

State Underground Power Program 6

Options to be considered



TOWN OF
VICTORIA PARK



Background

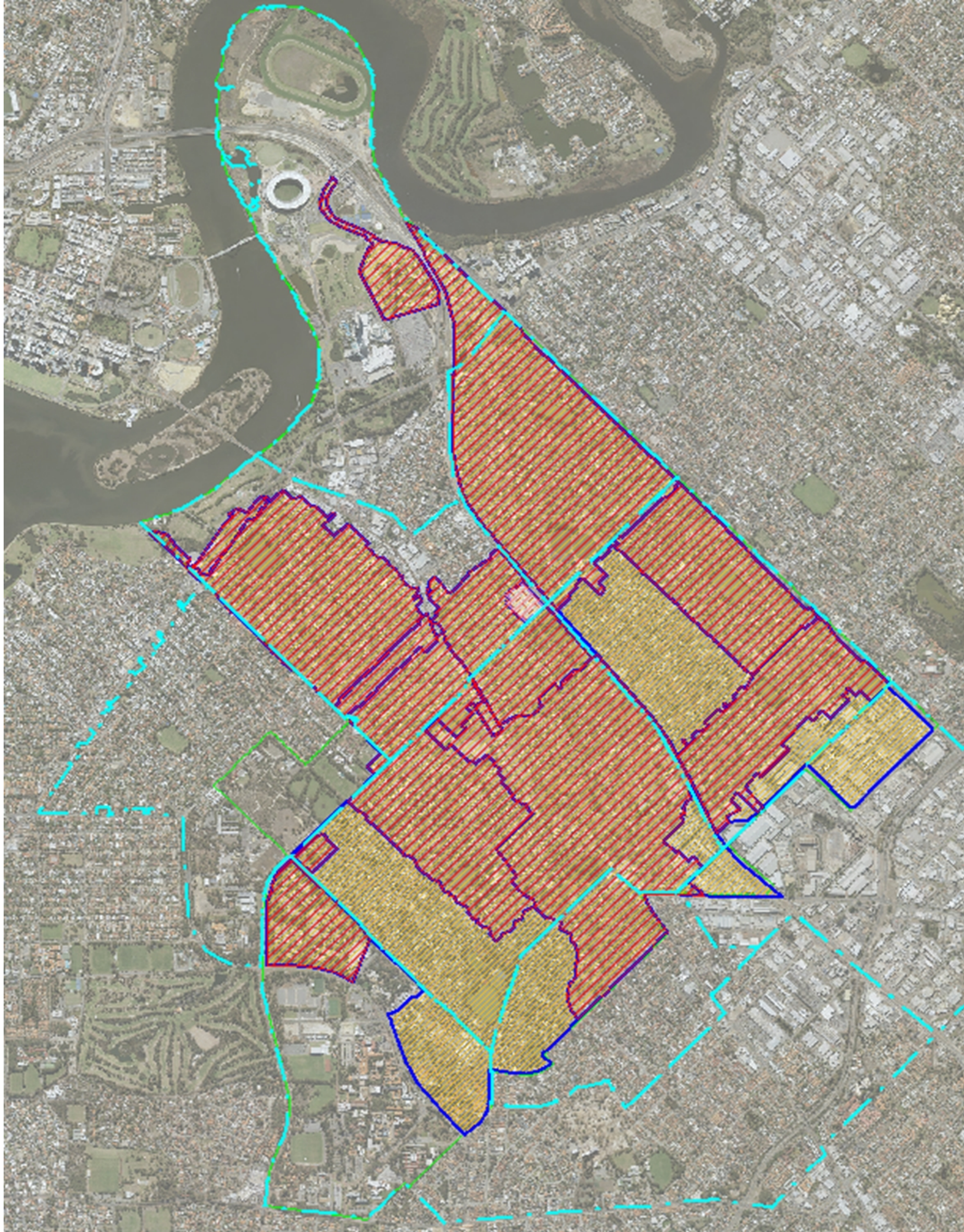
- **19** Metropolitan Projects (SUPP6)
- **Limit of 3 projects** per Local Government
- Maximum State Govt contribution of 50% co-funding
- ToVP SUPP 6 = 3 projects and 50% State Govt funded for each
- Benefits:
 - **improved streetscape** appearance
 - Increased **tree canopy** (complementing UFS)
 - Improved **property values**
 - Improved security and **reliability of power supply**
 - Improved **street lighting**
 - A **safer road** environment



Where are we now?

