

Engineering Services Fees and Charges

Service Review

May 2016

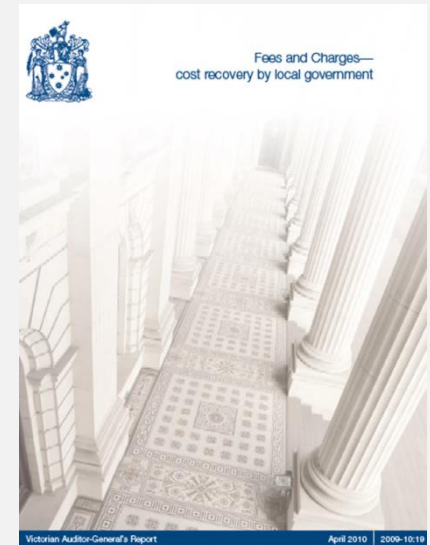
Recommendation

That Council:

- **Adopt the recommendations that will alter the alter the Fees and Charges Schedule in the Draft 2016/17 Budget.**
- **Note the recommendations related to operational improvements.**

Background

- **Council can charge fees in accordance with Section 113 of the Local Government Act and Part 8 of Council Local Law No. 1**
- **Council needs to regularly review its fees and charges**
- **VAGO recommends overhead allocation and recovery:**
 - VAGO report provides framework
 - Progressively use as basis for fees and charges review – seeking cost recovery
 - Implement allocation for 2017/18
 - This report uses general rule (8%)



What did we want to get out of this?

This project was established to review the services provided by the Engineering Services department to ensure that the fees and charges levied by the group:

- Reflect the costs incurred to deliver the service; and**
- Are consistent with current industry practices.**

What do we do?

We administer and levy charges for the following key permits.

| Fee / Permit | 2014 | 2015 |
|------------------|------|------|
| Vehicle Crossing | 149 | 150 |
| Road Opening | 37 | 63 |
| Asset Protection | 243 | 276 |

In 2015/16 the permit fees for the permits listed is budgeted to be approximately \$70,000.

We also administer and levy statutory charges including large scale sub division supervision and approval and those set by the Road Management Act.

Other things we do

We provide additional services, which are not levied, as follows:

- **Additional inspections necessary to close off permits listed earlier.**
- **Review and approval of construction traffic management plans (average 40 per year).**
- **Review and approval of event traffic management plans (average 20 per year).**
- **Review and approval of Over Dimensional Vehicle Permits. (fee collected by NHVR)**
- **Provision of traffic data to engineering consultants.**
- **Consider and manage technical impacts of development (including infill development).**

What do others do?

- A benchmarking exercise looking at like fees and charges was completed.

| | Vehicle Crossing | Road Opening | Asset Protection | Additional inspection | MOA Authorisation | Road Works (statutory fee) |
|---------------|------------------|--------------|------------------|-----------------------|-------------------|----------------------------|
| Surf Coast | \$ 165.00 | \$ 70.00 | \$ 165.00 | | | \$81.60 to \$586.16 |
| Golden Plains | \$ 65.00 | | | | | |
| Colac Otway | | | \$ 140.00 | | | |
| Moorabool | \$ 72.90 | \$ 79.50 | | | | |
| Geelong | \$ 185.00 | \$ 125.00 | | | | |
| Queenscliff | | \$ 105.00 | | | | |
| Corangamite | \$ 98.00 | \$ 98.00 | | | | |
| Ballarat | \$ 105.00 | | \$ 155.00 | \$90.00 | \$ 90.00 | |
| Warrnambool | \$85.00 | \$85.00 | \$155.00 | \$85.00 | | |

Is what we do right?

We completed a process mapping exercise to understand the average time it takes to deliver services.

| Fee / Permit | Average time taken for standard permit | Approx. direct cost | Actual permit costs | Average time for additional inspections | Approx. direct cost for each additional inspection | Actual cost for each additional inspection |
|--------------------------|--|---------------------|---------------------|---|--|--|
| Vehicle Crossing | 1.75 hrs | \$131.62 | \$165 | 1 hr | \$75.21 | \$0 |
| Road Opening | 1.5 hrs | \$112.82 | \$73 | 1 hr | \$75.21 | \$0 |
| Asset Protection | 1.83 hrs | \$137.63 | \$165 | 1 hr | \$75.21 | \$0 |
| Traffic Management Plans | 5.25 hrs | \$414.44 | \$0 | 2 hrs | \$78.94 | \$0 |

What should we follow up on?

- **A set permit fee for Road Openings is not appropriate. The Statutory charge set by the Road Management Act should be applied.**
- **There is no charge for follow up inspections associated with vehicle crossing, asset protection and road works permits.**
- **There is no charge for reviewing and approving traffic management plans.**
- **There is an opportunity for an infrastructure levy relating to provision of water sensitive urban design features on small residential subdivisions.**
- **There is an opportunity for developer contributions to large scale drainage upgrades on small residential subdivisions (primarily in Old Torquay).**
- **Our Fees and Charges Schedule does not indicate what the objective of our fees are.**

Recommendations

It is recommended that Council adopt the following changes to the Fees and Charges Schedule in the Draft 2016/17 Budget:

- 1. The Road Opening permit should be removed and all works applicable should be charged through the statutory 'Road Works permits' structure.**
- 2. A fee of \$75 should be introduced to cover additional inspections required for Road Works, Asset Protection and Vehicle Crossing permits.**
- 3. A nominal fee of \$90 should be introduced to offset a portion of the direct cost associated with review and assessment of traffic management plans. The true cost of the review should be provided as in kind contribution where Council is recognised as an event sponsor.**

Recommendations

It is recommended that Council note the following:

- 1. Commence investigation into additional subdivision charges relating to water sensitive urban design and broader drainage upgrades.**
- 2. Add a column to the Fees and Charges Schedule to identify the objective of the fee being charged i.e. cost recovery, statutory fee.**
- 3. All non statutory Fees and Charges should be critically reviewed by relevant Department Managers in 2016/17 to understand the cost of the services being provided and how this relates to the fees being charged.**

Financial Impact

The impact of the recommendations are estimated as follows:

| Recommended Changes | 2016/17 |
|--|-----------------|
| Additional inspection fee (based on 20% of permits needing re-inspection) | \$6,441 |
| Traffic Management Permits (based on 40 per year) | \$3,600 |
| TOTAL | \$10,041 |