

185/3	Verge and Public Open Space Improvement - Subdivision	V4 Current
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Definition: 'Verge' means road verges, roundabouts and medians within the road reserve

Policy: Verge Improvement and Public Open Space

It is the Council Policy to seek a verge and public open space improvement to a minimum standard that makes areas functional, aesthetic and usable, as part of the urban subdivision process, prior to subdivision clearance. Improvements should comply with minimum landscaping standards in Western Australia Planning Commission's (WAPC's) current "Liveable Neighbourhoods Edition" Operational Policy and shall also be financially, socially and environmentally sustainable.

The intention of this policy is to establish the City of Busselton's minimum landscaping standard and to provide guidance to the Council when considering any proposal from a developer to implement a higher standard of landscaping, including associated maintenance agreements and arrangements.

Scope of Policy

This policy applies to passive recreation parks, reserves, and verges. Active sports fields that are designed and developed for organized sport are excluded from the policy provisions but the surrounds to such areas shall be included and assessed as passive recreation areas.

Applicable areas shall include all reserves that are to be landscaped or rehabilitated as part of the subdivision, that are intended to be vested in the City as reserves for recreation, landscape protection, foreshore management, drainage or other purposes, including verges.

Landscape Categories

Three categories of Verge and Public Open Space (POS) are adopted for reference:

Category 1

This category relates to reserves that have a high profile which require a high level of maintenance for whole of community benefit.

Category 2

These are passive activity areas with a medium level of maintenance required and include elements or all of the following; trees, shrubs, lawned areas, mulched gardens, infrastructure and reticulation.

Category 3

These areas are not reticulated and require minimum maintenance.

The use of native plants and waterwise designs is encouraged in all categories.

It should be noted that a single reserve or area might contain more than one category of landscape treatment.

Landscaping to Be Provided By Developers

For all options A, B & C that follow, irrigation demand (if any), whether from bore or scheme water, shall be minimal and shall be from a secure, adequate and sustainable supply source.

Option A

This is the preferred option for maintenance of reserves following developer handover as reflected in the City of Busselton's Engineering Technical Standards and Specifications – Section 9 – Subdivisions and Developments – Landscaping, Revegetation and Stabilisation which sets out that the City will not accept maintenance liability for intensively developed open space.

The City's preference is that POS areas and verges areas created by subdivision should consist predominantly of Category 3 landscaping, with consideration of limited Category 2 treatments (if any) in key areas. The total annual maintenance cost of all landscaping in the subdivision should not exceed the "Option A standard percentage" of "nominal general rate" revenue from the fully developed subdivision that is nominated by the City to reflect the normal sustainable maintenance spending by the City each year on Public Open Space Maintenance. The Option A standard percentage was set at 15% back in the 2007/08 Financial Year but may be revised by the City each year based on adopted City budgets. The term "Nominal general rate revenue" as applicable to this policy is defined in the guidelines that follow.

Under Option A, basic public open space low maintenance facilities such as playground equipment in addition to the improvement to the landform, appearance and/or vegetation is encouraged. High maintenance landscaping such as artificial water bodies, extensive reticulated lawn, garden bed, exotic vegetation or barbecues is discouraged. This is to avoid the expectation of residents that the Council will accept the cost of high maintenance facilities.

Option A requires:

A landscape maintenance period of 2 years.

A landscape maintenance performance bond equal to two years of estimated maintenance cost (with no margin or loading).

Refer to the Option A example calculation elsewhere in this Policy.

A Landscape Maintenance Agreement is may be required for Option A at the discretion of the City.

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Alternatives for a Higher Standard of Landscaping

If a developer wishes for a higher standard than Option A, where annual maintenance costs exceed the Option A standard percentage of nominal general rates, the proposal shall be referred for the Council's approval, prior to the approval for construction of landscape treatments or clearance of subdivision. The proposal shall be an Option B or Option C Proposal as described below, or an alternative "high standard" proposal that the developer might seek to implement based on similar principles.

Proposals shall be considered by the City on individual merit. Arrangements accepted for other subdivisions shall not be construed to establish a precedent. The Council may withhold approval at its discretion, in which case the developer may fall back to Basic Landscape Option A, or may canvass the Council in respect of other High Standard Options not previously canvassed.

Note that the ability to pay for high quality Option B or C landscape treatments in the foreseeable future should not be the sole consideration as to its acceptance and will not over-ride other sustainability considerations. Those considerations will include compliance with Water Sensitive Urban Design (WSUD) guidelines, retention of biodiversity values, use of endemic landscape species and general resource consumption issues.

