual increase in 2016/17 (including rate peg)**
Residential Wagga	\$121,000	\$40.78	\$70.63
Residential Village	\$63,000	\$14.36	\$24.87
Residential Other	\$219,000	\$57.82	\$100.08
Business Wagga	\$445,000	\$258.55	\$447.79
Business Village	\$74,000	\$21.24	\$36.78
Farmland	\$637,000	\$46.44	\$119.19

\*Based on 2015/16 rates

\*\*Indicative increase only and subject to change as per rate pegs set by IPART each year

As a part of the engagement process, ratepayers will be able to calculate the impact that the SRV will have on their rates using an online calculator.

If the ratepayer does not have access to the internet they will be able to contact Council and a staff member will be able to do this calculation for them.

During the five year SRV period, individual rates notices will highlight the additional amount collected by the SRV.

This way the rate payer will know exactly what portion of their rates are being used for the levee upgrade.

The below is an example only and not an accurate calculation:

Rates and Charges		
Description	Rate in Dollars and Units	Amount
Rates-Residential Wagga Wagga	0.8470 cents/\$ on \$121000.00	\$1024.86
Sewer Residential	Base Sewer Charge1.00	\$453.50
Stormwater - Residential	Stormwater Residenti1.00	\$25.00
Kerbside Waste Domestic	Incl Basic Service1.00	\$294.00
Levee Contribution \$121,000 @ .03248c/\$		\$39.30
PLEASE DEDUCT ANY PAYMENTS MADE SINCE 16/07/2015		<b>Total Amount Due</b>
Interest on overdue rates and charges accrues at the rate of 8.5% per annum, calculated daily.		<b>\$1,836.66</b>

Because the SRV will apply only for a five year period, it is expected rates will drop by -0.64% in 2021/22.

Assuming the rate peg is set at 3% each year for the five year SRV period and the SRV component of the rate increase is applied evenly to all rate categories, rates will drop by the following amounts:

Rate category	Average land value*	Levee upgrade component only in 2015/6**	Total average annual increase in 2016/17 (including rate peg)**	Levee upgrade component only by 2020/21**
Residential Wagga	\$121,000	\$40.78	\$70.63	\$45.89
Residential Village	\$62,900	\$14.36	\$24.87	\$16.14
Residential Other	\$219,000	\$57.82	\$100.08	\$49.46
Business Wagga	\$446,000	\$258.55	\$447.79	\$291.65
Business Village	\$73,500	\$21.24	\$36.78	\$23.74
Farmland	\$637,000	\$46.44	\$119.19	\$52.27

\*Based on 2015/16 rates \*\*Indicative increase only and subject to change. Variables include the rate peg set by IPART each year and land values subject to General Valuations

It is crucial that Council continues to communicate the reasons for the SRV and the impact on rate payers if it does go ahead.

This can be achieved with updates on the Levee Upgrade project in Council News and in rates notices.

Key points for funding the required contribution with a SRV:

*Total rate rise of 4.19% for Farmland properties, 7.1% for all other properties*

*Average annual increase of around \$70 a year for residential properties in Wagga Wagga in the first year, additional increases will be as set by the rate peg each year*

*Additional rate increase above the rate peg maintained for five years only*

*Rates to drop slightly at the end of the five year period*

*Funds raised by the SRV can only be used for the levee upgrade*

## *fund the required contribution with loan borrowings*

If Council is not successful with its application for a SRV, it will need to fund its one-third share of the Levee Project by borrowing \$7.76M over five years.

This would be paid back with interest over approximately 14 years. The total cost of the repayments is anticipated to be \$10.9M

The table to the right outlines what the repayments are expected to be each year over the 14 year repayment period.

These figures would need to be accounted for in each financial year's budget and savings would have to be found within that budget.

This will mean a reduction in the services that Council provides to the community.

Services that could be impacted include Council's road and footpath maintenance program, facilities such as the Oasis Aquatic Centre, cultural programs such as community festivals and further staff cuts.

Key points for funding the required contribution with loan borrowings:

*Total amount borrowed \$7.76M*

*Total amount repaid: \$10.9M*

*At their peak, the repayments would be \$1.1M annually.*

YEAR	REPAYMENT AMOUNT*
17/18	\$ 218,150
18/19	\$ 436,300
19/20	\$ 654,450
20/21	\$ 872,600
21/22	\$ 1,090,750
22/23	\$ 1,090,750
23/24	\$ 1,090,750
24/25	\$ 1,090,750
25/26	\$ 1,090,750
26/27	\$ 1,090,750
27/28	\$ 872,600
28/29	\$ 654,450
29/30	\$ 436,300
30/31	\$ 218,150
<b>TOTAL</b>	<b>\$ 10,907,500</b>

\*Indicative repayments only and subject to changes in interest rates

## *project timeline*

IPART is yet to set the timetable for the 2016/17 SRV applications, however it has indicated that it will be very similar to the timetable for the 2015/16 applications.

**October 2015: Guidelines for 2016/17 SRV applications released**

↓ **December 2015: Council to issue notification of intention to apply for a SRV to IPART**

↓ **December 2015/January 2016: Decision expected on Office of Environment and Heritage (OEH) grant application**

↓ **February 2016: SRV application due**

↓ **May 2016: Applications determined**

↓ **Late 2016: Anticipated commencement of construction of first stage of the Main City Levee Upgrade**



## *methods*

A number of communication and engagements methods will be used to maximise the possibility of reaching all ratepayers and community members.

