



**muswellbrook
shire council**

Muswellbrook Shire Council

INFRASTRUCTURE COMMITTEE MEETING

BUSINESS PAPER

28 JUNE 2017



INFRASTRUCTURE COMMITTEE MEETING, 28 JUNE 2017

MUSWELLBROOK SHIRE COUNCIL

P.O Box 122
MUSWELLBROOK
16 June, 2017

Councillors,

You are hereby requested to attend the Infrastructure Committee Meeting to be held in the COUNCILLORS ROOM, Administration Centre, Muswellbrook on **28 June, 2017** commencing at 4.30pm.

Neil Pope
DIRECTOR, COMMUNITY INFRASTRUCTURE

Order of Business

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**MUSWELLBROOK SHIRE COUNCIL
INFRASTRUCTURE COMMITTEE MEETING**

AGENDA
WEDNESDAY 28 JUNE 2017

1 APOLOGIES AND LEAVE OF ABSENCE

Moved: _____ Seconded: _____

2 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RECOMMENDATION

That the Minutes of the Infrastructure Committee held on **31 May 2017**, a copy of which has been distributed to all members, be taken as read and confirmed as a true record.

Moved: _____ Seconded: _____

PRESENT: Cr R. Scholes (Chair), Cr M. Rush, Cr S. Bailey, Cr M. Bowditch, Cr J.F. Eades, Cr J. Foy, Cr M. Green and Cr G. McNeill.

IN ATTENDANCE: Mr S.J. McDonald (General Manager), Mr N.W. Pope (Director - Community Infrastructure), Ms F. Plesman (Director - Planning, Community & Corporate Services), Mr P. Redan (Executive Manager - Water and Waste), Mr D. Finnigan (Manager, Muswellbrook Works), Mr P. Higgins (Manager, Technical Services), Mrs C. O'Brien (Manager, Community Services), Mr M. Lysaught (Manager, Property & Building), Mrs L. Payne (Co-Ordinator, Financial Services), Mr R. Franklin (Chief Financial Officer) and Mrs M. Sandell-Hay (PA to General Manager).

1 APOLOGIES AND LEAVE OF ABSENCE

RECOMMENDED on the motion of Crs Eades and Foy that:

The apologies for inability to attend the meeting submitted by Cr J. Ledlin Cr. S. Ward, Cr. S. Reynolds and Cr B.N. Woodruff be ACCEPTED and the necessary Leave of Absence be GRANTED.

2 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RECOMMENDED on the motion of Crs Rush and McNeill that:

The Minutes of the Infrastructure Committee held on 26 April 2017, a copy of which has been distributed to all members, be taken as read and confirmed as a true record.

3 DISCLOSURE OF ANY PECUNIARY AND NON-PECUNIARY INTEREST

Nil

4 BUSINESS ARISING

Nil

5 BUSINESS

5.1 PRECINCT SPECIFICATION MANUAL

RECOMMENDED on the motion of Crs Rush and Bowditch that:

1. The information contained in this report be noted.
2. Council give consideration in future budgets to fund the difference between the levels of service identified in the specification and budget allocation.

6 DATE OF NEXT MEETING

28 June 2017

7 CLOSURE

The meeting was declared closed at 5.02 pm.

.....
Mr S. McDonald
General Manager

.....
Cr R. Scholes
Chairperson

3 DISCLOSURE OF ANY PECUNIARY AND NON-PECUNIARY INTEREST

Section 451 of the Local Government Act requires that if a councillor or member of a council or committee has a pecuniary interest in any matter before the council or committee, he/she must disclose the nature of the interest to the meeting as soon as practicable and must not be present at, or in sight of, the meeting, when the matter is being discussed, considered or voted on.

A pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of financial gain or loss (see sections 442 and 443 of the Local Government Act).

A non-pecuniary interest can arise as a result of a private or personal interest which does not involve a financial gain or loss to the councillor or staff member (eg friendship, membership of an association, or involvement or interest in an activity). A councillor must disclose the nature of the interest to the meeting as soon as practicable.

Council's Model Code of Conduct now recognises two forms of non-pecuniary conflict of interests:

- Significant
- Less than significant

A Councillor must make an assessment of the circumstances and determine if the conflict is significant.

If a Councillor determines that a non-pecuniary conflict of interests is less than significant and does not require further action, they must provide an explanation of why it is considered that the conflict does not require further action in the circumstances.

If the Councillor has disclosed the existence of a significant non-pecuniary conflict of interests at a meeting they must not be present at, or in sight of, the meeting, when the matter is being discussed, considered or voted on.

