Apportionment and Distribution Statement

Dunvegan Crescent, Surf Beach
Special Charge Scheme

Introduction

Council has developed a priority list of all areas across Bass Coast Shire that have unconstructed streets and inadequate drainage with the view to upgrading these areas. The policy which guides these projects is Council's Urban Roads and Drainage Improvement (URDI) Policy 2024. The funding mechanism for these types of upgrades shall be adopted through Council resolution. Funding sources may include:

- direct Council contribution
- external grants, funding, or contributions
- a special rate or charge in accordance with Section 163 of the *Local Government Act 1989* (**Act**)
- and/or a combination of the above

The special charge provisions allow for costs to be equitably attributed to those who receive a special benefit.

Dunvegan Crescent, Surf Beach has had a history of dust and safety issues over many years. These include but are not limited to the following:

- dust generated by traffic along unsealed roads, contributing to reduced air quality and amenity
- safety risks associated with pedestrians walking along unsealed roads with vehicle traffic.

At its 17 July Council Meeting 2024 Council resolved to:

1. Receive the petition, Dunvegan Crescent Upgrade
2. Commence work with the head petitioner and other property owners to investigate a preferred treatment option and potential costs to upgrade the road.
3. Note that a potential upgrade project would need to be considered in accordance with the Urban Roads and Drainage Improvement Policy at a future meeting
4. Advise the head petitioner of Council's decision.

It is expected that all properties included within the Scheme are expected to gain a special benefit from the road works over and above what currently exists. There are several properties within the Scheme area that will not receive the same level of road improvement benefit as other properties within the Scheme area. Those properties that do not receive the same level of benefits, in the interests of fairness and reasonableness, shall receive a 'discounted' road benefit and this process is further detailed in below sections of this statement.

A. Method of Apportionment

For this project, the Maximum Total Levy amount has been calculated in accordance with the Act and the Ministerial Guidelines. The total levy amount and other relevant data is summarised in Table 1 below.

Total Project Cost (not inc GST) **Preferred Concept Option**	**$900,038**
LESS the cost to remove dust suppressant seal on north end and return to gravel	**$40,000**
Total Scheme Costs **Benefit Ratio** **Maximum Levy Amount** **Council Contribution (%)** **Council Contribution ($)**	**$860,038** **.2051** **$176,394** **79.49%** **$683,644**
Total Council Liability	**$683,644**

Table 1: Scheme costs

To apportion and distribute the Maximum Total Levy amount amongst and between the properties included within the Scheme, each property was assessed to determine the special benefit they will receive from the works. The Maximum Total Levy amount has been distributed amongst all the properties that are considered to receive a special benefit from the works.

All 26 properties within the Scheme receive a relevant special benefit from the works to be provided under the Scheme. The relevant special benefit is the construction of the road.

Adjustment Factors

Once the Maximum Total Levy amount has been calculated, it is necessary to determine an appropriate way to distribute the total costs to and amongst all property owners included within the Scheme boundaries.

The road component costs are ordinarily distributed through two different methods. The first method is based on a percentage of boundary lengths adjacent or fronting the road, meaning those properties with a longer front boundary will contribute more based on proximity and accessibility to the road. The second method is to distribute the road component costs evenly amongst all the property owners based on property owners receiving a similar improvement based on similar usage of the road network.

In this Scheme, the property sizes and shapes in the Scheme boundary vary and due to this some have very small or very large boundaries adjacent to/adjoining the road being constructed. The large differential in boundary lengths creates a large difference in cost distribution if costs are apportioned only using this method. If the method of distributing the road component costs equally amongst property owners is used, then it does not account that some property owners with longer front boundaries will be gaining additional benefit from the proximity and accessibility that comes with a longer boundary adjacent to the road. For these reasons, it is considered appropriate to also consider a method of apportioning the road component costs using a combination of the two methods such that some of the costs are distributed based on boundary length adjacent to the road and some of the costs are distributed equally amongst property owners based on a similar usage of the road.

The front and/or side boundary lengths of each property is established and checked against the property title or plan of subdivision.

Adjustment factors for each property are then considered to ensure the resulting apportionment costs are considered fair and equitable for all properties included in the Scheme. These adjustment factors included:

- Whether road component costs are apportioned equally or based on boundary lengths
- Whether a property has a front and/or side boundary (i.e. a corner lot)
- Whether a property may be subject to a future special charge scheme, such as a corner lot.

After evaluating various alternatives for the method of distribution, it was considered that the method adopted results in the fairest and most equitable distribution of costs amongst the property owners.

