

# BREWARRINA SHIRE COUNCIL

## Agenda Submission for Council Meeting held on 28 October 2011

<b>TITLE:</b>	<b>LMWUA Presentation to Council</b>	<b>DOC REF:</b> Item 10
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<b>REPORT BY:</b>	Siew Neale Assets and Contracts Manager	<b>DATE:</b> 22 Sept 2011
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### **ATTACHMENTS:**

The paper presented to Council by Daryl McGregor and Stuart McLeod

### **EXECUTIVE SUMMARY**

The Lower Macquarie Water Utilities Alliance (LMWUA) was formed in 2008 with initially 6 Councils – Bogan, Cobar, Narromine, Warren and Wellington Shires And Dubbo City. Bourke and Brewarrina joined in 2009.

The aim of the Alliance is to commit to providing a unified approach to the sustainable delivery of water supply and sewerage services, and to achieve and maintain Best Practice by the earliest feasible date.

Daryl McGregor (Project Officer for the Alliance) and Stuart McLeod( Board member and Director Technical Services Dubbo City Council) visited Council on Thursday 13<sup>th</sup> October to provide an update on Brewarrina's situation within its water and sewerage areas and to pledge the Alliance's assistance where possible to upgrade our systems to Best Practice. Five Councillors attended the briefing as well as appropriate staff members.

The paper presented by Daryl McGregor and Stuart McLeod to Council is attached for your information.

The current position for Brewarrina regarding Best Practice compliance is:

1. 50% compliant for water supply,
2. 33% compliant for sewerage
3. with an overall rating of 42% compliant.

The members of the Alliance have resolved that each Council commit to achieving 100% compliance by July 2012.

It must be strongly noted, unless Council achieves Best Practice, all water and sewer grants will cease when they become available from Government Departments.

The outstanding items required to achieve Best Practice and the actions required are outlined in the table below.

Item	Current Status	Action Required	Budget	Est Comp Date
Full cost recovery for WS & S	Pricing has not been undertaken for full cost recovery	Pricing for water and sewer to achieve full cost recovery requires to be undertaken and approved by Council prior to the installation of water metres.	\$3,000	Feb 2012
Finalise Strategic Business Plans	Public exhibition of SBP complete.	Report to Council to adopt SBP	\$0	Oct 2011.
Residential and Non-residential charges for WS & S	Water meters not installed.	Purchase and install water meters and implement reading programme.	\$252,000	Mar 2012
	Pricing as per Full cost recovery for water and sewer	Replace water and sewerage rates with charges based on availability and usage.	\$0	Mar 2012
	Requirement for reading meters	System and staff required for reading water metres	\$5,000/y	By 7 Jul each year
Liquid trade waste policy	Liquid trade waste policy drafted and submitted to NSW Office of Water for review.	Awaiting response from the NSW Office of Water	\$0	Nov 2011
		Adoption of Policy by Council.	\$0	Dec 2011
Trade waste fees and charges	Pricing has not been completed for trade waste	Fees and charges to be established	\$1,500	Dec 2011
		Fees to be included in Policy	\$0	Dec 2011
		Adoption by Council	\$0	Dec 2011

Other works required to be carried out in future years by Council and the LMWUA and not included above are:

- Integrated Water Cycle Management (IWCM) Detailed Strategy costing \$41,666 over three years,
- Implementation of Water Quality Management Plan costing \$41,666 over three years,
- Development of a Regional Strategic Business Plan,
- Development of a Regional Asset Management Plan,
- Development of a Regional Quality Management Plan,
- Development of a Regional Environmental Management Plan,
- Development of a Regional Pricing Policy,
- Consider the development of a Regional Business Continuity Plan.

These items will all require allocation of resources from future budgets as outlined in the Asset Management Plans which are currently being written as part of the Integrated Planning and Reporting Framework and will be in line with the identified works in the IWCM detailed strategy.

