

**Minutes of the Extraordinary Meeting of GOLDENFIELDS WATER COUNTY COUNCIL
held at TEMORA OFFICE on 20 February 2019**

The meeting commenced at 10.00am

PRESENT

Cr D Palmer, Cr G Armstrong, Cr B Callow, Cr D McCann, Cr L McGlynn, Cr M Stadtmiller, Cr G Sinclair.

ALSO IN ATTENDANCE

Mr G Haley (Interim General Manager), Mr G Veneris (Production and Services Manager), Ian Graham (Corporate Services Manager), Mr A Drenovski (Interim Engineering Manager), Mrs A Coleman (Executive Assistant).

1. LEAVE OF ABSENCE/APOLOGIES

19/001 RESOLVED on the motion of Crs Armstrong and Callow that leave of absence be granted to Cr K Morris and Cr G Sinclair.

2. ACKNOWLEDGEMENT OF COUNTRY

I would like to acknowledge the Wiradjuri people who are the Traditional Custodians of the Land. I would also like to pay respect to their people both past and present and extend that respect to other Aboriginal Australians who are present.

3. DECLARATION OF PECUNIARY INTERESTS

Nil

4. DECLARATION OF NON PECUNIARY INTERESTS

Nil

5. MATTERS TO BE SUBMITTED TO OPEN COUNCIL

5.1. MATTERS SUBMITTED BY PRODUCTION AND SERVICES MANAGER

5.1.1. BOOROWA WATER SUPPLY PIPELINE UPDATE

19/002 BOARD RESOLUTION

RESOLVED on the motion of Crs McCann and Callow that:

- 1. The Board note the updated information within the report**
- 2. The Board authorise the General Manager or his delegate to formally respond to Hilltops Council in support of the Boorowa Pipeline Project, noting the conditions and staff recommendations discussed within this report.**
- 3. The Board authorise the General Manager or his delegate to commence discussions with the relevant Authority for the request to increase Jugiong WTP licence entitlement**

4. It is desired by the Board that the scheme be owned and operated by Goldenfields Water County Council, provided ownership is in the best interest of Goldenfields Water County Council.

5. The preferred route option for the Scheme is 3c.

10.55am - Cr G Sinclair arrived at the meeting.

Report prepared by Manager Production & Services

COUNCIL OFFICER RECOMMENDATION

1. Note the updated information within the report
2. Authorise the General Manager or his delegate to formally respond to Hilltops Council in support of the Boorowa Pipeline Project, noting the conditions and staff recommendations discussed within this report.
3. Authorise the General Manager or his delegate to commence discussions with the relevant Authority for the request to increase Jugiong WTP licence entitlement

ALIGNMENT WITH BUSINESS ACTIVITY STRATEGIC PLAN

- 02 Maximising Regional Water Supply
- 03 Strategic Water Management
- 04 Best Practice Pricing
- 05 Proactive Customer Relations
- 09 Financially Sustainable

BACKGROUND

The Board, at the February 2018 meeting resolved the following;

1. Proceed with the development of a business case for the Boorowa Water Supply Scheme and associated grant submission.
2. Include the options for both bulk supply and reticulation as part of the business case.

Staff provided an update to the Board at the August 2018 Council meeting, where it resolved to allocate a provision of funding support to complete the feasibility stage of the project for \$125,000. An additional estimate of \$20,000 was earmarked for the completion of the Business Case Phase.

The \$125,000 of funding was estimated to be 25% of the total costs for the feasibility stage, as 50% of costs were to be funded by the state and 25% of the costs funded by Hilltops Council.

Staff have now received a letter from Hilltops Council on 13th February 2018 requesting non-financial support for an additional federal funding application.

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REPORT

Staff can confirm that Hilltops Councils submission for funding under the Safe & Secure funding program was successful for \$265,000 which was an estimated 50% of the total costs for the feasibility stage of the project.

This feasibility and business case development process will continue throughout 2019 and an external consultant is likely to be appointed at the Hilltops February Council meeting.

Goldenfields Water's Manager Production & Services will act as a project committee member and GWCC representative throughout the feasibility process.

In addition to the states Safe & Secure funding program, Hilltops Council are sourcing additional Federal Government funds through the Commonwealth Government's National Water Infrastructure Development fund (WIDF), to help cover the costs of the future water supply scheme. The criteria for compliance under the WIDF differs from the Safe & Secure program, as the project must be deemed shovel ready. Therefore Hilltops have issued a letter of support for their preferred option to have a connection for Boorowa from Goldenfields Water's Jugiong water supply scheme. Three pipeline options are being considered as part of the Safe & Secure funded feasibility study; however a preferred location and alignment now needs to be selected to develop an initial business case to meet the timeframes of the WIDF. It is thought that there may be options to make modifications to this at a later stage during the design process.

Current estimates that have been discussed for the Boorowa project have ranged from \$35m to \$70m, depending on the alternative options selected for a water source. The WIDF can provide up to 50% of the total project costs if successful.

