

17.1 VIRGINIA MAIN STREET SEWER UPDATE

Contact Person: Mr Simon Blom

Why is this matter confidential?

Subject to an order pursuant to Section 90 (3) (d) of the *Local Government Act 1999*, this matter is confidential because it relates to a prior confidential resolution which remains in confidence.

A. COUNCIL TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

B. THE BUSINESS MATTER**17.1 VIRGINIA MAIN STREET SEWER UPDATE**

Responsible Executive Manager : Mr Simon Blom

Report Author : Mr Ben Woodrow

Delegated Authority : Matters for Information.

Purpose

The purpose of this report is to provide an update on the current status of the negotiations with SA Water regarding the installation of sewer within the Virginia Main Street and how it relates to the Virginia Main Street Upgrade Project.

STAFF RECOMMENDATION

Council note and receive the report titled Virginia Main Street Sewer Update.

COMMITTEE RECOMMENDATION**4723**

1. Council note and receive the report titled Virginia Main Street Sewer Update.
2. That Council continue to support the ongoing discussion with SA Water in regard to the sewer installation of the Virginia Main Street Project.

Relevance to Strategic Plan

This project relates to the strategic plan themes of lifting city appearance and improving safety and accessibility. The content of this report relates to the inclusion of SA Water sewer infrastructure within Virginia which would support local businesses and, if timed in conjunction with the project works, would maximise construction synergy opportunities and minimise disruption.

Relevance to Public Consultation Policy

Extensive public consultation has already been undertaken on this project. Further consultation is not required on this matter.

Background

In May of 2019 Council commenced discussions with SA Water regarding the Virginia Main Street Project in order to address the lack of sewer within the township and highlight the unique opportunity to install the infrastructure prior to the road upgrade.

In 2020 these discussions were escalated to a CEO level with the aim of progressing to the point of installing sewer within the township. After significant back and forth, the discussions reached a point where staff believed an agreement could be reached.

Complexity was added to the issue by the fact that SA Water operate on a 4 year Regulatory Budget Period (RBP) and have been unable to commit any funding to the installation of sewer until the commencement of the next RBP in the 2024/25 financial year at the earliest.

In January of 2021 Council resolved (Resolution 4410) to seek an extension of time for Council's Places for People funding allocation for the project in order to delay the commencement to allow time to achieve an outcome that included the sewer. The resolution also included a decision to seek to enter into an agreement whereby City of Playford pay for the work upfront (estimated at \$4.85m) with reimbursement from SA Water to occur, in full, at the commencement for the next RBP in 2024/25.

An extension was provided by Places for People until 1st September 2022.

Current Situation

Staff have been engaged in negotiations with SA Water since the January resolution with the aim of reaching an agreement regarding the installation of, and reimbursement for, sewer within the Virginia Township. These negotiations have progressed to the point of agreeing timing for repayment as well as the roles and responsibilities for each party in the delivery of the infrastructure.

Negotiations have now stalled as SA Water need to seek approval for committing funds outside of the current RBP. As the budget is approved at a State Government level and this process has not been attempted before, this is proving to be a difficult issue to overcome.

To date, an acceptable way forward has not been presented and any proposed solution has included an unacceptably high level of risk to Council.

The current status is that SA Water have offered to provide a letter of intent from their CEO detailing that they are committed to reaching an agreement. It is important to note that this letter is unlikely to be a legally enforceable commitment to repay the funds. This letter has not yet been provided to the City of Playford.

In order to provide any type of binding commitment to repay the funds, SA Water will be required to seek approval from the Public Works Committee (PWC) under section 16A of the Parliamentary Committees Act 1991. Referral to the PWC requires feedback from multiple Government departments and the process often takes in excess of 4-6 months to be completed.

As the project, without sewer, is expected to take approximately 10 months to complete construction, and with tendering for construction required to be completed prior to commencement, the project is now at the point whereby it must be progressed in order to achieve practical completion prior to the September 2022 extended funding deadline.

Future Action

It is therefore intended to proceed as per Council Resolution 4410, specifically item 3, and continue with the project without the sewer, giving consideration to future proofing.

COUNCIL RESOLUTION		4410
Moved:	Cr Rentoulis	Seconded: Cr Marsh
1. Council seek an extension of time to meet the requirements of the Places for People grant fund and, if the extension is granted, continue negotiations with SA Water to reach a mutually agreeable position for the installation of sewer in Virginia Main Street. Any agreement reached with SA Water will involve the following commitments:		
a) Full cost recovery to Council by SA Water no later than the 2024/25 financial year.		
b) The cost of sewer infrastructure will not exceed \$5 Million.		
c) Council will seek appropriate authorisations to install infrastructure eg. Authorisation to alter public road, road closure processes where infrastructure may exist in existing road reserve.		
2. A prudential review, in accordance with the requirements of the <i>Local Government Act 1999</i>, will be undertaken and presented to a subsequent meeting of Council prior to final agreements being executed.		
3. If an extension of time to meet the requirements of the Places for People grant fund is not provided, and/or satisfactory agreement cannot be reached with SA Water, project delivery will continue without the construction of sewer infrastructure with consideration given to futureproofing sewer infrastructure installation through design treatments.		
4. The CEO is authorised to execute any relevant agreement(s) subject to those agreements being consistent with parts 1 and 2 of this resolution.		
		<u>CARRIED</u>

Staff will undertake some minor design amendments, including adding small low cost sections of capped pipework beneath the new kerb and water table to mitigate SA Water's future requirement to cut the new kerb.

Staff will then tender for the construction of the works without the inclusion of sewer infrastructure and proceed with construction once a contractor has been appointed.

In parallel to this conversations will continue with SA Water in the hope that an agreement can be reached in time to include sewer infrastructure within the main street project and avoid further disruption to the community and damage to new assets.

Once the road becomes a Council asset its condition will be assessed and monitored to ensure it remains serviceable. Consultation will occur with SA Water regarding future timing for their works and how this relates to any future road resealing activities required to be undertaken.

C. COUNCIL TO DECIDE HOW LONG ITEM 17.1 IS TO BE KEPT IN CONFIDENCE**Purpose**

To resolve how long agenda item 17.1 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 17.1 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (d) of the *Local Government Act 1999*:

- Report for Item 17.1
- Attachment(s) for Item 17.1
- Minutes for Item 17.1

This order shall operate until such time as the project is complete 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.