

## **20.6 (Version 1) WATER AND SEWER REIMBURSEMENT OF DEVELOPERS FOR SEWER AND WATER SUPPLY INFRASTRUCTURE OUTSIDE RETICULATION AREAS**

**OBJECTIVE:** To define Council's policy on the reimbursement of developers for the cost of infrastructure supplied by an entity other than Council or a Government authority outside the designated Council service area for Tamworth and to describe the method of calculating the potential reimbursement payments.

### **INTRODUCTION**

This Policy provides two alternatives for the reimbursement of developers: Option A and Option B.

Option A is a reimbursement to the Developer when there is a connection to the water or sewer infrastructure provided by the Developer. Option B is an upsize payment to the Developer by Council plus a proportion of the reimbursement amount due when there is a connection to the water or sewer infrastructure provided by the Developer.

Option A and Option B are mutually exclusive.

Clauses 1-15 of the Policy apply to both Option A and Option B.

### **DEFINITIONS**

"Cost of the works" is the agreed estimate for the completion of the infrastructure for which a reimbursement is sought.

"Reimbursement Amount" is the amount paid by a third party (to Council) for each connection to the infrastructure provided by the Developer.

"Reimbursement Payment" is the amount paid to the Developer (via Council) and will be a proportion of the Reimbursement Amount.

"Reimbursement Share" is the proportion of one connection to the total number of lots that could be connected to the infrastructure.

"Upsize Payment" is the difference between the cost of a 150mm diameter water or sewer main and the equivalent main in the size Council requires to cater for future growth.

## POLICY

1. This Policy applies to water or sewer infrastructure which will connect to Tamworth City water and sewer reticulation but lie outside the areas defined in the attached maps which are marked "Attachment A - Water" and/or "Attachment B - Sewer".
2. A person will be entitled to apply for the application of this policy when all the following criteria are satisfied:
  - a. The person is proposing a development, or connection of existing property to treated water, outside of the serviced area marked on the Attachment A - Water and/or Attachment B - Sewer.
  - b. The person is to pay the cost of installing water supply and/or sewer infrastructure to the development.
  - c. The Council requires the person to install infrastructure which has the capacity to service future development in addition to the development proposed by the person.

In this policy, a person satisfying the above criteria is referred to as the "Developer" and can be an existing Water Association or group of individuals.

3. The following infrastructure will be subject to the potential for reimbursements pursuant to this policy.
  - a. Water reticulation mains;
  - b. Water rising mains;
  - c. Water booster pump stations;
  - d. Sewer pump stations;
  - e. Sewer reticulation mains;
  - f. Sewer rising mains
  - g. Pressure sewer mains
  - h. Any other works which will serve land separate to, or in addition to the development for which the works were constructed.
4. The following third party connections will trigger a reimbursement pursuant to this policy:
  - a. A direct connection into the water supply and/or sewer infrastructure provided by the developer;
  - b. A new subdivision of land which connects to the infrastructure provided by the developer;
  - c. An existing development which is unserved by a reticulated treated water supply and/or sewer system which connects to the infrastructure provided by the developer.
5. A Developer with a reimbursement right has no role or discretion whatsoever in any approval process associated with a third party connection to infrastructure provided by the Developer.
6. The person responsible for paying the Reimbursement Amount is the person who applies for the approval of Council to connect to the infrastructure.
7. The Reimbursement Amount must be paid to Council before the third party connection is made to the infrastructure provided by a previous Developer.
8. Reimbursements will be collected by the Council for a period of twenty (20) years commencing on the date upon which the infrastructure was constructed to

practical completion and accepted by Council as a Council asset. There will be no reimbursement to the Developer for any third party connections to the infrastructure made after expiry of this twenty (20) year period.

9. A Developer may transfer the Developer's reimbursement rights to another person.  
Council will forward reimbursements to a person other than the original Developer after a payment redirection agreement has been executed by the Council, the original Developer and the person requiring the reimbursement right. All costs associated with any required agreements are to be borne by the Developer.
10. If any Reimbursement Payment remains uncollected for a period of more than twelve (12) months then the reimbursement will become the absolute property of the Council.
11. Council will prepare a servicing strategy to service not just the area to be developed but the whole of the area able to be developed. This will include the following
  - i. the total number of lots that could be connected to the infrastructure, including existing lots
  - ii. the size of the infrastructure required to cater for that ultimate demand and
  - iii. the estimated cost of constructing the required infrastructure
12. Based on this servicing strategy and other associated information the "Reimbursement Share" will be determined and represent the proportion of one connection to all the lots that could ultimately be connected/developed in that development area.
13. The Reimbursement Amount shall be calculated as the multiplication of the "Reimbursement Share" by the "Cost of the works". No allowance will be made for inflation or depreciation of the assets value as this will be assumed to be nullified during and at expiration of a period of 20 years.
14. Prior to the construction of any infrastructure the Developer will provide to Council a detailed quotation of the estimated cost to complete the works identified (in accordance with Council's guidelines). This quote must contain sufficient detail for Council to make an assessment whether the quote contains a reasonable estimate of the cost of undertaking the work. Council may request further information from the Developer to allow an accurate assessment to be made. Council will formally advise the Developer whether the quotation has been accepted. If costs detailed are not acceptable, Council will further discuss the estimate of the costs until agreement can be reached.
15. A legal Agreement shall be prepared, detailing the arrangements between Council and the Developer, before construction work commences.

## OPTION A

16. The Developer will be entitled to receive Reimbursement Payments equal to the Reimbursement Amounts, in accordance with Clause 13.

