
Transfer of Marom Creek Water Treatment Plant to Rous County Council

(D21-21837)

Business activity priority Strategy and planning

Goal 2 Align strategic direction to core functions and sustainability

RECOMMENDATION that Council:

1. As part of its water security risk mitigation approach under the Future Water Project 2060, confirms that its:
 - (a) **Preferred option** is to acquire the Marom Creek Water Treatment Plant, including ancillary infrastructure and assets, and the Ellis Road and Lindendale groundwater access licenses ('The Property'), owned by Ballina Shire Council.
 - (b) **Second preferred option** is to develop a groundwater treatment plant for Rous' bores located at Alstonville.
 - (c) **Third preferred option** is to develop a groundwater treatment plant for Rous' bores located at Woodburn.
2. Direct the General Manager to write to the General Manager of Ballina Shire Council requesting that Ballina Shire Council not progress any of the planned upgrade works to the Marom Creek Water Treatment Plant, until Ballina Shire Council has resolved its position in relation to Rous' **Preferred option** (1(a)).
3. In the event that The Property acquisition does not proceed, confirms that the General Manager is authorised to progress the **Second preferred option**.
4. Note that the preferred aquifer to source future groundwater supplies for the **Preferred and Second preferred** options is the Clarence Moreton Basin.
5. Authorise:
 - (a) The General Manager to progress the **Preferred and Second options** concurrently and negotiate the purchase of The Property as described in the body of the report.
 - (b) The Chair and General Manager to sign necessary documentation under seal to effect the purchase and transfer of The Property to Rous County Council.
6. With reference to the 16 December 2020 resolution [61/20] "*Note the progress of discussions with Ballina Shire Council regarding the potential transfer or lease of Marom Creek WTP and that a further report will be provided*", note that this report satisfies the requirement to provide a further update on the progress of discussions with Ballina Shire Council.

Purpose

To provide information and advice to Rous County Council to inform its decision on the proposed acquisition of Marom Creek Water Treatment Plant and ancillary infrastructure and assets, from Ballina Shire Council.

Outcome

Confirm preferred option and subsequent options and conferral of relevant authorities to progress actions to a conclusion.

Background

Rous' Future Water Project 2060 ('FWP 2060') has, since its inception, recommended combining existing groundwater and water treatment assets in the Alstonville area and incorporating them permanently into Rous County Council's ('Rous') bulk water supply as fulltime regional water sources.

These assets include:

- Rous owned groundwater bores; and
- Ballina Shire Council owned Marom Creek Water Treatment Plant ('Marom Creek WTP') and associated assets including groundwater bores.

Ballina Shire Council, at its 27 August 2020 ordinary meeting, resolved to endorse the concurrent investigation of two options for the management and asset ownership of Marom Creek WTP [270820/17]:

1. Transfer of ownership to Rous.
2. Lease to Rous to increase the area of supply.

Information regarding discussions with Ballina Shire Council was reported to Rous' 16 December 2020 Council meeting.

Role of the Marom Creek Water Treatment Plant in the FWP 2060

There are four reasons why utilising the Marom Creek WTP permanently as part of Rous' fulltime regional water supply has always been, and remains, a recommendation in the FWP 2060:

1. Capability to boost the regional water supply's secure yield so that increasing demand can be met from 2024.
2. Close proximity to the existing assets accessing groundwater from the Alstonville aquifer, which, with appropriate treatment, have the capacity to boost the regional water supply's secure yield from 2024.
3. A quick and cost-effective water supply security option as it involves mostly upgrades and augmentations to existing infrastructure.

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4. The acquisition of Marom Creek WTP will provide the security of supply needed from 2024 while extensive investigations are undertaken into the potential use of additional water supply options such as new groundwater, purified recycled water and desalination schemes.

It is important to note, Ballina Shire Council currently has an existing *Safe and Secure* grant to undertake upgrades at Marom Creek WTP. These works are to improve the asset, based on its current supply arrangements. These works are not based on its potential use as a regional resource with mixed raw water supplies.

Rous resolved at its 16 December 2020 meeting [61/20] not to proceed with further investigations into the Dunoon Dam. That decision has not impacted Rous' long held position on Marom Creek WTP.

