

17.3 FLOOD MITIGATION FUNDING

Contact Person: Mr Sam Green

Why is this matter confidential?

Subject to an order pursuant to Section 90 (3) (b) of the Local Government Act 1999, this matter is confidential because Council is negotiating with the State Government regarding the level of co-contribution for the construction of Park Road drain – Stage 1. This report provides direction to administration on the Council's negotiation parameters.

A. COUNCIL/COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

B. THE BUSINESS MATTER

17.3 FLOOD MITIGATION FUNDING

Responsible Executive Manager : Mr Sam Green

Report Author : Mr Greg Pattinson

Delegated Authority : Matters which can be delegated to a Committee or Staff but the Council has decided not to delegate them.

PURPOSE

Seek Council's direction in relation to the extent of Council contribution to leverage State Government funding associated with flood mitigation measures for the Gawler River.

STAFF RECOMMENDATION

Council endorses the CEO to negotiate a co-contribution between 33% to 50% of the cost to construct the Park Road drain – Stage 1, on the basis that the State Government allocates the leveraged funding towards the development of the Stormwater Management Plan, and/or the design and delivery of the final flood mitigation solution to protect the lower reaches of the Gawler River.

Council acknowledges that the capital and ongoing operating funding implications will need to be addressed as part of the 2021/22 Annual Business Plan.

EXECUTIVE SUMMARY

The State Government has allocated \$9M towards "no regrets" projects that improve flood management of the Gawler River. The funding forms part of the State government's economic stimulus package. The projects require co-contribution commitment from relevant councils, the GRFMA and need to be delivered on ground over two years.

One project identified for funding is the construction of the Carmelo and Park Road drain (\$3.8M - known as the Park Road drain – Stage 1). The drainage system will protect housing

in Virginia from flooding and shorten the duration that horticultural land is inundated by flood waters. The quicker the flood waters can subside, the greater the chance that inundated crops will survive.

The State Government has identified Council's co-contribution to the projects as critical, though not outlined in correspondence received by Council, there is an expectation of a 50% contribution from Council. However, Council could seek to contribute less than 50% to the project. The contributions will support these projects and to make possible the planning that is required to determine the long term solution to prevent flooding of the Gawler River. Council, through contributing to the project should leverage these additional funds to ensure that the Stormwater Management Plan and/or the delivery of the final flood mitigation solution to protect the lower reaches of the Gawler River is delivered.

Council administration are currently in discussions with Department of Environment and Water (DEW) regarding the process to allocate the funding for the Park Road drain – Stage 1 and Council's contribution to the project. Direction is required from Council in regards to the level of Council's contribution to enable the negotiations to continue and the finalisation of a funding agreement.

1. BACKGROUND

The State Government, in the 2020-2021 State Budget, allocated \$9M towards "no regrets" projects associated with the Gawler River that focus on reducing risk of infrastructure damage downstream and minimising impacts on irrigated horticulture during flood events, improving flood forecasting and warnings, and improving flood behaviour.

Four projects have been identified for the funding.

1). Removal of trees following the Hillier bushfire (\$350,000 to \$370,000)

- A large number of trees and debris fell in the Gawler River channel as a result of the Hillier fire, which poses a risk of creating a blockage and causing flooding upstream or, if moved with flood waters, significantly impacting on infrastructure downstream.
- The work is proposed to be undertaken in partnership with the Town of Gawler.

2). Carmelo and Park Road drain (\$3.8M - known as the Park Road drain – Stage 1)

- The drainage system will protect housing in Virginia from flooding and shorten the duration that horticultural land is inundated by flood waters. The quicker the flood waters can subside, the greater the chance that inundated crops will survive.
- The project is to be delivered in partnership with the City of Playford over a period of 18 months.

3). New control structures (weirs) and flood warning infrastructure and review of flood warning levels (\$1M)

- The Bureau of Meteorology's forecasting and warning service is limited by the lack of adequate flood warning infrastructure on the Gawler River. These new structures will ensure more reliable data on river flows, and timeliness and accuracy of flood forecasting and warnings.
- The project will be delivered in partnership with the GRFMA, SASES and the Bureau of Meteorology over 18 Months.