**FINANCIAL IMPLICATIONS:**

1. A line item in each future year's budget will be required for water meter readings
2. \$4,500 will be required to be allocated from the water and sewer fund to engage a consultant to complete full cost recovery pricing for water usage and trade waste and the preparation of the required Policies

**LEGAL IMPLICATIONS:**

Nil

**RECOMMENDATION:**

**That:**

1. **Council allocate the required funding to complete pricing for water and sewer to achieve full cost recovery as listed in the table above;**
2. **Council allocate the required funding to complete pricing for trade waste fees and charges as listed in the above table; and**
3. **Council commit to achieving near 100% Best Practice Compliance in its Water and Sewerage services by 30<sup>th</sup> June 2012.**

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Rod Shaw  
General Manager

**Brewarrina Shire Council**

**Council Meeting**

**13 October 2011**

**Review of Best Practice Compliance &  
Future Projects**

**October 2011**

# 1. Introduction & Background

The Lower Macquarie Water Utilities Alliance (LMWUA) was formed in July 2008 via the signing of a Deed of Agreement by the original six (6) Councils – Bogan, Cobar, Narromine, Warren & Wellington Shires and Dubbo City.

Bourke & Brewarrina Shires joined the Alliance in May 2009.

The Vision, Objectives & Commitment of the Alliance partners are:

## ***VISION***

The member councils of the Lower Macquarie Water Utilities Alliance commit to provide a unified approach to the sustainable delivery of water supply and sewerage services, and to achieve and maintain gazetted Best Practice by the earliest feasible date.

## ***OBJECTIVES***

The forming of a collaborative arrangement allows the member Councils to pool resources, reduce duplication and form a common platform to develop initiatives. The following are the objectives of the Lower Macquarie Water Utilities Alliance (LMWUA):

- (a) Resource and staff skill sharing;
- (b) Water resource sharing opportunities;
- (c) Peer review of performance and mentoring where appropriate;
- (d) Development of shared best practice strategies;
- (e) Funding of best practice strategies and goals.

## ***COMMITMENT***

Each council will agree to work actively towards the achievement of the Vision, Objectives and Workplan by agreeing on a timetable and committing funds. The councils agree that in order to achieve the Objectives of the Alliance within a reasonable timeframe it may be necessary for individual member councils to increase water and sewer charges to meet the funding of Best Practice Requirements.

Since establishment, a number of achievements have been realised, including:

- Achievement of 90% overall compliance with Best Practice requirements (from a base of 73% in 2008)
- Successful applications for grants totalling \$451,800 from DEWHA, under the Strengthening Basin Communities program; to develop regional strategies
- Completion of the following Regional Strategic Plans:
  - IWCM (Evaluation Study)
  - Demand Management Plan
  - Drought Management Plan
  - Drinking Water Quality Management Plan

- Stormwater Harvesting Strategy
- Collaborative completion of annual Performance Reports
- Formation of two working Groups: the Works Officers & Supervisors Group & the Compliance and Statutory Reporting Group
- Submissions on water reforms to:
  - Infrastructure Australia
  - The Productivity Commission
  - The National Water Commission
- Commenced development of a Regional Resource Sharing, Mentoring & Training program (in June 2011)
- Commenced (in July 2011) an audit of Water Treatment & Sewage Treatment Plants

Although much has been achieved in a relatively short time period, these achievements have, to date, been largely funded by Grants.

As a result, the total Alliance expenditure has ranged from \$65,100 in 2008/09 to \$86,645 in 2010/11.

Given that Grant funds have largely dried up and that there are still a number of projects which have been identified in our forward Action Plan, it is now appropriate to review the proposed forward works program.

Whilst we will continue to seek out external funding opportunities, the reality is that, if we are achieve our overall objectives, each of the member Councils will now need to contribute more funds, as was generally outlined at the Board Meeting in Cobar in May.

The elements requiring consideration are tabulated in the Action Plan and costed in the Budget (both of which are appended to this Report)

They are:

- Implementation of the Drinking Water Quality Management Plan (WQMP)
- Detailed studies required to finalise the IWCM
- Implementation of the Resource Sharing, Mentoring & Training Program
- General best practice compliance to achieve 100%
- Develop a Regional Strategic Business Plan
- Develop a Regional Asset Management Plan
- Develop a Regional Quality Management Plan
- Develop a Regional Environmental Management Plan
- Develop a Regional Pricing Policy
- Consider development of a Regional Business Continuity Plan

## **OPERATING COSTS**

- Cost of joint projects levied on a per connection basis.
- Cost of projects for the benefit of one member only is the responsibility of that Council only, but the Alliance will usually bear the cost of preparing a Brief, calling of quotes, and assessing quotes received to recommend a successful consultant.

