



KEMPSEY
Shire Council

DIRECTOR SHIRE SERVICES REPORT

14 September 2009

DSS1	URGENT REMEDIATION WORK - SOUTH WEST ROCKS RESERVOIR NO. 2 FILE: 603 BJM {Folio No. 408826}
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SUMMARY:

Reporting on urgent remediation work required at the South West Rocks Reservoir No. 2 and the need to undertake this work as a matter of urgency.

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DESCRIPTION:

The current water supply system at South West Rocks includes two water storage reservoirs. These storage facilities consist of a concrete reservoir of 3.5ML which was constructed in 1969 and a steel reservoir of 15ML which was constructed in 1991. As a result of the South West Rocks Water Recycling Plant project, the smaller concrete reservoir will be used as the water storage reservoir for the recycled water. This will result in this reservoir not being able to be used for potable water without first disinfecting the reservoir.

Previous inspections of the steel reservoir have indicated that this reservoir, which will become the sole storage facility for potable water in South West Rocks after the commissioning of the Water Recycling Plant, was in good condition with the internal epoxy lining intact. The results of the most recent inspection, which were received by Macleay Water on 9 September 2009 have highlighted some concerns with the condition of the internal structure of the reservoir that need rectification within the next five years. It has been assessed that the implementation of a cathodic protection system would not extend the life of the reservoir due to the extent of the damage to the epoxy lining at this stage. A cathodic protection system is used to reduce the potential difference by the use of sacrificial metal cathodes to protect deterioration of the base metal of the reservoir from electrolysis (rusting).

Whilst these works would normally be programmed to be undertaken in future years, the decommissioning of the smaller reservoir for potable water and use for recycled water, these works are considered urgent due to the additional costs associated with decommissioning the recycled water plant and disinfecting the smaller reservoir prior to being used for potable water. These additional costs are estimated at \$180,000.

It is estimated that the process of undertaking the required preparation work and replace / recoat the epoxy lining of the steel tank will take a minimum of 6 weeks, although could be up to 10 weeks prior to the reservoir being able to be recommissioned due to curing requirements of the epoxy coating. The estimated costs to undertake the work are in the order of \$400,000.

Preliminary discussions have taken place with two contractors that are available to commence the work within the next couple of weeks, with one quote already being received by Macleay Water for the work. It is anticipated that the epoxy recoating work of the steel reservoir would have an anticipated life of 20 years.

In addition, due to the smaller reservoir's capacity it is only possible to decommission the larger steel reservoir during lower water demand periods. Whilst the lowest water demand period is during the winter months, the predicted demand between now and early December 2009 would be such that the work could be undertaken with minimal impact on water supply for the residents of South West Rocks.

The conduct of this work may also have an impact on the timing of the commissioning of the contracts that involve the Water Recycling System at South West Rocks. This impact may result in some delays which could result in additional costs for the contractors and subsequently variations for Council. It is assessed that any additional costs to Council for these delays would be less than the costs that would be incurred if the conduct of the reservoir remediation work was delayed. A more detailed assessment of these potential impacts will be made prior to engaging a contractor to undertake the reservoir remediation works.

There is currently no budget allocated for this work and funds will need to be either reallocated from existing current budgets, with other works postponed or funds transferred from Water Fund reserves.

Given the window of opportunity to complete the work and minimise the additional costs to Council do not permit adequate time to undertake open tendering in accordance with the Tendering Regulations and that a limited number of Specialist Contractors that are available to perform the work in the timeframe available it is recommended that Council resolve that the 'extenuating circumstances' warrant invoking s.55(3) of the Local Government Act. This will allow the engagement of a contractor on the basis of select quotation to undertake the required work.

RECOMMENDATION IMPLICATIONS:

- ***Environmental***

Nil

- ***Social***

Nil

- ***Economic (Financial)***

The conduct of the work as a matter of urgency will reduce the additional costs that will be incurred by Council if the works was delayed.

- ***Policy or Statutory***

Local Government Act requirements for tendering have been considered.

- ***Director's Review***

Nil

RECOMMENDATION:

- 1** That Council declares the circumstances of this case to be extenuating due to the additional costs associated with deferring the works and invokes s.55(3) with regards tendering requirements.
- 2** That Council delegates to the General Manager the authority to appoint contractors to complete the work outlined within the report to an upper limit cost of \$400,000.
- 3** That Council approves the transfer of \$400,000 from Water Fund Reserves for the conduct of work associated with the internal relining of the steel reservoir at South West Rocks.

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Bruce Morris
DIRECTOR SHIRE SERVICES