- EMs were briefed on the cost changes for the SUPP projects from the initial E50 (rough estimate) and the E10 (contracted price) for SUPP6 projects
- On average projects were ~46% more costly than anticipated in the E50 estimate which was used to survey landowners if they would support the scheme (included \$11mil cap).
- Requirement is to re-survey landowners if the price would be >10% difference
- Ops team and WPwr have been working to provide options so that SUPP6 can proceed





**Approx 14,288 properties (inc reserves) have been undergrounded.
Excluding Curtin Uni, St James and industrial properties, approx. 1,500 residential properties remain.**



UNDERGROUND FROM SERVICE POLE

(OVERHEAD FROM STREET POLE TO SERVICE POLE IN PROPERTY – THEN UNDERGROUND TO HOUSE)



PILLAR TO POLE

(UNDERGROUND FROM STREET POLE TO DOME – THEN UNDERGROUND TO HOUSE)



SUPP5 comparison

Project	Local Government	LG contribution	Proportion subsidised by LG	Upfront charge for standard detached dwelling (\$)	Years to pay off (where instalment option taken)	Discount for underground service connection	Discount for underground service connection including dome	High voltage power lines discount
Maddington	Gosnells	35%	25%	2,790	5	26%	32%	.
Salter Point	South Perth	50%	9%	4,595	3	9%	10%	.
Lathlain North and South	Victoria Park	50%	25%	4,305	5	9%	17%	50%
Hamilton Hill	Cockburn	35%	20%	3,050	5	0%	15%	42.5%
Wilson East	Canning	50%	0%	4,340	10	7%	14%	87%
Coolbinia	Stirling	50%	0%	4,302	7	Discount can be up to 10% depending on the type of connection required		.



SUPP6 comparison



	E50	E10 (no int)
SUPP 6 total cost for TVP	\$ 12,428,324	\$ 18,144,613
<u>Carlisle North</u>		
Total Project Cost	6,750,488	8,567,407
TVP Contribution	3,375,244	4,283,704
Number of Properties	603	947
Service Charge	\$ 3,600	\$ 4,523
<u>Victoria Park East</u>		
Total Project Cost	7,360,268	9,011,303
TVP Contribution	3,680,134	\$ 4,505,652
Number of Properties	1,025	1,142
Service Charge	\$ 3,500	\$ 3,945
<u>Victoria Park West</u>		
Total Project Cost	10,745,892	14,855,257
TVP Contribution	5,372,946	\$ 9,355,257
Number of Properties	2,779	3,029
Service Charge	\$ 1,900	\$ 3,089

Problems/Risks

- Re-survey might produce a “no” for projects and one or more SUPP project is lost (linked projects)
- Time taken to re-survey might lead to contract cost escalations or need to re-tender
- Cost escalations might lead to another >10% change (groundhog day...)
- There may not be any future SUPPs
- Future SUPPs may be more costly
- It may be more difficult to secure future SUPP funding if Western Power commenced replacement of existing aging poles.





Options investigated

RECOMMENDED OPTION

Option 1.

BAU approach by providing **25%** flat subsidy to all project areas

Benefits:

- Precedent
- Fair/equitable (in % but not in value)
- Easy to communicate and defend

Risks:

- Need to resurvey 2 project areas (Vic Park East and Vic Park West)
- cost/borrowings (**cost to Town = \$4,763,892 + "discount" of \$731,486 based on 25% of SUPP5 discount rate**)





Options investigated

Option 2.

Providing a **variable subsidy** to project areas to bring each to within 10% of the E50. Carlisle North **16.7%**, Vic Park East **7.2%**, Vic Park West **35.62%**

Benefits:

- No need to resurvey
- Reduced borrowings (**cost to Town = \$4,591,301 + “discount” of \$731,486 based on 25% of SUPP5 discount rate**)

Risks:

- Inequity of subsidy
- Setting precedent





Options investigated

Option 3.

Reduce cost of all projects by the same **35.62%** to bring all project areas to within 10% of surveyed cost

Benefits:

- No need to resurvey
- Fair and Equitable (in %)

Risks:

- Setting a precedent of a higher % subsidy than in previous years
- Higher borrowing costs (**cost to Town = \$6,788,451 + “discount” of \$731,486 based on 25% of SUPP5 discount rate**)





Options investigated

Option 4.

Providing a **variable subsidy (hybrid of options 1 and 2)** to project areas to provide at least 25% subsidy to all 3 projects. Carlisle North **25%**, Vic Park East **25%**, Vic Park West **35.62%**

Benefits:

- No need to resurvey
- Fair and Equitable (in %) for Carlisle North and Vic Park East
- Owners in Carlisle North and Vic Park East will pay less than the E50 figures

Risks:

- Setting a precedent of a higher % subsidy for Vic Park West than in previous years
- Higher borrowing costs (**cost to Town = \$5,807,743 + “discount” of \$731,486 based on 25% of SUPP5 discount rate**)
- Owners in Vic Park West will pay more than the E50 figures as opposed to the benefits afforded to Owners in Carlisle North and Vic Park East.