The distribution of costs amongst the properties in the Scheme has been distributed on the basis of the road component of works. Road component costs of works have been distributed based on the following various factors which include:

- A portion of the road component costs being equally shared amongst all property owners
- A portion of the road component costs being distributed to property owners based on boundary lengths (front and side) adjacent to a road(s) proposed to be upgraded
- A discount being applied to the side boundary of a property adjacent to a road
- A discount being applied to a property that may be subject to a future special charge scheme, such as a corner lot.

Once these dimensions and factors had been confirmed, each property's individual circumstances were considered, and different adjustment factors were trialled. These factors are as follows:

Consideration A – **Recommended**

It was considered that the road component distribution of costs be based on:

- 25% of the road component costs to be distributed based on property boundary lengths adjacent to road(s)
- 75% of the road component costs to be distributed equally amongst properties

- Street boundary length is made up of 100% the front boundary (typically the shorter boundary) and 30% of any additional boundaries with other streets (for example a corner lot)
- Properties that may be subject to a future special charge scheme, such as a corner lot, will have a 50% discount applied to aspects that would be considered in both schemes, such as equal sharing of costs.

Consideration B

It was considered that the road component distribution of costs be based on:

- 50% of the road component costs to be distributed based on property boundary lengths adjacent to road(s)
- 50% of the road component costs to be distributed equally amongst properties
- Street boundary length is made up of 100% the front boundary (typically the shorter boundary) and 30% of any additional boundaries with other streets (for example a corner lot)
- Properties that may be subject to a future special charge scheme, such as a corner lot, will have a 50% discount applied to aspects that would be considered in both schemes, such as equal sharing of costs.

Consideration C

It was considered that the road component distribution of costs be based on:

- 75% of the road component costs to be distributed based on property boundary lengths adjacent to road(s)
- 25% of the road component costs to be distributed equally amongst properties
- Street boundary length is made up of 100% the front boundary (typically the shorter boundary) and 30% of any additional boundaries with other streets (for example a corner lot)
- Properties that may be subject to a future special charge scheme, such as a corner lot, will have a 50% discount applied to aspects that would be considered in both schemes, such as equal sharing of costs.

Consideration D

It was considered that the road component distribution of costs be based on:

- 100% of the road component costs to be distributed based on property boundary lengths adjacent to road(s)
- 0% of the road component costs to be distributed equally amongst properties

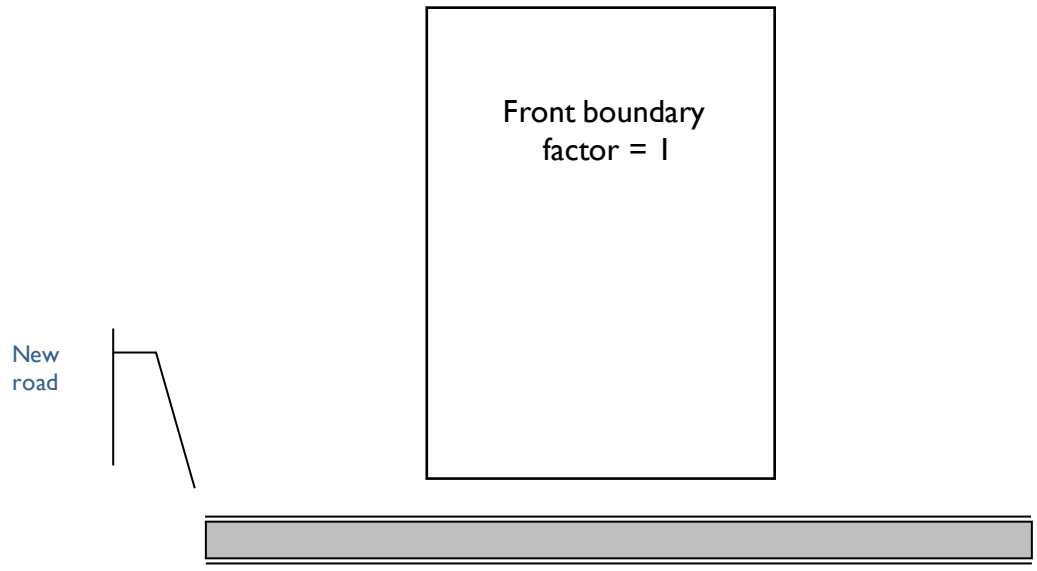
- Street boundary length is made up of 100% the front boundary (typically the shorter boundary) and 30% of any additional boundaries with other streets (for example a corner lot)
- Properties that may be subject to a future special charge scheme, such as a corner lot, will have a 50% discount applied to aspects that would be considered in both schemes, such as equal sharing of costs.

Consideration A has been considered the most fair and equitable option amongst all properties as costings resulted in being more evenly spread throughout, while still considering all the various factors.