4 BUSINESS ARISING

5 BUSINESS

5.1 QUARTERLY REPORT - PROGRESS ON THE RECYCLE WATER TREATMENT WORKS PROJECT

Attachments:	A. RWTW Construction Site
Responsible Officer:	Neil Pope - Director, Community Infrastructure
Author:	Michael Wells - Project Manager (Water & Waste)
Community Plan Issue:	<i>Provide community infrastructure and services that supports and improves community connectivity, access and wellbeing</i>
Community Plan Goal:	<i>That our community infrastructure is appropriate, sustainable and well maintained</i>
Community Plan Strategy:	<i>Provide financially sustainable water and sewer systems</i>

PURPOSE

To advise Council on the progress made on the provision of the new recycle water treatment works (RWTW) up to the month of June 2017.

OFFICER'S RECOMMENDATION

That Council note the quarterly progress report on the provision of the new recycle water treatment works up to the month of June 2017.

Moved: _____ **Seconded:** _____

BACKGROUND

Council has resolved on a number of key milestones culminating in the award of Contract No. 1401012 (MSC 2010-2011-0032-C2) on 10 August 2015 for the Concept & Detailed Design, including Professional Services, for the Muswellbrook Recycle Water Treatment Works (RWTW) to Aurecon Australasia Pty Ltd.

Council further resolved on 14 February 2017 to accept the tender submitted by Downer Utilities Australia Pty Ltd (Downer) and enter into a contract for the construction of the Muswellbrook recycle water treatment works (RWTW) (Construction Contract No. 10003231A (MSC 2010-2011-0032 C4).

The external parties who have been engaged on this project, include the Muswellbrook Community, NSW Office of Water; NSW EPA; NSW Health; Mt Arthur Coal; Wanaruah LALC and other LALC's; Muswellbrook Golf Course; Mt Arthur Mine; Muswellbrook Business Chamber; NSW Infrastructure Planning; Hunter Development Corporation; and a range of consultants.

A community and stakeholder engagement plan was developed in consultation with Executive Services and Aurecon.

Information on the project is continuously updated on the Council Website, with progress updates provided to the community via Council's Newsletter. Information and presentations are provided to the Executive Services section for presentation in the reception foyer of the administration building.

CONSULTATION

Various internal Departments have been consulted.

CONSULTATION WITH COUNCILLOR SPOKESPERSON

Council's Spokesperson is regularly updated on the progress with this project and the quarterly reports.

REPORT**1. Construction Contract:**

The formal contract was finalised with Downer on 3 May 2017 following negotiations and an agreement for an alternative IDAL construction methodology and associated design proposals.

A start-up workshop, which was facilitated by PWA, was held on 23 May 2017. It was well attended by Downer, Council's Deputy Mayor and Staff, Aurecon key representatives and Department of NSW Public Works Advisory (PWA) team. Consistent with the framework of a GC21 contract, the meeting emphasised the mutual benefits of co-operative contracting, including introduction of all key representatives involved with the project. Council anticipates a culture of cooperation and teamwork, throughout the Project's implementation. Project success will depend on many factors, and most significantly the degree to which Project partners cooperate.

The Construction Phase of the project will be implemented in 4 milestones, performed consecutively following finalisation and approval of each preceding milestone, as follows:

Milestone 1:

- Preparation and Submission of complying Contractor's Management Plans and Construction approvals.

Milestone 2:

- Construction of the new Recycle Water Treatment Works including the additional design by Downer of the IDAL and Digester Structure.
- As part of the construction process Downer will ensure:
 - Utilisation of Local Suppliers & Service Providers;
 - Skills development and training;
 - Aboriginal Participation in Construction;
 - Training of Council personnel in the operations of the new works;
 - Wet commissioning & process commissioning.

Aurecon process engineers will become more hands-on from process commissioning by giving direction to Downer, who will perform the necessary operation for the equipment.

Milestone 3:

- Acceptance Testing
Downer contract ends for Milestone 3 after Acceptance testing. Aurecon continue to give direction during acceptance testing.
- Process Optimisation
Aurecon will perform Process optimisation with Council personnel and have the availability of Downer resources, should it be necessary, and at standard hourly rates.

Milestone 4:

- Decommissioning and demolishing of Existing STP

Progress is as follows:

Time:	Construction remains on schedule.
Cost:	Expenditure is well within projected cash flows for the month. One significant claim has been received from the Contractor for Delay Costs, which is currently being assessed.
Quality:	Post award submissions have been of acceptable standard. The program submitted by The Contractor has been returned for resubmission to comply with the Contract.
WHS	The project WHS plan has been reviewed and is being implemented. There have been no WHS incidents.
Environment:	Environmental controls have been established onsite in accordance with the EMP. There have been no environmental incidents.