Additional Discounts

	Carlisle North	Vic Park East	Vic Park West
Total number of Properties	947	1142	3029
Existing UG (EPEC)	320	337	1260
Vacant Lots (VAC)	14	33	72
Existing Pillar, New Connection (EPNC)	9	73	52
New Pillar, Existing Connection (NPEC)	75	326	770
New Pillar, New Connection (NPNC)	521	372	874
Properties Directly Impacted by Trans Lines	21	188	272
Properties with Trans lines behind/beside	10	1	2

	Discount rates SUPP5	Discount rates at 25% of SUPP5	Discount rates at 50% of SUPP5
HV Trans lines SUPP5	\$ 2,870		
HV Trans lines CN		\$ 594	\$ 1,188
HV Trans lines VPE		\$ 518	\$ 1,036
HV Trans lines VPW		\$ 405	\$ 811
Pillar to pole	\$ 750	\$ 188	\$ 375
Service pole to pole	\$ 375	\$ 94	\$ 188
Vacant land	\$ 750	\$ 188	\$ 375
Non rateable properties		100%	100%
Schools		\$ -	\$ -
Senior Centres		\$ -	\$ -





Outcomes

Options	Survey 2 required ?	Subsidy payable by the Town	
Maintain the same level of subsidy of 25% across all 3 projects and undertake survey 2 for Vic Park West (+time and cost).	Yes for Vic Park West (approx 3,029 properties)	\$4,763,892	
Variable subsidy across all 3 projects	NO	\$4,591,301	
\$1,435 subsidy (same as SUPP5 Subsidy \$) across all 3 projects	NO	\$7,344,330	
35.62% Subsidy across all 3 projects.	NO	\$6,788,451	
Other considerations			
<u>Fund "discounts" using the Underground Power Reserve</u>			
<u>Offer "Discounts" based on 25% of SUPP rates (total cost = \$731,486)</u>			
<u>Offer "Discounts" based on 50% of SUPP rates (total cost = \$1,462,792)</u>			
<u>Offer 100% "Discount" to Non Rateable properties ?</u>			
<u>Offer 100% "Discount" to Seniors Centres ?</u>			