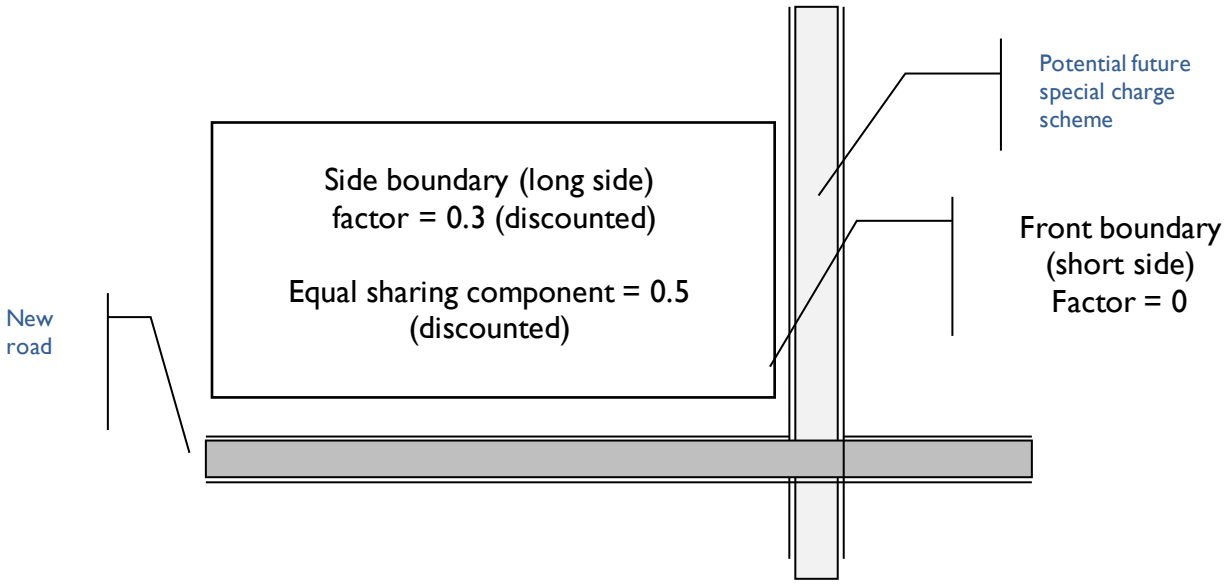
A detailed list of distribution of costs compared is outlined in Table 3.

Examples of how the adjustment factors could be used to distribute the costs amongst property owners are shown below:

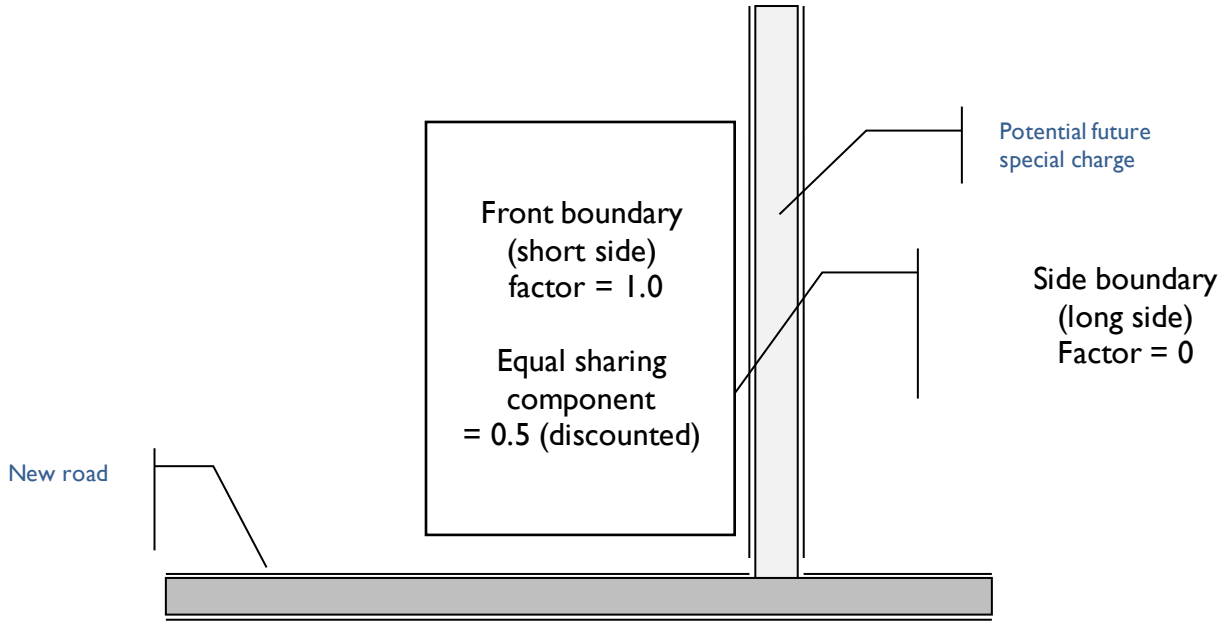
Standard property (no adjustment)