## **2. Achieving 100% Best Practice Compliance**

This is the responsibility of individual Councils, but it is a primary focus & objective of the Alliance.

The current status of compliance by Brewarrina Shire Council and the areas requiring attention are summarised below:

<b>Water Supply Best Practice Compliance (%)</b>	<b>Sewerage Best Practice Compliance (%)</b>	<b>Overall compliance (%)</b>	<b>Outstanding Items</b>
50	33	42	<ul style="list-style-type: none"><li>- Full cost recovery for both WS &amp; S</li><li>- Finalise Strategic Business Plans</li><li>- Complying residential &amp; non-residential charges for both WS &amp; S</li><li>- Liquid Trade waste Policy</li><li>- Complying Trade Waste Fees &amp; Charges</li></ul>

The General Manager's Meeting in Dubbo on 16 August resolved that "each Council commit to achieving 100% compliance by July 2012"

### **Recommendation:**

That Council commit to achieving 100% compliance by July 2012.

## **3. IWCM – Detailed Strategy**

The Regional IWCM Evaluation Study, which was completed in April 2010, recommended that 6 Councils (Bogan, Bourke, Brewarrina, Cobar, Narromine & Warren) proceed to complete detailed strategies (as appended)

**Dubbo & Wellington have each completed their IWCMs.**

EOIs were sought in April this year with quotations to complete the detailed strategies ranging from \$80,000 to \$250,000.

The Strategies must be completed by 2014 to satisfy NSW Office of Water requirements.

The Budget has allowed \$250,000 spread over 3 years (commencing 2011/12), funded by the 6 participating Councils.

#### **Key aspects to be covered in Brewarrina's IWCM Detailed Strategy:**

- **STP Reticulation & Pumping Station require upgrading or replacement**
- **Installation of water meters**
- **Water mains are in poor condition. Significant length of AC main needing replacement**
- **Upgrading of WTP**

The cost to Brewarrina Council of its share of the estimated price is **\$41,666 over 3 years (\$8,333 in 2011/12, \$31,666 in 2012/13, \$1,667 in 2013/14)**

#### **Recommendations from the August GMs' Meeting:**

- i) Call Tenders in January 2012 from the 3 Consultants who submitted EOIs, with a view to commencement in early 2012.
- ii) That each Council independently budget to complete their identified works, by 2014.

## **4. Pricing**

- Financial modelling indicates that Council needs to increase water supply & sewerage charges substantially:
  - to comply with Best Practice (full cost recovery)
  - to fund identified renewals & replacements to maintain a satisfactory level of service
- SBP recommends Water Supply TRB of \$999 (2010/11 dollars)
- SBP recommends Sewerage TRB of \$710 (2010/11 dollars)  
[TRB = typical residential bill]
- Are there any potential operational & management savings/Funding opportunities??

## **5. Implementation of WQMP**

Development of Water Quality Management Plans has been mandated by NSW Health & will shortly become a Best Practice requirement of the NSW Office of Water.



The Alliance has been fortunate in that our Regional WQMP has been completed (April 2010), thanks to funding from DEWHA.

**The task now is to implement the Plan – which is also a mandated requirement.**

Expressions of Interest were sought & received from Consultants in April 2011, for assistance with this implementation phase.

The Quotations received ranged from \$50,000 to \$160,000 and the work would involve all Councils **except Dubbo, which is independently completing its WQMP.**

The cost to Brewarrina Council of its share of the estimated price is **\$41,666 over 3 years (\$8,333 in 2011/12, \$31,666 in 2012/13, \$1,667 in 2013/14)**

Works required include:

1.	Develop a road map for ADWG Framework	-
2.	Develop a drinking water quality policy (Standardise)	-
3.	Document Critical Control Points	\$15,000
4.	Document standing operating procedures	\$20,000
5.	Develop a routine maintenance program	\$15,000
6.	Develop a routine water quality monitoring program	\$10,000
7.	Develop an Incident and Emergency Response Plan	\$15,000
8.	Prepare an O & M manual for treatment	\$15,000
	<b>Total</b>	<b>\$90,000</b>

**Recommendation:**

Call Tenders in January 2012 from the 2 Consultants who submitted EOIs, with a view to commencement in early 2012.