TOWN OF
VICTORIA PARK

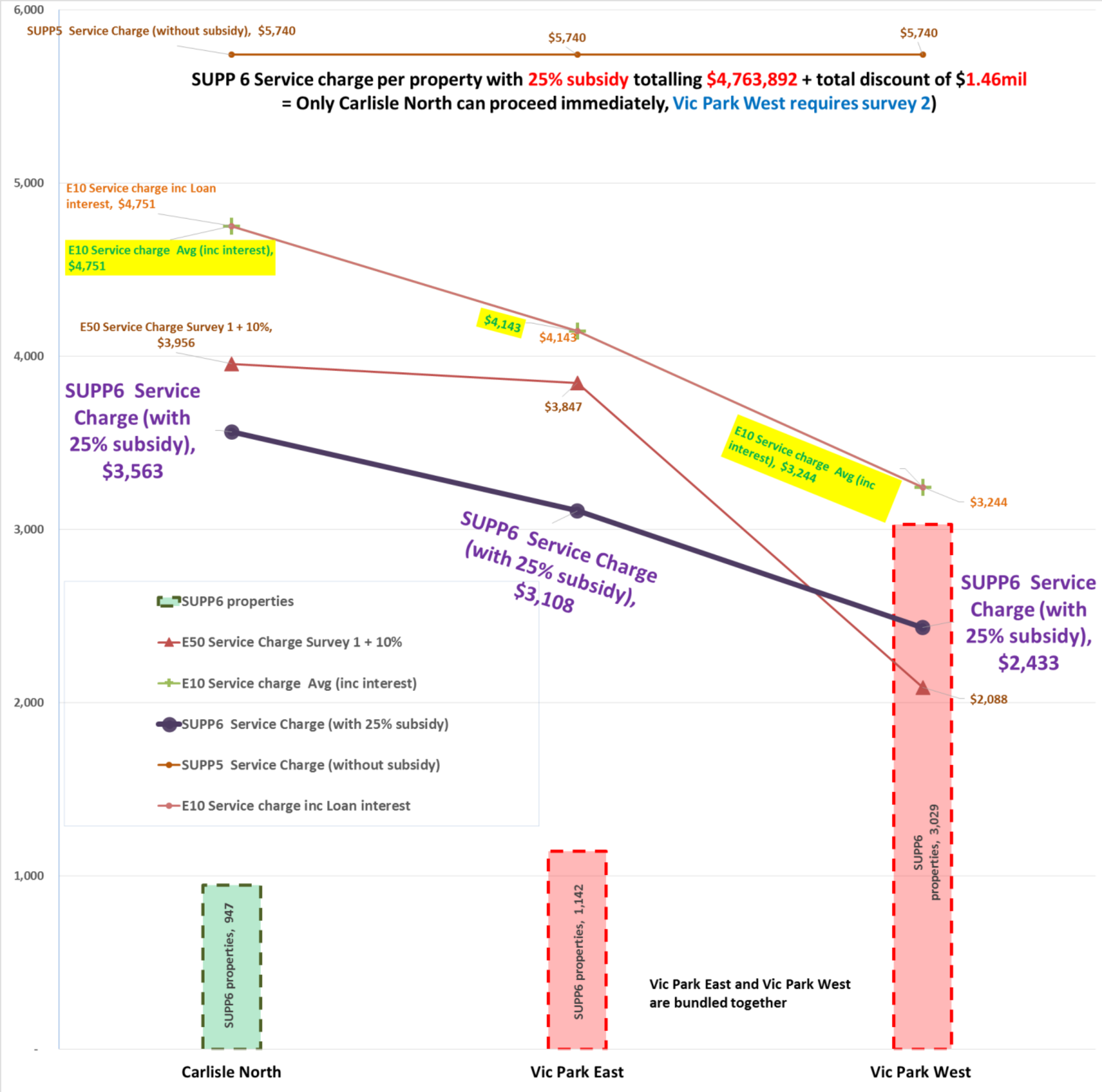


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VIC PARK**

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VICTORIAPARK.WA.GOV.AU

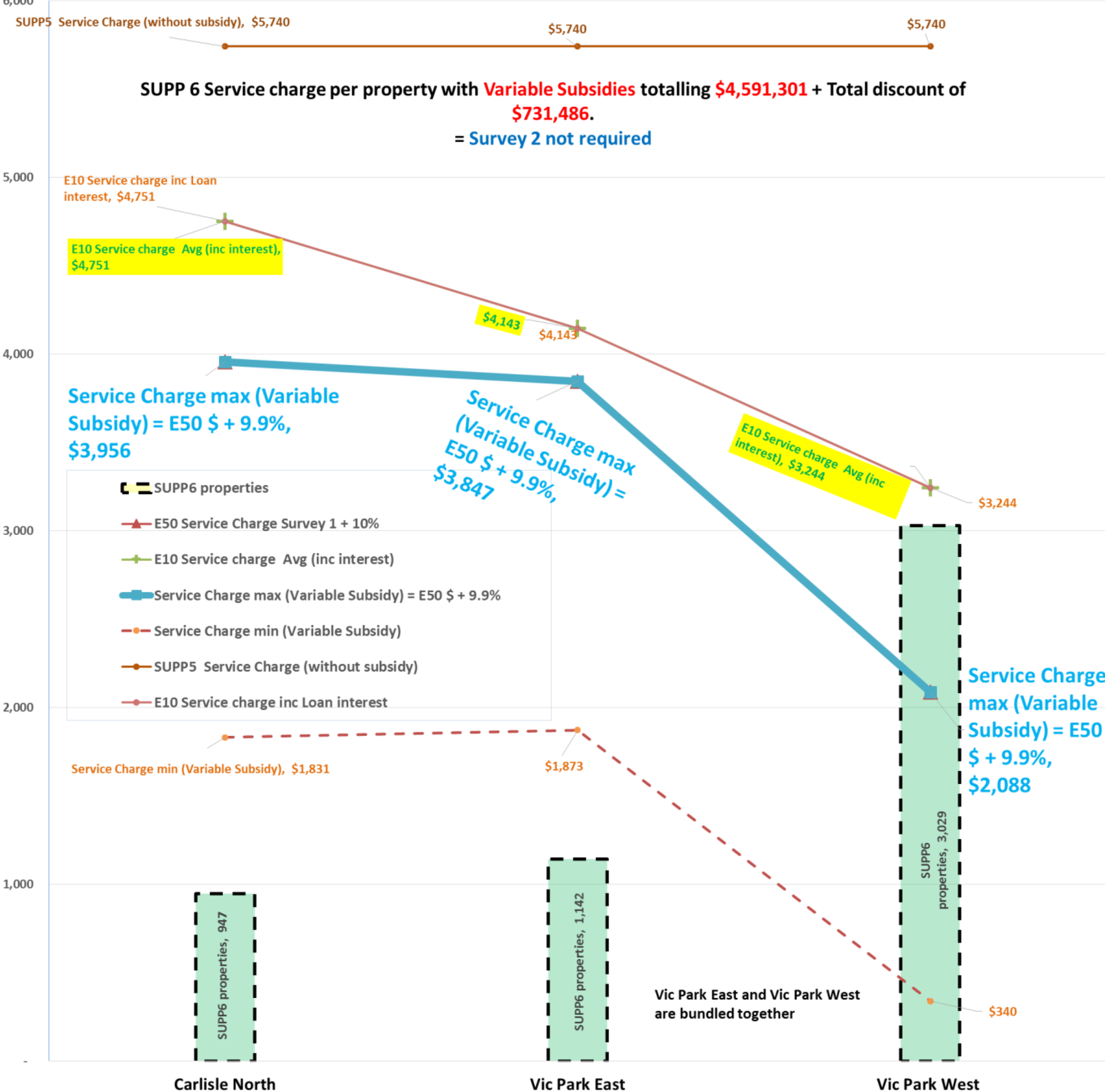
Back up data below if required