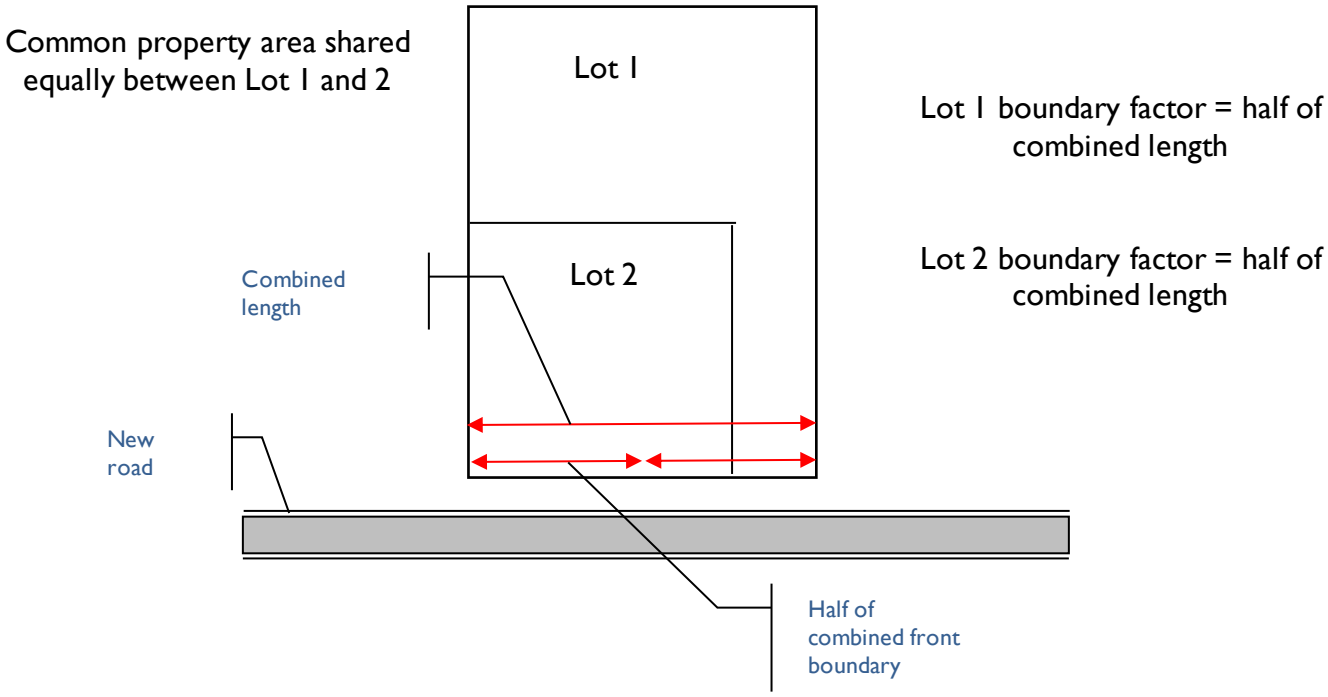
Corner Property (long boundary and potential for future scheme)



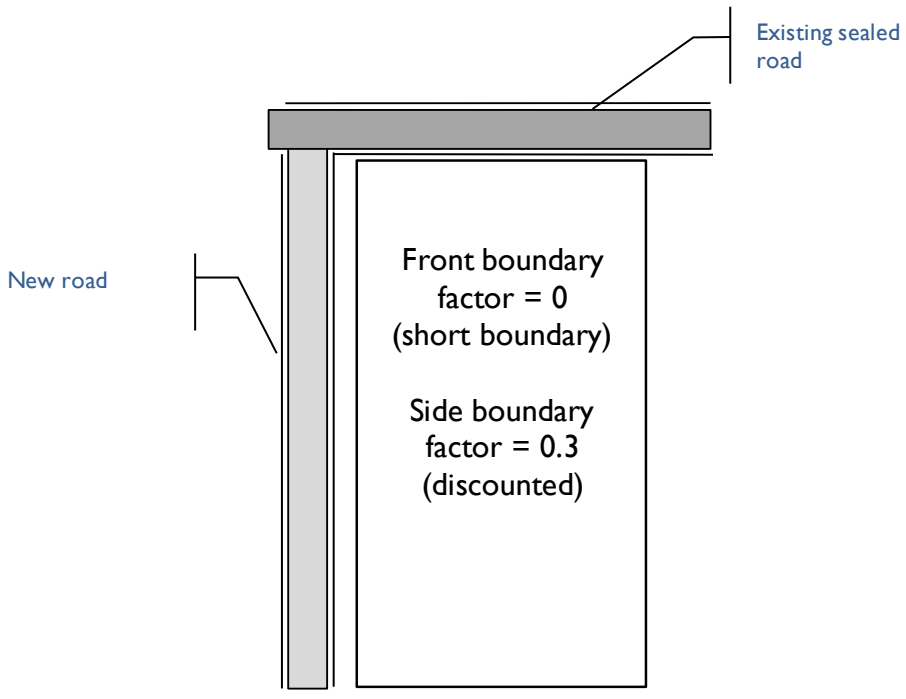
Corner Property (short boundary and potential for future scheme)