A final decision by Ballina Shire Council on the proposed transfer of Marom Creek WTP is now required.

Report considered by Ballina Shire Council – FWP 2060 – Marom Creek WTP

At its Council meeting on 27 August 2020, Ballina Shire Council received a staff report on the impacts of the FWP 2060 on Council's ownership and operation of the Marom Creek WTP. Ballina Shire Council unanimously resolved as follows in relation to that report:

270820/17 RESOLVED (Cr Keith Williams/Cr Eoin Johnston)

That Council advise Rous County Council that in response to the draft Future Water Project, Council endorses the concurrent investigation of the following two options for the management and asset ownership of the Marom Creek Water Treatment Plant:

- *A long-term deed of agreement where the asset continues to be owned by Ballina Shire Council and the supply is formally included in the management of the regional water supply and its secure yield.*
- *An agreement for the transfer of ownership of the Marom Creek Water Treatment Plant to Rous County Council.*

If Marom Creek WTP is to be relied on as a permanent element of the regional water supply security solution, an 'own and operate' arrangement is the only model that is appropriate. It will enable Rous as the regional bulk water supplier to exercise exclusive operational control over the asset and invest in the facility without the risk of third-party intervention.

It is not recommended that Rous progress any arrangement with Ballina Shire Council other than a complete acquisition.

Rous is required to ensure it meets its obligations to supply water in bulk to the region's councils. Both Ballina Shire Council and Rous has transferred assets and licences previously, to ensure the mutual benefits of both organisations. A lease option adds unnecessary complexity without providing any additional regional benefit to the bulk water supply network, compared to a complete transfer.

A snapshot of Ballina Shire's drinking water supply

- On average over 3,675 megalitres or 35% of bulk water from Rous' supply is distributed each year by Ballina Shire Council to most of its local government area.
- Remaining villages are serviced by the Marom Creek water supply, which is owned and operated by Ballina Shire Council. This includes the Marom Creek WTP (located in Alstonville), which sources surface water from a weir on Marom Creek. The catchment area is unprotected, heavily developed and subject to extensive agricultural and horticultural uses.
- On average, around 150 megalitres of treated water from Marom Creek WTP is supplied directly by Ballina Shire Council each year to the areas of Wardell, Cabbage Tree Island and Meerschaum Vale.
- During dry periods, Ballina Shire Council can supplement the Marom Creek supply with groundwater from two bores in Alstonville (Ellis Road) and Wollongbar (Lindendale Road). However, these assets have not undertaken that function for nearly 20 years. It is highly likely that major refurbishment or renewal will be required.

Ballina Shire Council and Rous in partnership prioritising integrated regional water supply

- Ballina Shire Council and Rous share a history of working together to prioritise a strategically integrated regional water supply.
- In 1988 Ballina Shire Council connected most of its towns and villages to Rous' Rocky Creek Dam water supply rather than build its own dam.
- The Marom Creek water source originally supplied the towns of Wollongbar and Alstonville in addition to its current service area.
- In the early 1990's the Ballina Shire Council reservoir servicing Wollongbar and Alstonville was also connected to Rous' regional bulk water supply.
- Significant growth throughout the Ballina Shire and other constituent council areas saw Emigrant Creek Dam, Wilsons River source and Alstonville and Woodburn groundwater eventually included in Rous' regional water supply resources.
- Service Level Agreements between Rous and Ballina Shire Council provide mutual obligation requirements to supply water to the Marom Creek supply area during dry periods.

The Marom Creek water supply has historically performed well during drought conditions but both Ballina Shire Council and Rous recognise that it does not provide the same level of supply security or water quality compared to the regional supply.

Incorporating the Marom Creek Water Treatment Plant into the regional supply

Ballina Shire Council and Rous staff agree that the Marom Creek WTP is a significantly under-utilised asset. It could have a critical strategic role in producing more water for the region.

- **Current:** up to 0.55 megalitres per day to meet maximum demand from the Marom Creek WTP supply area.
- **Potential:** 3.5 megalitres per day as part of the Future Water Project (significant augmentation and water quality improvements would be required, when using this WTP as a regional water supply option, with mixed raw water sources).

As part of their *Safe and Secure* grant, Ballina Shire Council has issued a tender to the market for the upgrade of Marom Creek WTP. The purpose of the upgrade is, among other things, to improve water quality monitoring and safety standards.