**It should also be noted** that specific capital works have been identified in the WQMP which will need to be implemented for full compliance.

These are listed below:

**Lower Macquarie Water Utilities Alliance - Water Quality Management Plan - Capital works**

Council	Recommendation	Estimated Cost	Water Savings
Brewarrina Shire	Refurbish the filter and automate filter backwash and address OH&S issues at Brewarrina WTP	500,000 <sup>(1)</sup>	50% savings in filter backwash wastewater
	Replace grit filters and address OH&S issues at Goodooga WTP	100,000	

Total	\$600,000
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**Note (1):** This estimate is too high – the works required have recently been costed at \$200,000.

**How will these works be funded? Reserves?**

**Recommendation:**

That Council budget to complete the identified works within a three (3) year time frame.

## **6. Resource Sharing, Mentoring & Training Program**

Development of this program will be fully funded under a Variation to the DEWHA Grant.

Implementation of the program is not funded under the Grant.

Resource Sharing and training are pillars of our Alliance.

The Budget has allowed \$10,000 in each of 2011/12 & 2012/13, with potential for extension for a further 3 or so years.

This project lends itself to a Regional approach.

**Recommendation from the August GMs' Meeting:**

Defer consideration of the implementation phase until the program itself is developed (due by mid December 2011); but allow for in future Council Budgets.

## **7. Future Projects Endorsed By The Board**

- Develop a Regional Strategic Business Plan
- Develop a Regional Asset Management Plan
- Develop a Regional Quality Management Plan
- Develop a Regional Environmental Management Plan
- Develop a Regional Pricing Policy
- Consider development of a Regional Business Continuity Plan

## **8. Where to from here?**

- How can the Alliance assist Brewarrina with the works & costs outlined above?
- General Discussion

**Recommendation:**

For consideration & decision.

**Attachments:**

- **Alliance Budget: 2011/14**
- **Alliance Projects Cost Split**
- **Alliance Action Plan: 2011/14**

## 2011/14 BUDGET:

<i>Item</i>	2010/11 <sup>(A)</sup> \$	2011/2012 \$	2012/13 \$	2013/14 \$
• <b>Project Officer</b>				
- Consultant Fees	58,000 <sup>(1)</sup>	60,000 <sup>(1)</sup>	62,000 <sup>(1)</sup>	64,000 <sup>(1)</sup>
- Expenses (Travel & Misc.)	<u>19,000</u>	<u>20,000</u>	<u>22,000</u>	<u>23,000</u>
<b>Sub-total (Proj. Officer)</b>	<b><u>77,000</u></b>	<b><u>80,000</u></b>	<b><u>84,000</u></b>	<b><u>87,000</u></b>
• <b>Projects</b>				
- Regional Drought Plan	4,000 <sup>(2)</sup>	-	-	-
- Regional Demand Man. Plan	9,000 <sup>(2)</sup>	-	-	-
- Regional IWCM Evaluation Study	27,000 <sup>(2)</sup>	-	-	-
- Regional IWCM Detailed Strategies	-	50,000 <sup>(4)</sup>	190,000 <sup>(4)</sup>	10,000 <sup>(4)</sup>
- Regional Drinking Water Quality Man. Plan	17,800 <sup>(3)</sup>	-	-	-
- Implement Regional WQMP	-	5,000 <sup>(5)</sup>	45,000 <sup>(5)</sup>	5,000 <sup>(5)</sup>
- Develop Capital Works Program & Implementation Plans (IWCM, Drought Management & Demand Management)	-	2,000 <sup>(6)</sup>	2,000 <sup>(6)</sup>	5,000 <sup>(6)</sup>
- Regional Asset Management Plan	-	-	5,000	50,000
- Regional Stormwater Harvesting Plan	20,200 <sup>(3)</sup>	-	-	-
- Develop Regional Resource Sharing, Mentoring & Training Program	-	5,000	-	-
- Implement Regional Resource Sharing, Mentoring & Training Program <sup>(7)</sup>	-	-	10,000	10,000
- Develop Regional Procurement Contracts	2,000	2,000	2,000	3,000
- Develop Common Operational Standards	10,000	10,000	2,000	1,000
- Develop Alliance Regional Strategic Plan	-	50,000	20,000	10,000
- Other Regional Plans/Initiatives	-	-	15,000	10,000
<b>Sub-total (Projects)</b>	<b>\$90,000</b>	<b>\$124,000</b>	<b>\$291,000</b>	<b>\$104,000</b>
<b>Total</b>	<b>\$167,000</b>	<b>\$204,000</b>	<b>\$375,000</b>	<b>\$191,000</b>