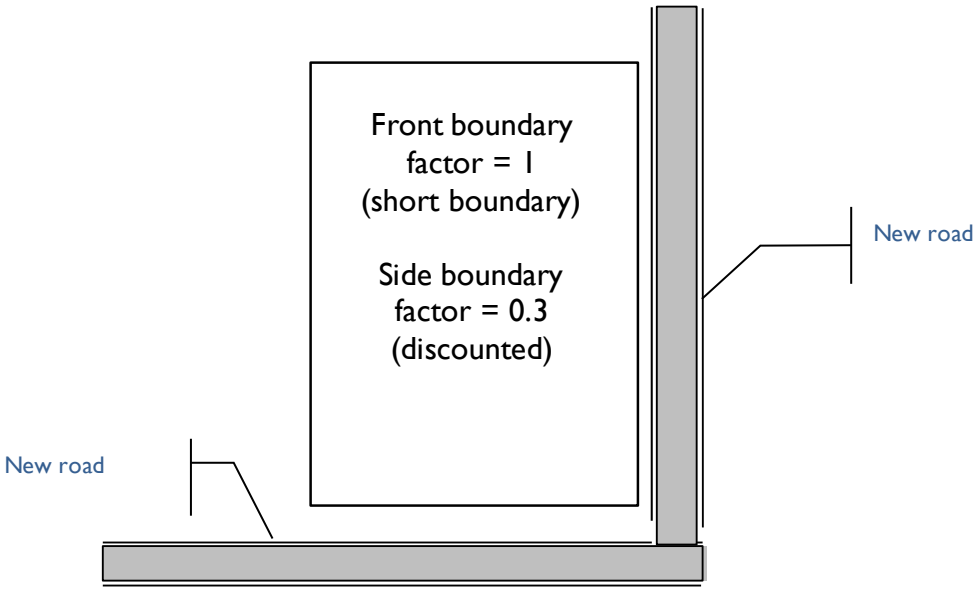
Shared Front Boundary



Corner property next to existing sealed road (long boundary)



Corner property (both boundaries)



In order to apportion the Maximum Total Levy amount between the properties within the Scheme, each property was assessed to determine the special benefit they receive from the works. Refer to the Benefit Ratio Statement.

The apportionment data is collected and summarised within the attached Table 3. Actual dimensions and areas of properties have been obtained from title information.

Multiple Boundary Adjustments (i.e. corner lots)

The properties included in the Scheme that have more than one boundary with roads, such as a front (short) boundary and a side (long) boundary adjacent to different streets will receive different benefits from road related infrastructure and as such will have an adjustment factor of 0.3 applied to the length of side boundary. The total boundary of the property that will be considered will be a combination of the front boundary (short) and 0.3 of the side boundary adjacent to roads.

Adjustment for future special charge scheme

There are 2 properties (identified below) that have the potential to be affected by a future road and drainage improvement project on an adjacent street. So that there is not a doubling up of special charges from two different road and drainage upgrade projects, there will be a 50% discount in regard to aspects that would be considered in both schemes, such as equal sharing of costs. There would not be a discount on the boundary length component of costs as this discount would only apply to each individual special charge scheme. The properties considered for this discount are listed in Table 2 and shown in Figure 1 below:

2 Dunvegan Crescent
152 The Esplanade

Table 2: List of properties with potential for future special charge schemes

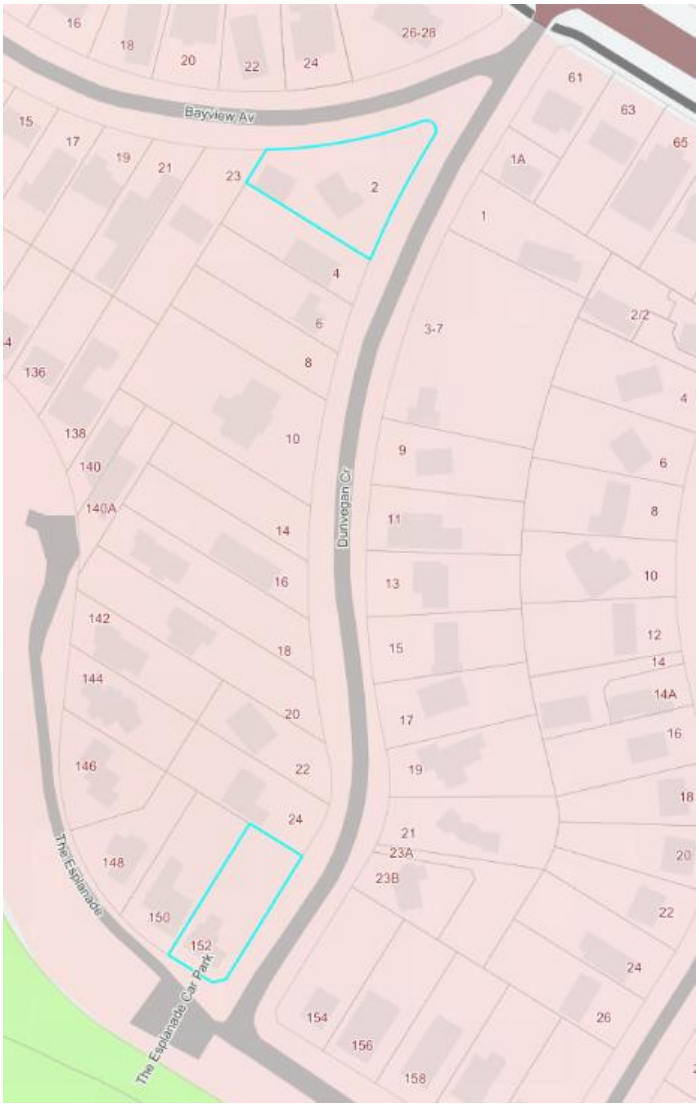


Figure 1: Properties with potential for future special charge schemes

Special Benefit Unit Calculation Costs

Once the adjustment factors are determined, the costs are then distributed to each property by defining and applying Benefit Units (BU) to each property. There will be different BU for each component of the overall scheme cost and if those components are to be distributed differently, such as sharing equally or based on a length. Each property will have different amounts of BU applied to each cost component depending on the adjustment factors.

If the costs are shared equally, all properties will have 1 BU applied and some properties may have this discounted for various adjustment factors. The value of 1 BU will be equal to the cost of that component divided by the amount of BU in total applied. The total number of BU will be less than the total number of properties.

If the costs are distributed by length, then the property with the smallest length will have 1 BU applied. Other properties will have a BU applied in proportion to this smallest length. For example, if the smallest boundary was 12m, this property would have 1 BU. A property with 15m boundary would have 1 x 15/12 BU applied = 1.25 BU.

In terms of distributing the costs in relation to boundary length, the smallest boundary adjacent to the road is 23A Dunvegan Crescent and 23B Dunvegan Crescent (both 7.81m).

Note that the road component costs have been broken down into 2 portions to distribute the costs. These portions are:

- 75% of road components costs to be equally shared
- 25% of road components costs to be distributed based on boundary lengths adjacent to roads

Distribution of Road Sealing Components Costs to be Equally Shared

In terms of calculating the distribution of the equally shared road component sealing costs, this is undertaken by firstly calculating the value of one Road Sealing Equally Shared Related Infrastructure BU (RSESRI BU) and then multiplying this amount by the number of RSESRI BU applied to each property.

The amount of road component cost to be equally shared amongst property owners has been considered to be 75% based on there being a split between the two traditional methods of cost apportionment.

One RSESRI BU is calculated by then multiplying the road component cost by 75% and then dividing by the total RSESRI BU across the scheme.

The total RSESRI BU = 25

The road component cost is $176,394

1 RSESRI BU = 75% x $176,394/25

= $5,291.82

Distribution of Road Sealing Components Costs Related to Boundary Length

In terms of calculating the road component costs that are distributed by boundaries adjacent to the road, this is undertaken by firstly calculating the value of one Road Sealing Boundary Related Infrastructure BU (RSBRI BU) and then multiplying this amount by the number of RSBRI BU applied to each property.

The amount of road component cost to be distributed based on boundary length has been considered to be 25% based on there being a split between the two traditional methods of cost apportionment.

