

### 3.4 INTERIM 2020/2021 CAPITAL WORKS PROGRAM (Author RG: File No.)

Responsible Officer: Danny Wain, Chief Financial Officer

#### **RECOMMENDATION**

*That in response to the impacts of COVID-19 and consequent delay in adopting the 2020/21 Budget, Council approves expenditure up to the amount detailed in the tables below to enable the continuing capital works projects and ongoing renewal programs to proceed through July and August 2020.*

#### **INTRODUCTION**

The adoption of the 2020/21 Monash City Council Budget has been delayed by two months, as permitted by the Minister for Local Government, and to allow Council to better allow for the financial impacts of COVID-19 in Monash.

#### **BACKGROUND**

Whilst the health impacts of COVID-19 have been limited in Australia, the financial impact for Council has been substantial as a range of services have been closed to the public and fees and charges income has, dropped significantly. Monash's three Aquatic and Recreation Centres, Community Halls and Centres as well as six Libraries were closed, community events have been cancelled, and income from parking, statutory planning and engineering have dropped significantly.

Council has estimated these financial impacts for the April to June quarter of the 2019/2020 financial year and for the July to September and October to December quarters of the 2020/2021 financial year. Service expenditure reductions in both financial years, as well as major reductions in both the discretionary project expenditure and the renewal capital works program in 2020/21 are expected to cover this revenue loss (compared to what was allowed for in the Strategic Resource Plan).

The Minister for Local Government announced on the 9 April 2020 that all Councils would be granted an extension to the deadline for Budget adoption, with Councils now able to adopt their Budget by 31 August 2020 and be compliant with the Local Government Act. Monash Council has decided to use this extension, providing additional time to revise the financial impacts of COVID-19 and include these in the draft and adopted Budgets.

Consequently there will be a two month gap (July and August) between the end of the 2019/2020 Budget and the adoption of the 2020/2021 Budget. During this time Council's recurrent services will continue to operate, in line with the

revised financial income and expenditure figures included in the draft 2020/21 Budget.

However, the 2020/2021 Capital Works program will effectively be in abeyance until the Budget is formally adopted, likely to be on the 25 August 2020. This two month delay will put pressure on the ability of officers, and contractors, to deliver projects in a shortened delivery year. As Capital Works projects and programs are listed individually, and in effect authorised, in the Budget document there is limited opportunity to progress the overall program during July and August.

### ***DISCUSSION***

The Ministerial extension to the Budget process, although enabling Council to make a better assessment of the impacts of Covid-19, has also had the unintended consequence of potentially delaying the capital program whilst the Draft Budget is out for public consultation. This report is intended to provide clarity to ensure there is some continuity to capital projects that extend past 30 June and also provide an opportunity to start some of the 2020/21 projects, listed in this report and acknowledge the consultation for the Draft Budget. If after the consultation period is completed and Council resolves to change any of these listed works we do not envisage there being any material impacts to the 2020/21 Capital works program.

To lessen the impact of a shortened delivery year for the 2020/2021 Capital Works program it is proposed that Council approve the continuation of a limited program of capital works projects and annual renewal programs / projects during July and August. These include major projects such as the Oakleigh Recreation Centre Redevelopment as well as key programs in Council's civil infrastructure, open space and facilities renewal.

The two tables below specify an expenditure limit for each project or renewal program, based on either on expected contract instalment due in July or August, or an allocation of up to 25% of the annual expenditure as indicated in the draft Budget.

The continuing capital works projects and renewal programs included in the tables below have been chosen as there is a high confidence in the availability of materials and contractors to be able to deliver these works despite the COVID-19 pandemic.

#### Continuing projects

The projects in the table below are 2019/2020 projects continuing into 2020/2021. Expenditure allocated to these projects are either up to 25% of their total expenditure in the draft Budget, or higher where it is based on anticipated contract instalments and projects are closer to completion.