Option B – Specified Area Rate (SAR) Proposal

Option B (SAR Proposals) require:

Council approval;

A Landscape Maintenance Agreement;

Identification of the areas to be landscaped, annual maintenance budgets for each area, the total annual landscape maintenance budget for the whole subdivision as well as the whole of life cost;

Details of the proposed SAR. The SAR should:

fund the extra-over landscape maintenance cost that exceeds the Option A standard percentage of the nominal general rate revenue;

include an additional minor allowance to cover City expense costs for administering the SAR (amount to be advised by Shire);

aim to be no more than a 20% addition to the general rate levy per property (i.e. a SAR limit of about \$329 per lot based on average rate levy of \$1615 in 2017/18 dollars) to support longer term acceptability to ratepayers;

identify the proposed SAR commencement date, to be within the developer's landscape maintenance period and as soon as possible following clearance of initial stages of the subdivision;

include a cashflow forecast for the developers maintenance period and beyond, that as a minimum shall account for the SAR accumulations in reserve during the maintenance period and the financial (rating) implications of lots remaining undeveloped (vacant) after the maintenance period. The former would be envisaged to offset the latter.

identify the SAR Area boundary suitably located to avoid equity objections from ratepayers.

A landscape maintenance period of minimum 5 years.

A landscape maintenance performance bond equal to 5 years multiplied by the Option A standard percentage of nominal general rate revenue from the subdivision (with no margin or loading).

Section 70A Notifications on Title by the developer at clearance, to inform purchasers. Any proposal to establish a SAR must gain the Council's endorsement well ahead of the clearance of the first stage of subdivision as failure to establish section 70A Notices on title would normally make Option B SAR proposals untenable.

Provisions to extend the developer's maintenance period (delay handover) until financial and environmental sustainability criteria and other Landscape Maintenance Obligations in the Landscape Maintenance Agreement have been met to the reasonable satisfaction of the City.

Refer to the Option B example calculation elsewhere in this Policy. Note - the 5 year maintenance period for Option B is nominated to:
ensure adequate time for the developer to achieve and prove sustainability objectives prior to handover;

allow sufficient time to implement the SAR and accumulate SAR revenues in reserve as a buffer against ongoing vacant lots or later cost over-runs; and

allows for the ramping up SAR collections from low starting levels in the initial years.

Option C – Developer Funded Landscape Annuity Proposal

Option C proposals should be based on a 40 Year Developer Funded Landscape Maintenance Annuity. Option C proposals require;

The Council's approval;

Identification of the areas to be landscaped, annual maintenance budgets for each area and the total annual landscape maintenance budget for the whole subdivision;

Funding the extra-over landscape maintenance cost that exceeds the Option A standard percentage of the nominal general rate revenue via a “40-year Developer Funded Landscape Annuity;

A developer maintenance period of minimum 2 years.

A landscape maintenance performance bond equal to 2 years multiplied by the Option A standard percentage of nominal general rate revenue from the subdivision (with no margin or loading).

Refer to the Option C example calculation elsewhere in this Policy.

Option C proposals do not require a formal Landscape Maintenance Agreement from a City perspective. However, it is expected that developers may seek such an agreement to oblige appropriate expenditure of the annuity by the City.

Guidelines: Verge and Public Open Space Improvement

Landscaping Generally

The extent of works required and approved will ultimately be determined by the Chief Executive Officer.

More than one WAPC subdivision approval area may be combined in a single proposal under Option B or C.

The works shall be carried out under the direction and the supervision of the Chief Executive Officer.

Works shall be carried out as soon as practicable before clearance of subdivision following completion of civil engineering works on the subdivision, except that outstanding works may be bonded under the provisions of the Council’s early clearance subdivision policy as applicable.

Verge Landscaping

Road verge landscape plantings are normally intended to be established and maintained by the adjoining landowner. Verge plantings provided by the developer should therefore be limited under ALL landscape Options to no greater than the following:

Roundabouts and medians of dual carriageways;

drainage basins and swales provided in roundabouts, medians or verges;

verges immediately abutting POS and reserves (landscaped to the same detail as the adjoining POS or reserve);

road verges that have no directly adjoining lot frontage. These are typically higher order roads classified as arterial roads, district

distributors or local distributors or the Western Australia Planning Commission's (WAPC's) current "Liveable Neighbourhoods Edition" Operational Policy road equivalents that are designed to prevent or limit direct property access; such verges can include the separator or buffer strips between major roads and adjacent parallel local or service roads.

generally for local roads, only a single street tree per lot frontage (2 for corner lots) should be provided by the developer in verges that adjoin residential or other development lots.

verge landscaping (in excess of single street trees) may be supported for the front verge of rear accessed (laneway) lots where the verge is divorced from the lot via a front retaining wall and there is no front driveway.