One RSBRI BU is calculated by then multiplying the road component cost by 25% and then dividing by the total RSBRI BU across the scheme.

The total RSBRI BU = 70.4841

The road component cost is $176,394

1 RSBRI BU = 25% x $176,394/70.4841

= $625.65

RSESRI BU – Road Sealing Equally Shared Related Infrastructure Benefit Unit

RSBRI BU – Road Sealing Boundary Related Infrastructure Benefit Unit

Typical Apportionment Calculation Examples

Now that the relevant data has been determined, the total cost to each owner in the scheme can be calculated. The examples listed below are based on the various property benefits that are received by properties within the scheme. These examples include the following:

- a regular property
- a corner property
- a corner property with both boundaries included

Regular Property (13 Dunvegan Crescent)

Property Information
Front boundary = 21.08m

Benefit Units for the Property
Road Related Infrastructure
RSESRI BU = 1.0000
RSBRI BU = 21.08/7.81 = 2.6991

Property Charge for Road related infrastructure
Road Related Infrastructure
RSESRI BU x $5,291.82 = 1.0000 x $5,291.82 = $5,291.82
RSBRI BU x $625.65 = 2.6991 x $625.65 = $1,688.69

Total property charge = $6,980.51

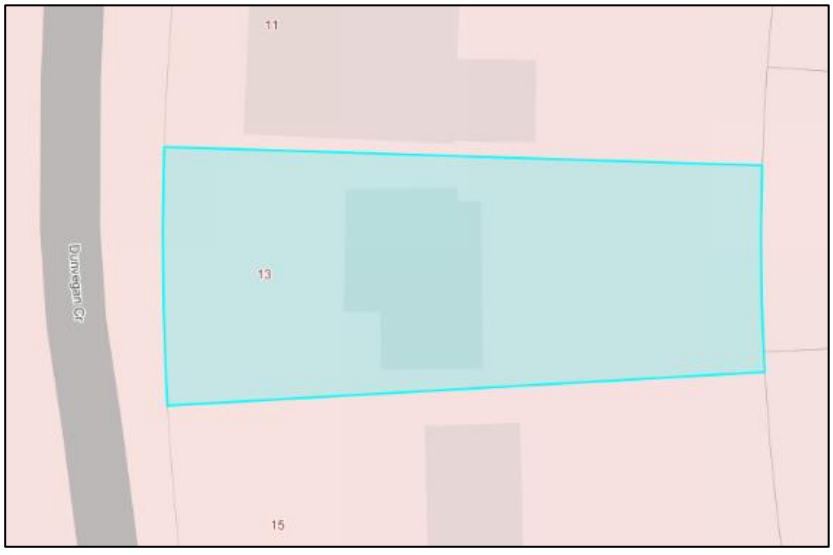


Figure 2: 13 Dunvegan Crescent, Surf Beach

Corner Property (152 The Esplanade) - potential for future special charge scheme

Property Information
Front boundary = 18.62m
Side boundary = 47.88m
Adjusted side boundary = 0.3 x 47.88 = 14.36m

Benefit Units for the Property
Road Related Infrastructure
RSESRI BU = 0.5 x 1.0000 = 0.5
RSBRI BU = 14.36/7.81 = 1.8387

Property Charge for Road related infrastructure
Road Related Infrastructure
RSESRI BU x $5,291.82 = 0.5 x $5,291.82 = $2,645.91
RSBRI BU x $625.65 = 1.8387 x $625.65 = $1,150.38

Total property charge = $3,796.29



Figure 3: 152 The Esplanade, Surf Beach

Corner Property (154 The Esplanade) - both boundaries included in current scheme

Property Information
Front boundary = 18.62m
Side boundary = 47.88m
Adjusted side boundary = 0.3 x 47.88 = 14.36m

Benefit Units for the Property
Road Related Infrastructure
RSESRI BU = 1 x 1.0000 = 1
RSBRI BU = 14.36+18.62/7.81 = 4.2228

Property Charge for Road related infrastructure
Road Related Infrastructure
RSESRI BU x $5,291.82 = 1 x $5,291.82 = $5,291.82
RSBRI BU x $625.65 = 4.2228 x $625.65 = $2,641.99