As part of the FWP 2060 a drinking water quality risk assessment was completed by Rous. The assessment found that any future scheme will require both conventional water treatment and advanced processes to mitigate potential risks.

Part of the FWP 2060 stage 1 action is to utilise groundwater resources from the Clarence Moreton basin (preferred aquifer) and then the Alstonville aquifer (should it be required). Further groundwater investigations are required to inform the specification for the water treatment process required to treat extracted groundwater.

Further work is required to investigate and assess the impact of utilising the Clarence Moreton basin aquifer as an ongoing source of water. These works are integral to gain support from Ballina Shire Council for the recommended **Preferred option**.

Staff advice is that it is likely that the current treatment process at the Marom Creek WTP may not represent the best option and significant augmentation may be needed. Any decisions or actions associated with the upgrade of the Marom Creek WTP would be premature given that neither Rous nor Ballina Shire Council have resolved a final position on the proposed asset transfer.

Based on these issues, staff have requested that Ballina Shire Council staff do not formally engage any contractors until after our respective Councils have determined their final positions (refer [Attachment 2](#)).

Overview of key interactions from 2016 to date

Date	Interaction on the Marom Creek Water Treatment Plant
Jun-2016	Rous is invited to participate in the BaSC - 20 Year Asset Master Plan for Marom WTP
Aug 2016 to Nov 2017	Various meetings and workshops to discuss Marom Creek WTP and the Rous regional supply
Dec-2017	Rous liaise with NSW DPIE staff on yield assessments and licensing for Alstonville groundwater, including the Marom Creek WTP
May-2018	Rous review water security requirements, inclusive of the potential use of Marom Creek WTP.
Nov-2018	BaSC finalise the 20 Year Asset Master Plan for Marom WTP
Jan-2019	Rous completes initial investigations for a Groundwater scheme and Groundwater treatment plant in Alstonville
Jan-2019	BaSC request water supply for the stand down of Marom WTP during upgrade works planned
Jun-2019	Rous completes drilling and testing program in Alstonville
Jul-2019	BaSC and Rous hold informal discussions on the potential transfer of assets associated with Marom Creek WTP to be used as part of the Rous regional bulk water supply
Nov-2019	Rous provides an update to BaSC on the Marom Creek WTP assessment - Wollongbar/Alstonville supplied by this alternative source
Dec-2019	The FWP2060 coarse assessment recommends further consideration of the Marom Creek WTP option and integration into the potential Alstonville groundwater scheme
Dec-2019	Rous requests information from BaSC to better ascertain the benefits to the regional supply from the Marom Creek WTP
Jan-2020	BaSC supplies information to support Rous' assessments
Jan-2020	Rous formally writes to BaSC to request Marom Creek WTP as an option for integration into the regional supply
Apr-2020	BaSC advise of its support for the water produced from the Marom Creek WTP to be considered as an option in the FWP2060
Apr-2020	Rous reviews possible methodologies to assess the potential compensation amount to BaSC for the Marom Creek WTP and supporting assets
May-2020	Rous advise BaSC of its preferred short-term strategy - upgrades to the Marom WTP, along with groundwater sources in Alstonville
Jul-2020	Rous publicly exhibits the FWP2060 - inclusive of the Marom Creek WTP upgrades and groundwater scheme
Aug-2020	General correspondence in reference to the due diligence assessments associated with Marom Creek WTP
Aug-2020	BaSC endorses the investigations into asset ownership or lease options of the Marom Creek WTP
Sep-2020	FWP2060 public exhibition period closes
Sep-2020	Ongoing discussions of the process to consider the transfer of assets along with assets subject to the transfer
Oct-2020	Rous/BaSC undertake asset inspections of Marom Creek WTP and supporting assets
Oct-2020	Ongoing discussions to consider the process to transfer assets
Dec-2020	Rous considers the draft IWCM and discussions in relation to the Dunoon dam proposal
Mar-2021	Rous circulates a consultant brief to complete a valuation assessment of assets subject to the proposed asset transfer for comment
Mar-2021	Meeting with BaSC to discuss the scope of work for the valuation and supporting data