## OPTION B

17. Where Council requires the Developer to increase the size of a water or sewer main larger than 150mm diameter in order to meet adjacent future development, Council will make an "Upsize Payment" to the Developer for the cost of the increase in water or sewer main size above the cost of an equivalent 150mm diameter main. An "Upsize Payment" cannot exceed fifty percent of the total "Cost of the Works".

18. The Upsize Payment made by Council will not include any funds for varying materials. The Upsize Payment will be based on the pipe material installed.

19. Prior to construction, the Developer is to provide Council with all calculations and information needed to determine the size of the main required for the development.

20. Prior to construction, and in addition to Clause 14, the Developer is to provide Council with a detailed estimate of the cost to construct (in accordance with Council's design guidelines) for the same main as that proposed to be constructed but with a diameter of 150mm. Council may request further information from the Developer to allow an accurate assessment to be made.

21. Council will assess the estimate provided to ensure that the unit rates and associated costs are acceptable. If costs are acceptable then:

- a. Council will formally notify the Developer that Council agrees to reimburse the Developer as per the estimate provided (the "Upsize Payment").
- b. Once construction has been completed the Developer shall lodge a claim with Council for the Upsize Payment.
- c. Once received Council will arrange payment.

If costs detailed are not acceptable, Council will further discuss the estimate of the costs until agreement can be reached.

22. Council will retain all Reimbursement Amounts until the sum of these Amounts equals the "Upsize Payment" that Council has expended. After this time, the Developer will be entitled to Reimbursement Payments equal to Reimbursement Amounts in accordance with Clause 13.



### **Example for Reimbursement of Contributions**

In order to rationalize and quantify contributions for the reimbursement of Developers towards the cost of construction of infrastructure outside the existing designated Council servicing area it is necessary to identify areas served by the infrastructure and access contributions as a portion of the demand on the infrastructure.

The following example is provided. (Refer attached plan)



Plan for  
example.pdf (14 KB)

To extend the water supply system to serve Areas 1, 2 and 3 a trunk main (A-B-C) and a pumping station, pipeline and reservoir are required.

- Area 1 is served by the trunk main (A-B)
- Area 2 is served by the trunk main (A-B) & (B-C)
- Area 3 is served by the trunk main (A-B), (B-C) and pumping station, pipeline (C-D) and reservoir.

The three Areas also rely on infrastructure from within the existing reticulation system and are required to contribute to the existing infrastructure.

Accordingly,

- a development in Area 1 would contribute to the existing system and trunk main (A-B)
- a development in Area 2 would contribute to the existing system, trunk main (A-B) and trunk main (B-C)
- a development in Area 3 would contribute to the existing system, trunk main (A-B), trunk main (B-C) and infrastructure in Area 3 (i.e. pumping station, pipeline (C-D) and reservoir.

Thus the access contribution for lots developed in each Area will include a number of components reflecting the infrastructure required to serve the Area. i.e.:-

- Area 1 will have two components – one for the existing system and one for the trunk main (A-B)
- Area 3 will have four components – one for the existing system and components for trunk main (A-B), (B-C) and a component for infrastructure in Area 3.
- Lots within each Area will have a different assessed contribution.

### **Reimbursement to Developers**

For the example it is assumed that

- Developer 'Red' extended the trunk main (A-B)
- Developer 'Green' extended the trunk main (B-C) by 25% of the cost
- Developer 'Blue' completed the other 75% of (B-C) and
- Developer 'Yellow' constructed the infrastructure in Area 3

When a lot from Area 1 connects to the infrastructure they pay the assessed contribution to Council.

Council retains the component of the contribution for the existing system and :-

- Reimburses Developer 'Red' 100% of the trunk main (A-B) component.

When a lot from Area 3 connects to the infrastructure they pay the accessed contribution to Council. Council retains the component of the contribution for the existing system and :-

- Reimburses Developer 'Red' 100% of the trunk main (A-B) component.
- Reimburses Developer 'Green' 25% of the trunk main (B-C) component.
- Reimburses Developer 'Blue' 75% of the trunk main (B-C) component.
- Reimburses Developer 'Yellow' 100% of the Area 3 infrastructure component.

The above methodology can be adapted to a varying number of Areas and Developers.

Where an Area requires a number of trunk mains or other infrastructure and only a portion of that infrastructure has been constructed, then Council will be required to retain part of that contribution component (proportional to the amount of un-constructed infrastructure) and reimburse this amount to a Developer when they construct the infrastructure or alternatively use this contribution to partially facilitate construction of the infrastructure in the future.

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**Guide to Information Required for Detailed Estimate for Water and Sewer**

- For water the detailed estimate must include, at a minimum, the following

<b>Work</b>	<b>Quantity</b>	<b>Unit</b>	<b>Unit Rate</b>	<b>Extended Price</b>
Site Establishment		Item		
Pipe supply (nominate pipe material and class)		/Metre		
Fittings supply		Item for each fitting		
Excavation (nominate trench width)		/Metre		
Bedding supply and install		/cubic meter		
Pipe installation		/Meter		
Fitting Installation (if not included in pipe installation)		Item for each fitting		
Backfill – supply and install		/cubic meter		
Rehabilitate site		Item		
Total (excl GST)				

- For sewer the detailed estimate must include, at a minimum, the following

<b>Work</b>	<b>Quantity</b>	<b>Unit</b>	<b>Unit Rate</b>	<b>Extended Price</b>
Site Establishment		Item		
Pipe supply (nominate pipe material and class)		/Metre		
Excavation (nominate trench width)		/Metre		
Bedding supply and install		/cubic meter		
Pipe installation		/Meter		
Backfill – supply and install		/cubic meter		
Construct Access Chambers		Number		
Construct Junctions		Number		
Rehabilitate site		Item		
Total (excl GST)				