Option 1: 25% subsidy model

SUPP6 Discount (50% of SUPP5 rates) total

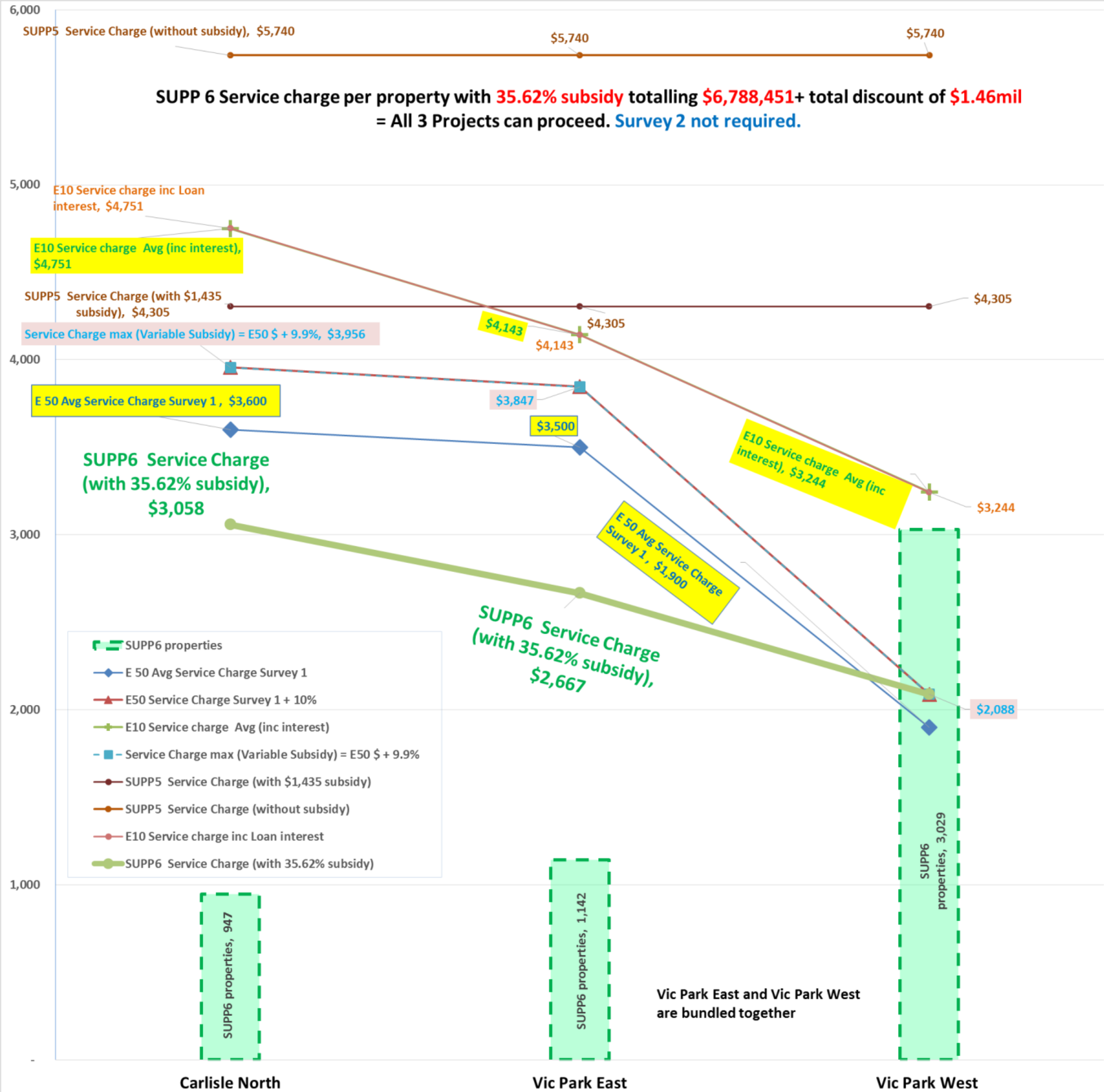
	Carlisle North:	Vic Park East:	Vic Park West:
Max discount (based on 50% of SUPP5)	\$ 1,938	\$ 1,786	\$ 1,561
Max discount (based on 25% of SUPP5)	\$ 969	\$ 893	\$ 780