Works scope may extend beyond the immediate frontage of the subdivision. In this way verges of the collector and distributor roads associated with the subdivision, can be improved.

Estimates of Landscape Maintenance Costs

Estimates of annual landscape maintenance costs shall be provided on request, to the satisfaction of the City, if the City believes that the annual landscape maintenance cost might exceed the Option A standard percentage of the nominal general rate revenue, for the subdivision and the landscaping proposed.

Landscape maintenance costs estimates shall account for all landscape areas developed as part of the subdivision whether internal or external to the subdivision boundary. Estimates and costings may be rejected, accepted or otherwise adjusted at the sole discretion of the City. Estimates shall account for normal annualised operating costs (excluding GST) that include borewater supply costs and license fees, utility (power and water) rates and consumption charges. End of life replacement costs for hard landscaping shall be excluded.

Maintenance cost estimates shall reflect the anticipated annual costs occurring after expiry of the developer's maintenance period and should therefore make due allowance for items downgraded (by agreement) prior to handover and should exclude initial maintenance costs that are of an establishment nature.

Definition of "Nominal General Rate Revenue"

Nominal general rate revenue is defined as the estimate (to the satisfaction of the City) of the general rates that would theoretically arise from all lots within the subject subdivision boundary, if the lots were fully developed with housing etc. and rated as such at current year values. Actual rate revenues will differ in early years due to vacant lots.

Downgrade Items/ Entry Statements

Landscape elements should generally not be planned to be downgraded prior to handover, as a means of achieving financial sustainability due to problems with managing public expectations.

An exception is "Entry Statements" that are developed to category 1 or 2 standard. An Entry Statement is any construction or landscaping arrangement constructed with the express aim of promoting and enhancing the entry and presentation of a subdivision or development. These SHOULD be planned to be downgraded prior to handover. A specific stand-alone (short form) Entry Statement Maintenance agreement is required for Entry Statements proposed as part of Landscape Option A or C subdivisions, consistent with – Section 9 – Subdivisions and Developments – Landscaping, Revegetation and Stabilisation of the City of Busselton's Engineering Technical Standards and Specification. . However, at the City's discretion, Entry Statements may form part of Landscape Option A or C subdivisions' Landscape Maintenance Agreement. In Landscape Option B subdivisions equivalent provisions that are specific to the Entry Statement/s (where one or more is proposed) should form part of the larger Landscape Maintenance Agreement that is required in respect of Option B.

Landscape Maintenance Performance bonds

These may be cash bonds or bank guarantees of acceptable format, lodged prior to clearance and held until expiry of the developer's maintenance period for the purpose of securing the performance of the developer's landscape maintenance obligations;

Landscape Maintenance Bonds shall be separate to the twelve months maintenance period bonds otherwise provided for subdivision civil works due to the different timeframe for release of bonds; and

Landscape Maintenance bonds should be separate and additional to outstanding works bonds that may be lodged in respect of incomplete landscape works at time of clearance under other City of Busselton policies.

Landscape Maintenance Period

The date of expiry of the (Developer's) Landscape Maintenance Period in respect of Options A, B & C (notwithstanding other provisions that extend the date for non-compliance) shall be based on applying the Landscape Maintenance Period from the latest of:

the clearance date of the subdivision, and

the "Date of Practical Completion" of the landscape elements.

In any event, the developer's landscape maintenance period extends from the clearance date until the expiry date. This is significant where early clearance is supported and there is substantial bonding of incomplete landscape works.

"Practical Completion" of landscape elements shall be based on 95% completion of all Landscape Work by value and no less than 95% completion of all "soft landscape" plantings (grass, shrubs & trees), to the satisfaction of the City.

For multi-staged subdivisions, the maintenance periods and corresponding expiry dates apply independently to each stage. Alternatively a single landscape maintenance period expiry date may be determined for all stages (for simplicity) relative to the final stage, in which case shortening of the landscape maintenance period relative to the final stage may be supported at the discretion of the Chief Executive Officer, to achieve the normally specified maintenance period as an average across all stages. For example, a subdivision progressively staged and cleared over a two year period that otherwise warrants a 5 year maintenance period could have a maintenance period expiry date set for all stages that is 4 years after the practical completion of the final stage.