Date	Interaction on the Marom Creek Water Treatment Plant
Apr-2021	Rous staff provide a briefing session to BaSC Councillors
Apr-2021	BaSC recommends that current written down value be used as a basis to form an agreement (along with other possible compensation considerations)
Apr-2021	Informal discussions on BaSC tender for Marom Creek WTP and impacts to Rous' FWP2060 stage 1 option, including requesting that no action be taken until a decision on the transfer is made
June 2021	BaSC resolves to decline tenders for the improvements to the Marom Creek WTP and negotiate with the only tenderer
June 2021	Rous advise BaSC of its concerns about the potential redundancy of improvement works should the Marom Creek WTP be used as a regional water supply option (Attachment 2)

The role of Alstonville and Woodburn groundwater resources

Rous can currently source groundwater from the Alstonville aquifer via two bores in Alstonville (Lumley Park) and Wollongbar (Convery's Lane) to supplement supply during dry periods. In addition, supplementary supply for the Lower Richmond River area is available via a bore connected to the Woodburn aquifer.

The FWP 2060 recommends:

- *Activating Alstonville's groundwater resources fulltime as an additional primary supply*

Comment: Rous is investigating whether groundwater of sufficient quality and quantity can be accessed from the Clarence Moreton basin (preferred option) or deeper within the Alstonville aquifer (alternate option, should it be required) to ensure existing domestic and agricultural users, surface water and groundwater dependent ecosystems are not adversely impacted.

- *Retaining the existing Woodburn supply as a dry period contingency option, given it is the most viable groundwater source available with a short lead time if required in a drought*

Comment: New bores will need to be constructed and connected as part of the Woodburn area's existing groundwater supply to provide a greater level of resilience in the event of a drought.

At this stage, developing the Woodburn groundwater supply into a fulltime regional source is not preferred, due to it being the most viable drought contingency and provides lower overall regional benefits than the preferred option.

Regardless, appropriate water treatment will be required if groundwater is to be used on a fulltime basis.

The two available water treatment options are:

1. Use the existing, nearby Marom Creek WTP; or
2. Rous develops a new groundwater treatment plant near its existing bores.

Irrespective of the above, it is imperative that Rous commences obtaining the necessary approvals for a new treatment plant, which is required by 2024. It is recommended that both options be concurrently investigated and advanced, until a formal agreement with Ballina Shire Council has been obtained. This will ensure that Rous can meet its regional water security obligations.

Should Rous be unable to secure the transfer of the Marom Creek WTP (**Preferred option**) and subsequently determine that a new groundwater treatment plant in Alstonville (**Second preferred option**) is not viable, further actions will be necessary:

1. Rous must revamp its existing groundwater bores in Alstonville and Wollongbar to provide a greater level of resilience in the event of a drought.
2. Rous needs to determine whether developing the existing Woodburn groundwater supply into a fulltime regional water source is a worthwhile option.

The FWP 2060 has identified potential capital savings to the region from utilising the Marom Creek WTP of approximately \$6.8million. Rous will be required to complete more assessments including catchment inspections and analysis, and further groundwater investigations, before a more precise estimate of cost savings will be known. Nevertheless, the integration of surface and groundwater sources provides a greater level of operational resilience, compared to a groundwater only supply, which is difficult to value in dollar terms.

Preferred option:

Acquire the Marom Creek WTP including ancillary infrastructure and assets

- **What**

Transfer ownership and operation of the Marom Creek WTP to Rous.

- **Water security benefit**

A combined groundwater and surface water source option that supplies the communities of Wollongbar and Alstonville along with the areas of Meerschaum Vale and Wardell is the most prospective short-term option. It provides certainty and the most beneficial regional water security and cost outcome.

- **Secure yield assessment**

1050 megalitres per annum (ML/a) (to the regional supply network)

- **\$ cost**

Using the Written Down Value (replacement cost less accumulated depreciation) method, Marom Creek WTP, weir and land including existing groundwater bores is currently valued at \$3.1million, with associated supporting assets being an additional \$3.5million.

The preferred method is to use the 'Written Down Value' (replacement cost less accumulated depreciation) to determine the contribution amount payable to Ballina Shire Council for the proposed transfer to Rous.

This approach would include a schedule of rates, agreed terms and overarching framework to facilitate agreement on the final contribution amount.