**Option 2:
Variable subsidy
model to ensure the
E50 service charge
for all 3 projects will
not increase by
more than 10%**

SUPP6 Discount (25% of SUPP5 rates) total = \$731,486 For variable subsidy model to maintain min service charge well above \$0

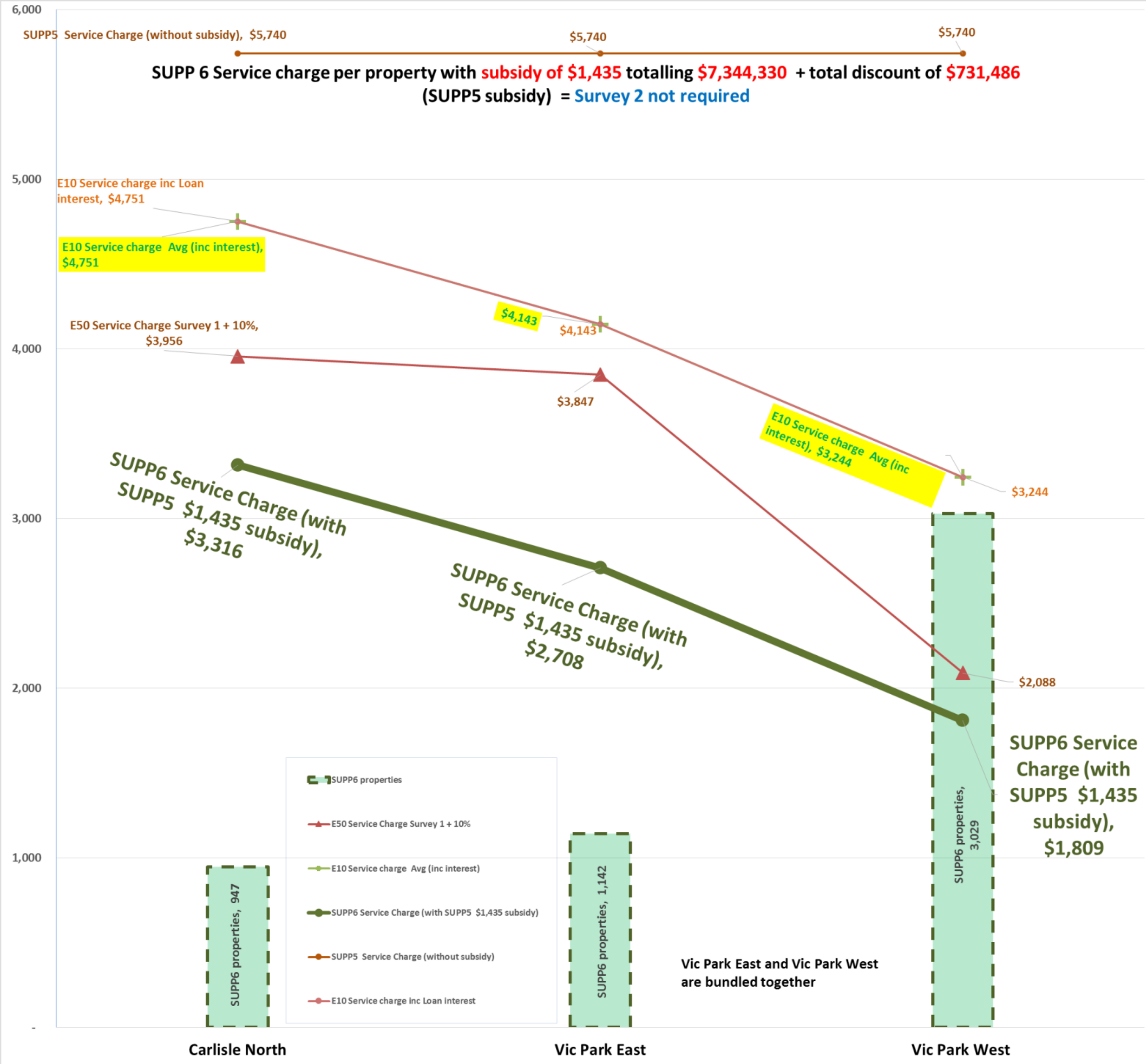
	Carlisle North:	Vic Park East:	Vic Park West:
Max discount (based on 50% of SUPP5) \$	1,938	1,786	1,561
Max discount (based on 25% of SUPP5) \$	969	893	780