ENGAGEMENT METHOD	OUTLINE	LEVEL OF ENGAGEMENT
Your Say Website	A dedicated project page will be created on the interactive Your Say website as a 'one stop shop' for all information relating to the proposed SRV, as well as providing opportunities to provide feedback. The website is an easy way for the community to stay up to date with the progress of the consultation process and receive information about key dates, community meetings, information sessions, ways to contact Council etc. A variety of methods such as news updates, photo gallery, social media feeds and links to other resources will be used. Your Say can also be used to conduct a public Q&A forum and embed an SRV rate calculator. Information collected using this website can be tracked and measured and registered members can be directly targeted. The website link will be <a href="http://wagga.nsw.gov.au/srv">wagga.nsw.gov.au/srv</a>	COLLABORATE
Ambassadors	High profile stakeholders and Councillors will to be approached to join the engagement campaign as ambassadors. Briefings will be held with them to ensure that they understand what the process is and how the SRV will work.	INFORM
Community Meetings	Given the potential high level impact of both the upgrade and proposed SRV will have on the community it is important to give people the opportunity to meet with Council to hear about the proposal and ask questions. Council will host a community forum for the general public stalls as well as numerous public stalls. A meeting will also be held in North Wagga to explain what the SRV application means for the North Wagga Levee Upgrade Project.	COLLABORATE
Rates Notice	Given ratepayers will be directly impacted by an SRV, information and an outline of opportunities to provide feedback will be included in all rates notices. Information will also be included in rates notices on an ongoing basis if the SRV is approved by IPART.	INFORM
Neighbourhood Meetings	Information outlining the SRV proposal will be included in handouts and briefing notes at Neighbourhood Meetings. Feedback will also be recorded.	CONSULT
Council News	Council news will feature ads promoting the website and consultation process, updates will be included as a news items. Information will also be included in rates notices on an ongoing basis if the SRV is approved by IPART.	INFORM
Video messages	Video messages direct from the Mayor will be available online	INFORM
IP&R Documents	The Long Term Financial Plan (2015-2025) and the Delivery Program will be updated to further articulate Council's intention to apply for an SRV. The documents will be placed on public exhibition for 28 days	CONSULT

## *stakeholders*

Implementing an SRV will primarily impact ratepayers financially, but the end goal of upgrading the levee affects the wider community. Other groups could also be impacted if the SRV was not to proceed and loan borrowings were instead drawn upon.

The list of stakeholders is extensive and information will be communicated using Council's stakeholder database.

There are already a number of high profile stakeholders in the local community that have views on the levee upgrade and how it should be funded. These stakeholders include Committee 4 Wagga, which will be approached about assisting in promoting the engagement campaign.

## *timeline and key dates*

DATE	WHAT
Tue 6 Oct 2015	Councillor Workshop
Wed 14 Oct 2015	Supplementary Council meeting - Council to consider a proposal to engage with the community on the SRV application - Council to consider changes to LTFP and Delivery Program
Thurs 15 Oct 2015	Website launch - Q&A forum - Rates calculator - Information - Contact details  Media release distributed  Media opportunity with Mayor and General Manager/Director Corporate Services and community representatives
Sat 17 Oct 2015	Story in Council News
Friday 23 Oct 2015	Cut off to finalise flyer in rates notice
Wed 18 Nov 2015	Community Meeting at Council Chambers
Mon 30 Nov 2015	Cut-off date for community to provide feedback
Fri 4 Dec 2015	Results collated and analysed
Mid-December 2015	Outcomes and updates reported back to the community.
Dec 2015	Notify IPART of intention to apply
Dec 2015 / Jan 2016	Decision expected on OEH grant funding
Mon 14 Dec 2015	Council to consider endorsing SRV application to IPART at January 2016 Council Meeting
February 2016	Application to IPART
May 2016	Decision on application announced

## *timetable of community/stakeholder meetings and public stalls*

<b>Date/Time</b>	<b>What</b>	<b>Where</b>	<b>Target audience</b>
Thurs 22 Oct 10am-6pm	Public stall	Wagga Marketplace	General community
Thurs 29 Oct 7pm-9pm (previously scheduled meeting)	Forest Hill Neighbourhood Meeting	Forest Hill School Hall	Forest Hill residents
Thurs 12 Nov 10am-6pm	Public stall	South City Shopping Centre	General community
Sat 14 Nov 8am-1pm	Public stall	Sprout & About Markets	General community
Wed 18 Nov 6pm-9pm	Community Forum	Council Chambers	General community
Thurs 19 Nov 10am-6pm	Public stall	Sturt Mall	General community
Wednesday 2 December 7pm-9pm (previously scheduled meeting)	Tarcutta Neighbourhood Meeting	Tarcutta Memorial Hall	Tarcutta Residents

## *budget*

A budget will be required for advertising, printing and distribution of flyers for rates notice inserts, and stalls.

Cost estimates are as follows:

<b>WHAT</b>	<b>ESTIMATED COST</b>
Flyer printing	\$1,700
Newspaper Ads	\$2,000
Stalls/Meetings (space hire)	\$1,000
Staff attendance for out of hours events	\$700
Other advertising	\$150
2x banner (marketing and information)	\$600
<b>TOTAL</b>	<b>\$6,150</b>

## *corporate risk*

There is a risk that the community will not support this proposal and this outcome would form part of the public discourse around the issue. This information will be recorded and included as a part of the application to IPART.

There is a risk that upgrade of the North Wagga Levee will not proceed to a 1 in 20 year level of protection. In this event the SRV will be adjusted down towards the end of the five year period. The money raised from the SRV can only be used for the Levee Upgrade Project.

## *link to community strategic plan*

“We are a community that is informed and involved in decisions impacting us”