2. Professional Services Contract:

The key Contractual milestones for the Professional services for Concept & Detailed Design and quality assurance, in Contract No. 1401012 (MSC 2010-2011-0032-C2) awarded to Aurecon are

1. *Dewatering/desludging of existing oxidation pond 1 (completed)*
2. *Final concept design of the RWTW (completed)*
3. *Detailed design of the RWTW (completed)*
4. *Performance specification for an alternative energy supply to the RWTW*
5. *Professional services during tender for construction (completed)*
6. *Professional services during the construction, commissioning and post completion period*

Milestone 4 The development of the specifications for the Alternative Energy infrastructure is nearing completion and will be incorporated into a separate contract for soliciting tenders.

There are two Section 60 (S60) approvals required for this project, firstly for the design of the new RWTW and secondly for the provision of reuse water to the end users. Approval has been received from Department of Primary Industries (NSW DPI) for the *design*, under the Local Government Act.

The S60 approvals for the provision of re-use water to end users utilising the current final design has been workshopped with the relevant personnel from NSW DPI, who have indicated acceptance of the adopted process.

NSW DPI has advised that they are only willing to provide S60 approval for the *reuse system* following completion of the construction and testing of the new RWTW. There are also a number of actions highlighted in recent risk assessments performed on the reuse system, including the need to formalise end user agreements etc., which will need to be in place before S60 approval for the reuse system will be issued. All these actions will be achieved prior to the finalisation of the construction of the new RWTW.

Although a detailed construction program is yet to be accepted, it is expected that construction for the main RWTW will be complete in early 2019 factoring in possible extensions of time for wet weather.

3. Project Management Services:

Council's resolution of 14 February 2017 awarded project management for the construction phase of the RWTW project to NSW Public Works Advisory (PWA). PWA's representatives are permanently accommodated on site in Council's Site office and are acting in the role of Authorised Person, under GC21 contract provisions.

The project is being managed well, within contractual requirements.

OPTIONS

Not Applicable

CONCLUSION

The Contact for the main construction works project has commenced and work is proceeding on time and within budget.

The Contract for professional services and project management services is proceeding on time and within budget.

SOCIAL IMPLICATIONS

The RWTW is a project that requires careful consideration with regard to its social implications. This has been addressed within the project scope and is captured in the "Review of Environmental Factors", determined by Council. The construction activities will inject significant funds into the Muswellbrook economy, including job creation.

As the project progresses Council will be informed as to the contribution of the construction Contract towards local suppliers and subcontractors.

A community and stakeholder engagement plan has been developed to advise the community at large on the project and strategies are being put in place to mitigate any issues, which may be raised by the community. The Executive Services section of Council is engaged with this aspect of the project.

FINANCIAL IMPLICATIONS

Council entered into a Grant funding deed with the Hunter Development Corporation (HDC) on 11 June 2015 for the amount of \$9.6 million. The first draw down of grant funding has been invoiced from HDC for the amount of \$960,000 excluding GST. The remaining draw-downs are expected in the third and fourth quarters of 2018.

One significant claim has been received from the Contractor for Delay Costs, which is currently being assessed.

The current contract value is \$25,563,406, an increase from the awarded tender price for changes to design drawings, correction to component prices, and additional fill material, approved subsequent to acceptance by Council.

Project cash flows have been provided to Finance to ensure adequate funding is available at all stages, through reserve, investment retirement, borrowings and grant funding.

POLICY IMPLICATIONS

Not Applicable.

STATUTORY IMPLICATIONS

Continuous engagement with Statutory Authorities will occur throughout the implementation of this project.

LEGAL IMPLICATIONS

The requirements for the determination of the REF in terms of *Part 5 of the Environmental Planning and Assessment Act 1979, Section 5a, 111 and 112 of the Environmental Planning and Assessment Act 1979, and Clause 228 of the Environmental Planning and Assessment Regulation* will be adhered to.

The approval of Section 60 under the Local Government Act for the reuse scheme will be obtained on finalisation of the Construction of the new works.

OPERATIONAL PLAN IMPLICATIONS

The work in this project is in accordance with the provisions of the Operational plan strategy i.e. Upgrade or replace Muswellbrook Sewage Treatment Works (STW) and Transport system, action 8.1.2 to complete designs and documentation for the construction of a new sewage treatment plant to the approval stage.

RISK MANAGEMENT IMPLICATIONS

With regard to the project, Risk Assessments have been performed for the provision of this infrastructure by holding formal Risk Assessment Workshops with internal and external parties.



6 DATE OF NEXT MEETING

26 July 2017

7 CLOSURE