#	Project Name	Jul-Aug 2020 Expenditure
P-8019	Oakleigh Recreation Centre Redevelopment	\$4,574,075
P-8158	Caloola Reserve Pavilion	\$487,500
P-9127	Brentwood Reserve Pavilion Redevelopment	\$417,465
P-7079	Asset Management Information System Implementation & Development	\$150,000
P-1435	Financial System Upgrade	\$175,000
P-1396	Waverley Netball Centre Outdoor Court Redevelopment & Site Planning	\$99,295
P-1259	Integrated Child & Family Hub Scope, Wellington Kindergarten & Mulgrave Park MCH	\$311,250
P-1074	Waverley Archers Modular Facility Development – Freeway Reserve	* \$105,000
P-1043	Brine Street Staffroom and Children's Library Build - Year 2	* \$50,000
P-1175	Ashwood Hall – Balcony Upgrade (Construction)	* \$825,000
P-1087	Building Services Renewal Program - MARC Heating Water Boilers	* \$54,000
P-1126	2019-20 Fleet and Plant Renewal Program	* \$61,000
P-1248	Gardiners Reserve South Modular Change Rooms	* \$105,000
P-1002	Mayfield Park Reserve Sports Lighting Upgrade, Mount Waverley	* \$50,000
P-1141	Mulgrave Reserve Pavilion	* \$487,500
P-1552	Cambridge Street Reserve & Playground Upgrade	* \$350,000
	Sub-total	<b>\$8,997,085</b>

\* project expenditure listed in the Carry Forward Works

#### Renewal programs

	Project Name	Jul-Aug 2020 Expenditure
P-1417	Road Resurfacing Program	\$300,000
P-1401	Footpath Renewal Program	\$812,500
P-1419	Kerb & Channel Renewal Program	\$225,000
P-1418	Road Hump Renewal Program	\$28,750
P-1513	Pit throat widening program	\$37,500
P-1409	Drainage Pit Upgrade at Intersections	\$12,500
P-1384	Fleet and Plant Renewal Program	\$600,000
P-1428	Major Activity Centres Renewal Program	\$143,125
P-1182	Year 5 Street Tree Strategy Implementation	\$63,750
P-1187	Public Lighting Renewal Program	\$15,250
P-1222	Bushland Reserves Revegetation Program	\$31,250
P-1321	Public Litter Bin Replacement Program	\$30,000
P-1221	Park & Gardens Irrigation System Improvement Program	\$22,500

Project Name		Jul-Aug 2020 Expenditure
P-1177	Golf Course Renewal Projects	\$11,250
P-1179	Sports Field Playing Surface Improvements	\$8,750
P-1323	Sports Reserve Infrastructure Program	\$32,000
P-1282	Major Category Public Lighting Renewal	\$100,000
P-1189	Swale Drain Identification and Minor Works Program	\$12,500
P-1188	Car Park Sealing Program	\$12,500
P-1375	Reserve Improvement Program	\$40,000
P-1386	Post Closure Landfill Management	\$65,500
P-1178	Irrigation System Improvement Program	\$50,000
P-1203	Avendon Estate Cypress Windrow Replace. Program	\$42,625
P-1381	Road Reserve Landscaping Improvement Program	\$20,000
P-1213	Building Fit-Out Program	\$200,000
P-1249	Early Years Reactive Projects	\$20,000
P-1325	Building Structures Ren. Program - Aquatic Facilities	\$90,263
P-1330	Building Services Parent Program	\$62,500
P-1268	Equipment Replace. for MARC / CAHC/ ORC Program	\$37,500
P-1393	Monash Ops Centre – Compliance & Renewal Program	\$50,000
P-1380	Major Civic Buildings	\$25,000
P-1521	Building Services Renewal Program - HVAC & Mechanical Renewal	\$100,000
P-1351	Waste Transfer Station Essential Works	\$75,000
P-1390	PC & Laptop Renewal	\$65,000
P-1410	BT Mobile iPhone & iPad Renewal	\$43,750
P-1372	BT Infrastructure and Security Renewal	\$25,000
P-1371	BT Server and Storage Renewal	\$25,000
P-1233	Digital Experience Platform (DXP) - Website Refresh	\$100,000
P-1407	2020-21 Reactive Playground Improvements	\$18,750
P-1211	Library Collection Renewal Program	\$139,500
Sub-total		<b>\$3,794,513</b>

### **FINANCIAL IMPLICATIONS**

The continuing projects and renewal programs identified above are part of the draft Budget developed in conjunction with Councillors and due to be presented to Council on 30 June 2020 for endorsement for public notice and feedback, with final adoption expected on 25 August 2020. There is no financial impact to Council as the up to expenditure comprises part of the overall \$46M 2020/2021 Capital Works program expenditure included in the draft Budget.

### **CONCLUSION**

The Interim 2020/2021 Capital Works Program will support continuing capital works projects and key renewal projects and programs to commence at from the start of the financial year whilst Council finalises the draft 2020/2021 Budget development, consults the community and then adopts the Budget in August. This program will assist in completing projects as early as possible in 2020/2021

and for the community to benefit from the projects as expected prior to the COVID-19 pandemic.

If these projects don't progress after consultation on the draft budget and subsequent adoption, the expenditure is not that great so as to be material to the overall budget.