**Notes: (A):** Refer Expenditure Statement for 2010/11

- (1):** Budget is for Retainer for Daryl McGregor as Project Officer.
- (2):** Strengthening Basin Communities Grant: \$272,000; Alliance Contribution: \$40,000
- (3):** Strengthening Basin Communities Grant: \$154,000; Alliance Contribution: \$38,000
- (4):** Prices based on EOIs only. Tenders to be called in January 2012.
- (5):** Prices based on EOIs only. Tenders to be called in January 2012.
- (6):** Strengthening Basin Communities Grant: \$25,000
- (7):** Subject to DEWHA concurrence to use unspent \$60,440 from original Grant.

**ADOPTED COST SPLIT (IWCM Detailed Strategies and WQMP Plan Implementation are shared equally by participating Councils only)**

<b><i>Council</i></b>	<b>Assessments No. <sup>(1)</sup></b>	<b>2010/11 \$</b>	<b>2011/12 \$</b>	<b>2012/13 \$</b>	<b>2013/14 \$</b>
Dubbo (59.5%)	16,120	99,365	88,658	83,301	104,720
Wellington (10.7%) - WQMP	2,910	17,869	15,944 714	14,980 6,429	18,832 714
Narromine (8.2 %) - WQMP - IWCM	2,220	13,694	12,218 714 8,333	11,480 6,429 31,666	14,432 714 1,667
Cobar (8.1%) - WQMP - IWCM	2,190	13,527	12,069 714 8,333	11,340 6,429 31,666	14,256 714 1,667
Bourke (4.4%) - WQMP - IWCM	1,200	7,348	6,556 714 8,333	6,160 6429 31,666	7,744 714 1,667
Bogan (3.8%) - WQMP - IWCM	1,030	6,346	5,662 714 8,333	5,320 6429 31,666	6,688 714 1,667
Warren (3.5%) - WQMP - IWCM	960	5,845	5,215 714 8,333	4,900 6429 31,666	6,160 714 1,667
Brewarrina (1.8%) - WQMP - IWCM	480	3,006	2,682 714 8,333	2,520 6429 31,666	3,168 714 1,667
<b>Total</b>	<b>27,110</b>	<b>\$167,000</b>	<b>\$204,000</b>	<b>\$375,000</b>	<b>\$191,000</b>

**LOWER MACQUARIE WATER UTILITIES ALLIANCE**  
**2011/14 ACTION PLAN – UPDATED APRIL 2011**

<b>Item</b>	<b>Description</b>	<b>By Whom</b>	<b>Timeline</b>	<b>Comments</b>
1. Board Meetings	<ul style="list-style-type: none"> <li>Agendas &amp; Business Papers for Nov 2010 &amp; May 2011 Meetings</li> </ul>	DMcG	Oct '10 & April '11	No Change
2. Tech. Committee Meetings	<ul style="list-style-type: none"> <li>Agendas &amp; Business Papers for Bi-monthly meetings</li> </ul>	DMcG	14 days prior to meeting	No Change
3. Sub-Committees	<ul style="list-style-type: none"> <li>Agendas &amp; Business Papers for Bi-monthly meetings</li> <li>Consider formation of additional “specialist” Groups/Committees</li> </ul>	Kerri Murphy/Eric Poga  Tech. Committee	14 days prior to meeting  As required	No Change
4. Best Practice Projects	<ul style="list-style-type: none"> <li>Administer &amp; ensure completion of regional strategies               <ul style="list-style-type: none"> <li>IWCM Stage 2 (obtain consultant quotes)</li> <li>Regional Water Quality Management Plan</li> <li>Regional Stormwater Harvesting Plan</li> </ul> </li> <li>Implement Compliance requirements of WQMP</li> </ul>	DMcG  DMcG  DMcG  DMcG  DMcG	Call EOIs by June 2011  Call Tenders – subject to Workshop with GMs in August/September  By 31 Dec. 2010  By 31 Dec. 2010 Call EOIs by June 2011  Call Tenders – subject to Workshop with GMs in August/September	Expressions of Interest called in April 2011  Timing subject to Workshop outcomes  Completed in October 2010.  Completed in December 2010. Expressions of Interest called in April 2011.  Timing subject to Workshop outcomes