Option 3: 35.62% subsidy for all 3 projects

**SUPP6 Discount total = \$1.46mil to
maintain min service charge above \$0**

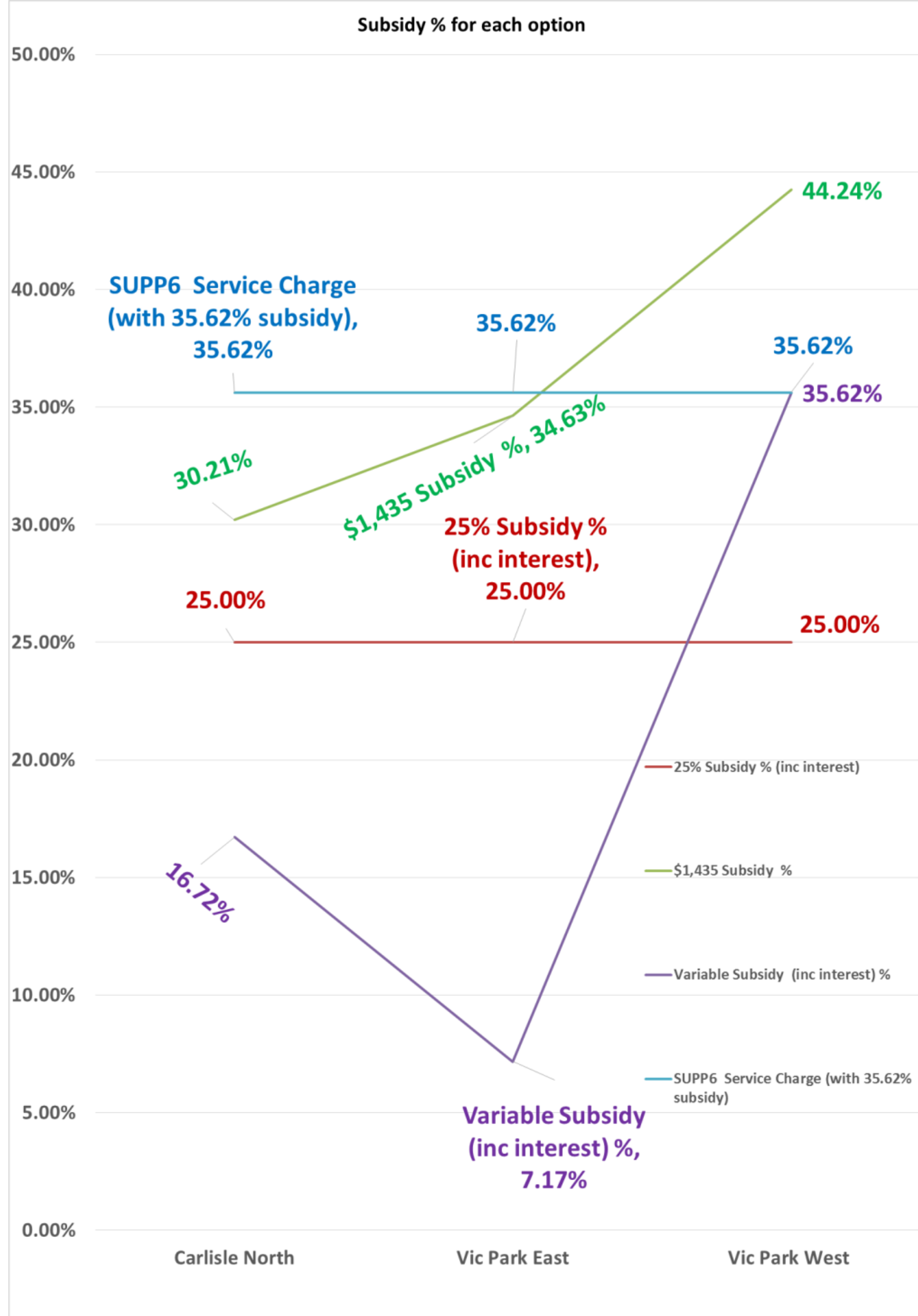
	Carlisle North:	Vic Park East:	Vic Park West:
Max discount (based on 50% of SUPP5)	\$ 1,938	\$ 1,786	\$ 1,561
Max discount (based on 25% of SUPP5)	\$ 969	\$ 893	\$ 780