4). Northern Floodway early works (\$3.8M)

- These works will include a full levee bank survey, development of a levee bank database and stakeholder engagement. Resulting from the survey, works including vegetation clearance, silt removal and revegetation will be conducted, as well as,

levee repair works focusing on remediation of significant low points, existing failures and obvious defects.

- The project will be delivered in partnership with the GRFMA, DEW, Department of Infrastructure and Transport, and the Northern and Yorke Landscape Board and Green Adelaide over 2 years.

The funding will be made available through the Stormwater Management Authority, with DEW appointing a project manager to support the delivery of the identified projects. The State Government has identified Council's co-contribution to the projects as critical. The contributions will support these projects and to make possible the planning that is required to determine the long term solution to prevent flooding of the Gawler River. There is an expectation of a 50% contribution from Council, though this has not been outlined in correspondence received by Council, rather through conversations with the Department. However, Council could negotiate a lower contribution towards the construction of the Park Road Drain - Stage 1.

Council administration are currently in discussions with DEW regarding the process to allocate the funding for the Park Road drain – Stage 1 and Council's contribution to the project. Direction is required from Council in regards to the level of Council's contribution.

2. RELEVANCE TO STRATEGIC PLAN

3: Smart Jobs & Education Program

Outcome 3.3 Sustainable economic transformation

The flooding of the Gawler River significantly impacts the horticulture industry and the community of Virginia. Reducing flooding and/or the impact of flooding will support the existing horticulture industry and give greater confidence to the industry for them to continue to invest in the region.

3. PUBLIC CONSULTATION

There is no requirement to consult the community on this issue. Consultation with the community will need to occur during the delivery of the projects.

4. DISCUSSION

The GRFMA has managed the implementation of a range of flood mitigation works on the Gawler River and flood studies including:

- Construction of the Bruce Eastick Dam in 2007
- Increased the height of the South Para Reservoir dam and upgrading of the spillway in 2012 to provide 1 in 100 year flood control storage on top of a full reservoir storage
- Review of hydrological and flood models after the 2016 floods
- Identification and assessment of a range of flood mitigation works following the above review
- Identified the Northern Floodway project as the most immediate and cost-effective option to significantly reduce flooding within the lower Gawler River, which has a cost estimate between \$27-\$42M

The State Government has indicated that the GRFMA is required to develop a Stormwater Management Plan (SMP) to identify the long term flood mitigation measures for the Gawler

River. The GRFMA has endorsed the establishment of a Governance group to progress the SMP and 30% design for the Northern Floodway.

It is estimated that the Stormwater Management Plan will cost between \$150K to \$200K. The 30% design for the Northern Floodway will cost between \$600K to \$700K. The City of Playford has provided in-kind support to the GRFMA through the allocation of a project manager to progress the SMP.

The SMP and 30% design of the Northern Floodway as a minimum will take 12 months, but realistically 24 months to complete. Subject to funding it is unlikely that any flood mitigation measures will commence in the next 2 years. The timeframe to finalise the SMP and design of the Northern floodway is likely why the State Government has allocated funding to the “no regret” projects.

Considering the timing to do any significant flood mitigation works on the Gawler River it was considered prudent to explore other options to mitigate or reduce the impact of flooding of the Gawler River. Council administration did a review of potential on ground works that would reduce the impact of flooding, if the Gawler River was to flood. Two projects were identified, the construction of the Park Road and Carmelo Road drain (Park Road Drain – Stage 1) and remediation of a Gawler River levee bank on Clements Road. Council administration submitted a proposal to the State Government for funding of these projects.

The Park Road drain – Stage 1 will protect housing in Virginia from flooding and shorten the duration that horticultural land is inundated following a flood by providing a drainage path for flood waters to subside. The quicker the flood waters can subside, the greater the chance that inundated crops will survive. The drainage system is identified as a high priority project in the draft Smith Creek SMP. The Park Road drain – Stage 1 is identified within Council’s 4 year delivery plan and the construction of the drain needs to occur with the renewal of Carmelo Road, as the road needs to be realigned to enable the drain to be constructed within the road reserve. The renewal of Carmelo Road is scheduled in 2020-2021 financial year. The allocation of funding from the State Government has reduced the future expenditure requirements of Council.