Item	Description	By Whom	Timeline	Comments
	<ul style="list-style-type: none"> <li>Develop Capital Works Program &amp; Implementation Plans (IWCM, Drought Management &amp; Demand Management)</li> <li>Compliance with non-Regional Best Practice requirements. (SBPs, Trade Waste Policies, Pricing)</li> <li>Develop Brief for Regional Strategic Business Plan</li> </ul>	Cobar Brewarrina Bourke Bogan Warren  DMcG	By 30 Sept. 2011  By Dec. 2011  By 30 June 2012	In accordance with DEWHA Milestones. This will complete the DEWHA funded project.  Review desirability or otherwise in December 2011
5. Water Reform	<ul style="list-style-type: none"> <li>Resolve status of LMWUA with Minister (particularly issue of "Binding" agreement)</li> <li>Finalise &amp; execute Agreement by all 8 member Councils</li> </ul>	Board/Tech. Committee  DMcG/ Board/ Tech. Committee	Dependent on NOW & Minister Dependent on NOW & Minister	No Change  No Change
6. Funding	<ul style="list-style-type: none"> <li>Pursue available avenues of funding – as appropriate</li> </ul>	DMcG/All	On-going	No Change
7. Operator Training	<ul style="list-style-type: none"> <li>Pursue (with NOW) opportunities for training in LMWUA region</li> <li>Arrange training as appropriate</li> <li>Pursue joint program with Centroc</li> </ul>	DMcG  DMcG/Eric Poga/Kerri Murphy DMcG	Dec '10  As required  May '11	Completed – Office of Water Training arranged in region  Subject to acceptance of Variation to DEWHA Agreement & availability of funding.
8. Finalise Submission of Performance Reports	<ul style="list-style-type: none"> <li>Performance reporting completed by all member Councils by closing date</li> </ul>	Eric Poga	Sept '10	No Change

Item	Description	By Whom	Timeline	Comments
9. Resource Sharing	<ul style="list-style-type: none"> <li>Develop list of specialist equipment &amp; staff which can be utilised by member Councils</li> <li>Pursue joint program with Centroc (including development of protocols for regional resource sharing)</li> <li></li> </ul>	Tech Committee/DMcG	April '11	Proceeding
		Tech. Committee/DMcG	May '11	Subject to acceptance of Variation to DEWHA Agreement & availability of funding.
10. Review Performance & Prepare Annual Report	<ul style="list-style-type: none"> <li>Prepare Annual Report for 2009/10</li> </ul>	DMcG	Dec '10	No Change
11. Review/Revise Budget	<ul style="list-style-type: none"> <li>Review 3 year Rolling Budget &amp; present to Board</li> </ul>	DMcG	April '11	No Change
12. Mentoring	<ul style="list-style-type: none"> <li>Develop mentoring initiatives</li> <li>Pursue joint program with Centroc (including development of protocols for regional resource sharing)</li> </ul>	Tech. Committee DMcG	On-going May '11	Subject to acceptance of Variation to DEWHA Agreement & availability of funding.
13. Engagement of Agencies	<ul style="list-style-type: none"> <li>Meet with State Water &amp; both CMA's to identify common areas of interest/issues</li> </ul>	Tech. Committee/DMcG	By June '12	Changed from March 2011 to June 2012
14. Develop Strategies & Briefs for future Best Practice initiatives	<ul style="list-style-type: none"> <li>Regional Asset Management Plan</li> <li>Regional Quality Management Plan</li> <li>Regional Environmental Management Plan</li> </ul> (dependant on availability of government funds)	DMcG	By April '12 (for consideration in Budget review)	To be reconsidered in December 2011
15. Prices, Fees & Charges	<ul style="list-style-type: none"> <li>Develop a Regional Pricing Policy, in line with Office of Water requirements</li> </ul>	Tech. Committee/Board	April/May '12	-