Option 5: Matching SUPP 5 subsidy \$

SUPP6 Discount (25% of SUPP5 rates) total = \$731,486 to maintain min service charge above \$0

	Carlisle North:	Vic Park East:	Vic Park West:
Max discount (based on 50% of SUPP5)	\$ 1,938	\$ 1,786	\$ 1,561
Max discount (based on 25% of SUPP5)	\$ 969	\$ 893	\$ 780



Comparing Subsidy in % of total project cost (exc "discounts")

		Carlisle North	Vic Park East	Vic Park West
	Total number of Properties	947	1142	3029
	Existing UG (EPEC)	320	337	1260
	Vacant Lots (VAC)	14	33	72
	Existing Pillar, New Connection (EPNC)	9	73	52
	New Pillar, Existing Connection (NPEC)	75	326	770
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	Discount rates SUPP5	Discount rates at 25% of SUPP5	Discount rates at 50% of SUPP5
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Vacant land	\$ 750	\$ 188	\$ 375
Non rateable properties		100%	100%
Schools		\$ -	\$ -
Senior Centres		\$ -	\$ -

- Service Charge, Subsidy and Discount options

		Service charge per property			Subsidy per property			Max Discount perproperty			Total cost of Discount	
		Carlisle North	Vic Park East	Vic Park West	Carlisle North	Vic Park East	Vic Park West	Carlisle North	Vic Park East	Vic Park West		
	Option 1 - 25% subsidy	\$ 3,563	\$ 3,108	\$ 2,433	\$ 1,188	\$ 1,036	\$ 811	\$ 3,875	\$ 3,572	\$ 3,122	\$2,925,944	@100% of SUPP5 rates
	Option 2 - CN 16.7%, VPE 7.2%, VPW 35.62%	\$ 3,956	\$ 3,847	\$ 2,088	\$ 794	\$ 297	\$ 1,156	\$ 1,938	\$ 1,786	\$ 1,561	\$1,462,972	@50% of SUPP5 rates
	Option 3- 35.62% subsidy	\$ 3,058	\$ 2,667	\$ 2,088	\$ 1,692	\$ 1,476	\$ 1,156	\$ 969	\$ 893	\$ 780	\$731,486	@25% of SUPP5 rates
	Option 4- 25% CN, 25% VPE, 35.62% sVPW	\$ 3,563	\$ 3,108	\$ 2,088	\$ 1,188	\$ 1,036	\$ 1,156					
	E50	\$ 3,600	\$ 3,500	\$ 1,900								
	E10 + Interest	\$ 4,751	\$ 4,143	\$ 3,244								
	SuPP 5	\$5,740			\$1,435			\$4,370		\$ 5,805		

	No. of properties	947	1142	3029	947	1142	3029	ToVP subsidy total	Lot Owner Service charge total	Project total cost
		Total services charge			Total cost of Subsidy					
		Carlisle North	Vic Park East	Vic Park West	Carlisle North	Vic Park East	Vic Park West			
	Option 1 - 25% subsidy	\$ 3,374,077	\$ 3,548,895	\$ 7,368,706	\$ 1,124,692	\$ 1,182,965	\$ 2,456,235	\$ 4,763,892	\$ 14,291,677	\$19,055,569
	Option 2 - CN 16.7%, VPE 7.2%, VPW 35.62%	\$ 3,746,711	\$ 4,392,703	\$ 6,324,855	\$ 752,058	\$ 339,157	\$ 3,500,086	\$ 4,591,301	\$ 14,464,269	\$19,055,569
	Option 3- 35.62% subsidy	\$ 2,896,105	\$ 3,046,158	\$ 6,324,855	\$ 1,602,664	\$ 1,685,701	\$ 3,500,086	\$ 6,788,451	\$ 12,267,118	\$19,055,569
	Option 4- 25% CN, 25% VPE, 35.62% sVPW	\$ 3,374,077	\$ 3,548,895	\$ 6,324,855	\$ 1,124,692	\$ 1,182,965	\$ 3,500,086	\$ 5,807,743	\$ 13,247,826	\$19,055,569