The Minister for Environment and Water has indicated that the *“communities that are and could be impacted by floods deserve leadership to be shown by all levels of government”* and is seeking Council’s leadership in resolving to fix the flooding problem once and for all.

The allocation of the \$9M from the State Government provides an opportunity to progress the SMP and Northern Floodway design in a timely manner. If the funding is leveraged by co-contributions from the GRFMA and Councils, a pool of funds can be established to leverage additional funding from the State and Federal Government to deliver the Northern Floodway.

There is an expectation from the State Government that Council should contribute to the funding for the Park Road drain – Stage 1. There may also be a requirement, through the GRFMA to contribute to the Northern Floodway early works project. The extent of this contribution is unknown at this stage. In addition to any other contribution, once the final solution is identified, Council is likely to be required to contribute funding for the delivery of the final flood mitigation project. Given this uncertainty and the potential future funding commitments, it is prudent if possible not to over commit Council through contributing too much to the construction of the Park Road drain – Stage 1.

Council has an opportunity, through its contribution to the Park Road drain – Stage 1, to ensure funding is available to finalise the SMP and progress the final flood mitigation solution. In fact, Council should tie its contribution to ensure that funding is provided to deliver the SMP and the final flood mitigation solution.

5. OPTIONS

Recommendation

Council endorses the CEO to negotiate a co-contribution between 33% to 50% of the cost to construct the Park Road drain – Stage 1, on the basis that the State Government allocates the leveraged funding towards the development of the Stormwater Management Plan, and/or the design and delivery of the final flood mitigation solution to protect the lower reaches of the Gawler River.

Council acknowledges that the capital and ongoing operating funding implications will need to be addressed as part of the 2021/22 Annual Business Plan.

Option 2

Council endorses a co-contribution of 50% of the cost to construct the Park Road drain – Stage 1, on the basis that the State Government allocates the leveraged funding towards the development of the Stormwater Management Plan, and/or the design and delivery of the final flood mitigation solution to protect the lower reaches of the Gawler River.

Council acknowledges that the capital and ongoing operating funding implications will need to be addressed as part of the 2021/22 Annual Business Plan.

Option 3

Council informs the State Government that it does not wish to accept the funding for the Park Road drain – Stage 1 and requests that the funding is allocated to development of the Stormwater Management Plan, and/or the design and delivery of the final flood mitigation solution to protect the lower reaches of the Gawler River.

6. ANALYSIS OF OPTIONS

6.1 Recommendation Analysis

6.1.1 Analysis & Implications of the Recommendation

This option provides direction to the CEO regarding the level of contribution Council will contribute towards the construction of the Park Road drain – Stage 1, while providing him flexibility to negotiate with the DEW. The aim of negotiations will be to contribute at the lower end of the range. However, there may be a requirement to increase the contribution either due to the State Government requiring a 50% funding contribution or to demonstrate greater commitment to the project.

The State Government is offering funding to support the delivery of infrastructure that Council has identified as being required to be delivered in the next 4 years, influenced through Council's advocacy efforts. This is an opportunity to reduce the cost impact on Council in delivering the Park Road drain – Stage 1. The drain will also protect houses in Virginia and reduce the impact of flooding on the horticulture industry if the Gawler River or Smith Creek floods.

The State Government is requiring the GRFMA to develop a SMP to confirm the long term solution for flood mitigation of the Gawler River. It is expected that the SMP will confirm that the Northern Floodway is the appropriate solution to protect the lower reaches of the Gawler River from flooding. It is vital to use the funding from the State Government to progress the SMP and final flood mitigation solution. Council, through contributing to the Park Road drain – Stage 1 project, can leverage the State Government funding to ensure deliver of the SMP, while demonstrating strong leadership to the community, and to the GRFMA and constituent Council in resolving the flooding impacts of the Gawler River.