Hilltops have been actively seeking support from state and federal ministers for the project and have been advised that application dates for a submission will be accepted no later than 1st April 2019. The submission for the WIDF needs to be completed and submitted by the State Government on behalf of Hilltops Council and therefore a deadline of the 22nd February 2019 has been given to complete a Draft Submission for the States review.

Feedback from the Ministers and Department of Infrastructure, Regional Development and Cities have advised Hilltops staff that the following needs to be finalised prior to their submission being considered:

- A definitive pipeline route,
- pipeline length,
- preliminary cost estimate,
- certainty of the project proceeding,
- indicative project delivery timeline following funding approval,
- What role does Goldenfields Water have in regards to the proposed project
- What funding contributions would be provided by both Hilltops and Goldenfields Water
- How will the scheme be operated and owned once completed, and
- What impact does it have on existing water licence and entitlements

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Please note the above points are only the items required for consideration by Goldenfields Water at this stage. Additional requirements such as demonstrating the economic need for the project will be undertaken by Hilltops without input from Goldenfields Water staff.

It is GWCC officer's opinion that without an appropriate business case available for review, that the discussion of ownership remain with the status quo and be limited to the existing offtake locations under current consideration. At this stage, Goldenfields Staff are recommending option/route 3C that has been attached to this report as it allows access off the existing Galong offtake and would be a worst case scenario in establishing cost estimates for the construction of the pipeline.

Ownership options should be discussed in future years, once an appropriate business case can be provided which would detail the best value for money option to the water supply schemes customers, as well as highlight any potential risks to Goldenfields Water County Council.

Current demand from the existing Galong offtake has been estimated at an average of 85ML per annum with a maximum predicted for this year at around 107ML. The additional increase in demand has been estimated by Public Works through their previous investigative studies as 2400kl/ day as a peak daily demand based on 2017 assessments.

However, metered data for actual usage provided by Hilltops has estimated the average daily demand volume in 2017 as 450kl/day or around 0.5ML/day, with a peak demand of 1700kl or 1.7ML/day. This is predicted to increase to a peak daily demand in 2047 to 2000kl/day without any increase in industrial and commercial operations. GWCC officers are recommending to use Hilltops Councils 28 June 2018 Delivery Program – Operational Plan figures of 670 residential assessments and 70 non-residential assessments. Each assessment is assumed to have 250kl/per annum usage which equates to 185ML/per annum. Officers have allowed for an assumption that the existing non-residential assessments are low volume and 250kl/per annum has also be assumed.

A nominal increase for the connection of Boorowa at 400ML has been allocated for a future infrastructure demand target. This allows for proposed industrial and commercial growth in future. Actual required increase for current demand is estimated at 185ML per/annum, based upon Hilltops Council reported number of assessments.

Jugiong Water Treatment Plant is licenced to extract 5590ML per year, with current production long term average of 4000ML per annum. With the inclusion of Boorowa, the average would increase by around 400ML per annum. It is GWCC's officer's recommendation to commence discussions with Department of Industry and Water regarding its licenced entitlement and seek an increase to match the demand requested by Hilltops Council.

Goldenfields water must identify all costs for connections which includes the requirements to implement section 64 charges. Based upon the increase of existing demand requirements of 500kl/day (185ML/annum) this equates to around 740 equivalent tenements at cost of \$5,279,160 in headworks charges. It is recommended that these costs be requested for inclusion to any funding application submitted by Hilltops Council to ensure the future augmentation needs of the Jugiong WTP can be recovered.

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In order for Goldenfields Water to supply the required demand it has been identified internally through the engineering division that an estimated \$18.5m worth of works will be required to facilitate the project. The below breakdown provides the existing bottlenecks and restriction that need to be undertaken before supply can be provided. Please note that no augmentation works at the Jugiong WTP has been identified yet, as this work was being investigated as part of the Safe & Secure funded works.

Item	Budget Estimate
Survey Investigation Design for pipe replacements	\$750,000
5 km of 500mm DICL	\$5,000,000
4km of 450mm DICL	\$3,450,000
0.8km of 500 DICL	\$800,000
Upgrade Existing Galong Offtake	\$150,000
2 Concrete Reservoirs	\$8,300,000
Total	\$18,450,000

These projects have been identified within the \$70m cost estimated submitted by Hilltops Council. In regards to the questions raised from state and federal ministers for council contributions, it is GWCC's officer's recommendation to advise that the Rosehill upgrade project be identified as its contribution to the Boorowa Water Supply Scheme at an estimate of \$10,000,000.

FINANCIAL IMPACT STATEMENT

Based upon the recommendations from GWCC Officers, the connection for Boorowa would equate to \$5,279,160 in section 64 charges, based upon existing average daily demand figures.

The additional access charge income is estimated at \$97,857 per annum with a usage income of \$299,700 per annum. This is based upon 740 ET's and an average demand of 185ML per annum.

ATTACHMENTS: Goldenfields Water Supply Options A, B & C

TABLED ITEMS: Hilltops Council Letter of Request

6. QUESTIONS AND STATEMENTS

7. CLOSE OF BUSINESS

There being no further business requiring the attention of Council the meeting was declared closed at 11.10am.