Total property charge = $7,933.81

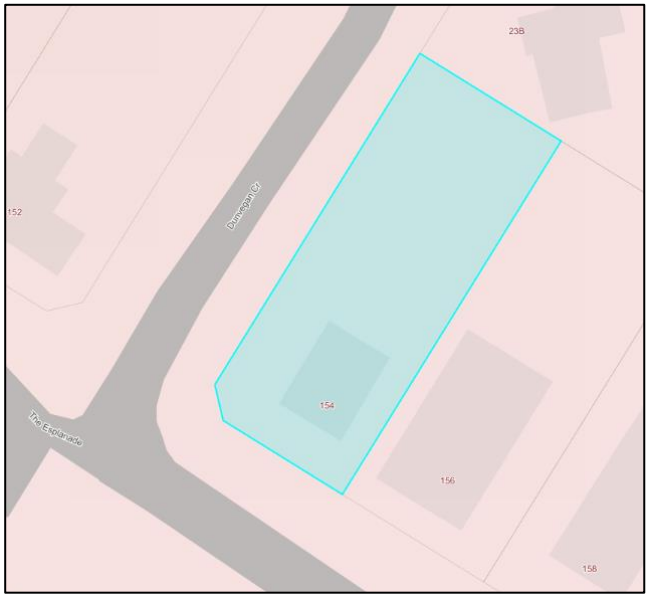


Figure 4: 154 The Esplanade, Surf Beach

Table 3: Distribution of Costs

Property Address	Legal Description	Consideration A	Consideration B	Consideration C	Consideration D
61 Phillip Island Rd	Lot 1 PS605047	$6,045.66	$5,035.57	$4,025.48	$3,015.39
1 Dunvegan Cres	LOT 258 LP 12328	$6,980.51	$6,905.27	$6,830.02	$6,754.78
1A Dunvegan Cres	Lot 2 PS605047	$6,613.63	$6,171.50	$5,729.38	$5,287.25
2 Dunvegan Cres	Lot 1 TP 178626W (Frmly LOT 281 LP 12328)	$6,483.15	$9,438.43	$12,393.70	$15,348.97
3-7 Dunvegan Cres	CP 361081V	$10,358.71	$13,661.67	$16,964.63	$20,267.59
4 Dunvegan Cres	LOT 282 LP 12328	$6,535.11	$6,014.46	$5,493.82	$4,973.18
6 Dunvegan Cres	LOT 283 LP 12328	$6,551.13	$6,046.50	$5,541.87	$5,037.24
8 Dunvegan Cres	Lot 1 838871 SP 0	$6,575.15	$6,094.55	$5,613.95	$5,133.34
9 Dunvegan Cres	LOT 254 LP 12328	$6,980.51	$6,905.27	$6,830.02	$6,754.78
10 Dunvegan Cres	Lot 2 838871 SP 0	$7,954.65	$8,853.54	$9,752.44	$10,651.34
11 Dunvegan Cres	Lot 1 PS606463	$6,980.51	$6,905.27	$6,830.02	$6,754.78
13 Dunvegan Cres	Lot 2 PS606463	$6,980.51	$6,905.27	$6,830.02	$6,754.78
14 Dunvegan Cres	LOT 287 LP 12328	$6,687.33	$6,318.91	$5,950.48	$5,582.06
15 Dunvegan Cres	LOT 251 LP 12328	$6,980.51	$6,905.27	$6,830.02	$6,754.78
16 Dunvegan Cres	LOT 288 LP 12328	$6,747.39	$6,439.03	$6,130.67	$5,822.31
17 Dunvegan Cres	LOT 250 LP 12328	$6,980.51	$6,905.27	$6,830.02	$6,754.78
18 Dunvegan Cres	LOT 1 TP 3055V(FMRLY LOT 289 LP 12328)	$6,818.72	$6,581.68	$6,344.64	$6,107.61
19 Dunvegan Cres	LOT 1 TP 212325B(FMRLY LOT 249 LP 12328)	$6,512.65	$5,969.54	$5,426.44	$4,883.33
20 Dunvegan Cres	Lot 1 TP003056	$6,918.82	$6,781.89	$6,644.96	$6,508.02
21 Dunvegan Cres	LOT 248 LP 12328	$6,512.65	$5,969.54	$5,426.44	$4,883.33
22 Dunvegan Cres	LOT 291 LP 12328	$6,865.95	$6,676.15	$6,486.35	$6,296.55
23A Dunvegan Cres	Lot 2 844684 SP 0	$5,917.47	$4,779.18	$3,640.89	$2,502.60
23B Dunvegan Cres	Lot 1 844684 SP 0	$5,917.47	$4,779.18	$3,640.89	$2,502.60
24 Dunvegan Cres	LOT 237 LP 12328	$6,765.04	$6,474.32	$6,183.60	$5,892.88
152 The Esplanade	LOT 241 LP 417787F	$3,796.29	$4,064.71	$4,333.12	$4,601.54
154 The Esplanade	LOT 242 LP 12328	$7,933.81	$8,811.88	$9,689.94	$10,568.00