6.1.2 Financial Implications

Contributing to the construction of the Park Road drain – Stage 1 will incur capital expenditure and associated ongoing operating costs to Council. The extent of the contribution will be determined by the final negotiated outcome. The table below outlines the range of the potential financial impacts to Council based on a 33% to 50% contribution to the project. To remain in line with Council's Finance Strategy, these will need to be addressed as part of the 2021/22 Annual Business Plan.

	Capital Expenditure Budget \$'000	One Off Operating Budget \$'000	Ongoing Operating Budget \$'000
Revenue	(2,500) to (1,900)		
Expenditure • Park Road drain – Stage 1	3,838		172 to 190
Net Financial Budget	1,338 - 1955		172 to 190

6.2 Option 2 Analysis

6.2.1 Analysis & Implications of Option 2

This option would see Council contributing 50% of the funding required to construct the Park Road drain – Stage 1. This option is likely to be seen more favourably by the State Government due to the additional funding. It also provides a greater contribution to the total pool of funds available to deliver the final flood mitigation solution. However, there is nothing stopping Council contributing a greater commitment to the final flood mitigation solution once this has been identified and costed. It is still not certain that the State Government will accept a contribution less than 50%. If this is the case and Option 1 was endorsed by Council, a paper will be presented to Council to seek any additional funding required to deliver the project.

6.2.2 Financial Implications

Contributing to the construction of the Park Road drain – Stage 1 will incur capital expenditure and associated ongoing operating costs to Council of \$190K. To remain in line with Council's Finance Strategy, these will need to be addressed as part of the 2021/22 Annual Business Plan.

	Capital Expenditure Budget \$'000	One Off Operating Budget \$'000	Ongoing Operating Budget \$'000
Revenue	(1,900)		
Expenditure • Park Road drain – Stage 1	3,855		190
Net Financial Budget	1,955		190

6.3 Option 3 Analysis

6.3.1 Analysis & Implications of Option 3

Council may form the view that the highest priority in flood mitigation is the finalisation of the SMP for the Gawler River and the delivery of the identified flood mitigation option to protect the lower reaches of the Gawler River. The current identified mitigation option is the Northern Floodway, however, this needs to be confirmed as an early stage in the development of the SMP.

The opportunity of this option is that there is a greater pool of funds available to progress the SMP and design of the flood mitigation option. There is likely to be funds remaining post this work that could be allocated to the delivery of the mitigation option. Additional funds will be required, either from Councils and/or State and Federal Governments. The GRFMA, the other constituent Councils and horticulture industry representatives may see this option positively as they view the Northern Floodway as the project that should be delivered as a priority.

There are risks in not accepting these funds. The State Government allocated this funding for “no regret” projects to ensure on ground works are conducted while the longer term solution is confirmed. Council may have reputational issues with the State if this work is not done. The Minister is looking for leadership from Councils, and this option may be interpreted that Council not meeting its responsibility to manage flooding issues. Further, the State Government may not support the reallocation of this funding, continue to deliver the project or withdraw it from the pool of funding available.

6.3.2 Financial Implications

If the funds were reallocated towards the long term flood mitigation measure, the Council is still likely to be required to contribute funds via the GRFMA. The GRFMA Charter currently identifies that the City of Playford needs to contribute 34.68% for capital projects, if the project is under \$1M. If the project is over \$1M, then the extent of contribution by a constituent Council needs to be determined on a project by project basis.

It should be noted that the GRFMA is currently reviewing the methodology for sharing costs between constituent Councils. Council will need to consider any alternative methodology developed by the GRFMA.

If this option was accepted, the GRFMA will need make a recommendation to the constituent Councils regarding any funding split. Until this is done, the financial implications for Council is unknown.

C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 17.3 IS TO BE KEPT IN CONFIDENCE**Purpose**

To resolve how long agenda item 17.3 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 17.3 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (b) of the Local Government Act 1999:

- Report for Item 17.3
- Minutes for Item 17.3

This order shall operate until the signing of funding agreement for the construction of Park Road Drain – stage 1, or will be reviewed and determined as part of the annual review by Council in accordance with Section 91(9)(a) of the Local Government Act 1999, whichever comes first.