Notifications on Title

All lots created in subdivisions with other than Option A landscaping require section 70A Notices (Transfer of Land Act 1893) to warn purchasers of potential downgrading of high maintenance standards provided at subdivision (despite downgrading only being normally intended for entry statements). For Option B proposals the Section 70A Notice shall also warn of the application of Landscape Specified Areas Rates. Typical text follows:

This lot is part of the "<insert>" subdivision which upon original development was provided with a higher standard of landscaping in its parks and road reserves than is normally supported by the Shire of Busselton. Considering this higher standard, there is a potential for the Shire of Busselton to impose a Specified Area Rate in relation to landscape maintenance and there is also potential for the Shire to amend the standard of the landscaping and the amount of any such Specified Area Rate in future."

Example Calculations

Option A – Basic Landscaping Calculation:

Example - A 500 lot subdivision anticipates average general rates payable per rated (residential/industrial/commercial) property of \$1,615 (in 2017/18 dollars) per lot when fully developed with housing. The Landscape design is predominantly category 3 with an estimated annual maintenance cost of \$102,625 (at 2017/18 dollars excluding GST);

Maintenance cost = \$102,625/500 lots = \$205 per lot per year;

Maximum acceptable Option A cost is 15% x \$1,615 per lot = \$242 per lot, (x 500 lots = \$121,000 overall) per year, so the Option A cost criteria is satisfied;

A landscape maintenance performance bond of 2 years x \$102,625 = \$205,250 is required prior to clearance.

Option B – SAR Proposal:

Example - A 500 lot subdivision anticipates average general rates payable per rated (residential/industrial/commercial) property of \$1,615 (in 2017/18 dollars) per lot when fully developed with housing. The higher quality Landscape design has an estimated annual maintenance cost of \$249,232 (at 2017/18 dollars excl GST).

Maintenance cost = \$249,232/500 lots = \$498 per lot per year. This amount exceeds the Option A limit by \$498 - \$242 = \$256 per lot (x 500 lots = \$128,000 in 2017/18 dollars).

The Specified Area Rating Proposal must therefore generate the extra-over amount of \$128,000 per year (in 2017/18) dollars at full development of all 500 lots. Actual SAR revenues will be less in early years prior to full development, but will “ramp up” and accumulate in reserve during this period while the developer meets the full landscape maintenance cost;;

The \$498 average per lot cost is ultimately to be funded \$242 from general rate revenue and \$256 from SAR revenue. All figures escalate annually for inflation. However, general and Specified Area Rates are expected to escalate simply via escalation of underlying gross rental valuations;

A landscape maintenance performance bond of 5 years x 500 lots x \$242 per lot = \$605,000 is to be lodged prior to clearance.

The landscape maintenance period will extend until the developer demonstrates that annual maintenance costs lie within the \$249,232 annual target (indexed to the date of handover).

Option C – Developer Landscape Annuity Example:

Example - A 500 lot subdivision anticipates average general rates payable per rated (residential/industrial/commercial) property of \$1,615 (in 2017/18 dollars) per lot when fully developed with housing. The higher quality Landscape design has an estimated annual maintenance cost of \$249,232 (at 2017/18 dollars Excl GST).

A landscape maintenance performance bond of 2 years x \$249,232 = \$498,464 is required prior to clearance.

The annual Maintenance cost = \$249,232/500 lots = \$498 per lot per year. This exceeds the Option A limit by \$498 - \$242 = \$256 per lot (x 500 lots = \$128,000 per year in 2017/18 dollars). The developer must pay an annuity amount (a fee) that is the Present Value of the \$128,000 per year extra-over cost, with appropriate inflation and discount allowances for a 40 year period after clearance, less the component of this amount that is

applicable to the 2 year maintenance period and otherwise covered by the maintenance bond. The fee is calculated in this manner as follows:

$$\text{Present Value} = \left[\frac{1 - (1+r)^{-n}}{r} \right] \times \$Y$$

In this example,

n=40 annual payments of Y,

* Y= \$128,000 (in FY2017/18 dollars),

r = the (real) discount rate which, accounting for inflation of maintenance cost 'Y' at the assumed annual inflation rate "i" is reasonably approximated as the difference between the nominal discount rate "rn" and "i". The nominal discount rate (rn) shall be the interest rate available for City investments. In this example the following rates are assumed,

nominal discount rate, rn = 8%

inflation rate i = 6%

r = real discount rate (approx) = rn – i = 2%

The formulagives present value = \$2,393,604, for which the corresponding fee to be paid prior to clearance is:

$$\$3,501,500 - \$498,464 = \$3,003,036$$

History

Council Resolution	Date	Information
C1712/323	13 December 2017	Reviewed
C0707/162	25 July 2007	Completely revised version of former policy 185/3 Version 3
C0111/566	28 November 2001	Substantially revised version of former policy 185/3 Version 2
(W94/0194) C94/0368	28 September 1994	Date of implementation Version 1