While the treatment plant, weir and groundwater bores form the centrepiece of the Marom Creek water supply, a series of associated assets may also need to be dealt with as part of the proposed transfer, such as:

- Whites Lane Reservoir and Meerschaum Vale balance tank.
- Around 19.2 kilometres of pipelines.

It is proposed that a business case for these associated assets, subject to the transfer, be completed. These works will include field verification, asset condition and inventory assessments as well as scheme designs. This business case will consider alternatives, such as a new clear water tank and backwash pumps located at the Marom Creek WTP site, in lieu of service water pressure from the Whites Lane Reservoir. These works will not reconsider the 'Written Down Value' of these assets, but rather for Rous to complete its due diligence as part of the asset transfer and have the necessary information it requires to advance the development of this option.

Once completed, further discussions around the bulk sell points would occur between the two Councils as negotiations continue.

For more information refer to the 'Finance' comment.

- **Risk**

Ballina Shire Council commences with planned improvement works.

Ballina Shire Council has advised that they do not consider ownership to be an impediment to the use of the Marom Creek WTP as part of the regional supply. However, given the capital value of the works proposed and the differing levels of risk tolerance between the two Councils, it is recommended that only a full transfer of required assets, along with licences, rights and other powers should be considered.

Ballina Shire Council has obtained the *Safe and Secure* grant for the Marom Creek WTP upgrade. Initial enquiries by Rous indicate that if the asset was transferred, the grant would be able to be transferred.

Alternative options to the preferred option – as identified in the FWP 2060

The following two options are alternatives to the preferred option of Rous acquiring Marom Creek WTP and ancillary infrastructure and assets.

Second preferred option:

Develop a groundwater treatment plant for Rous' bores located at Alstonville

- **What**

A new Rous owned and operated water treatment plant close to an existing bore.

- **Water security benefit**

Dependent on Rous' ability to secure sufficient groundwater licences. The Clarence Moreton basin is the preferred option, given additional licences are available. If that did not happen, Rous could potentially purchase existing groundwater licences and seek to access groundwater resources from the lower areas of the Alstonville aquifer. The secure yield of the Alstonville groundwater option has been based on a treated water capacity of 4 megalitres per day (ML/d) supplying Ballina Shire areas of Wollongbar and Alstonville.

- **Secure yield assessment**

1050 ML/a, based on obtaining the required groundwater licences from NRAR.

- **\$ cost**

The Alstonville groundwater option will require the replacement of existing bores and a new water treatment plant.

The total initial capital cost for this option is estimated at \$39.8million.

- **Risk**

Rous has completed a drinking water quality risk assessment that identified significant potential risks related to drinking water quality for Rous and Ballina Shire Council owned bores from this groundwater source. This assessment determined that a WTP inclusive of conventional water treatment and advance processes will be required.

Alstonville aquifer has a licence embargo in place for any new licences to access groundwater. Rous' current licence limit is 680 ML/a meaning there is a need to acquire more water licences. This could be from the Clarence Moreton basin (preferred option) where licences are available. Alternatively, Rous could purchase additional existing licences to meet our long-term water supply needs from within the Alstonville aquifer. However, the long-term sustainable extraction limits and water qualities are not known at this stage. Rous is progressing works to better understand the potential suitability of this aquifer, with the results not expected to be known until the latter part of 2021. The current and future demand for water in the areas to be serviced by this Alstonville scheme option is more suitable compared to the option of moving to the Woodburn groundwater scheme.

Given that this option will result in two water treatment plants located within approximately 8kms of each other, it is likely that this option will raise "overall community value" concerns with the regulator. Significant delays in the approval process for this option is a distinct possibility. The current estimated long-term average annual demand from the Alstonville and Wollongbar areas is 1205 ML/a.

Third preferred option:

Develop a groundwater treatment plant for Rous' bores located at Woodburn

- **What**

If investigations find that Alstonville groundwater is not a viable option, the Woodburn groundwater scheme could be reinstated in the short-term. This would include expansion of the existing bore field and relocation of existing licences impacted by the Pacific Highway alignment.

- **Water security benefit**

When compared to the preferred scheme of the Marom Creek WTP and Alstonville groundwater, the Woodburn scheme has a lower yield, yet similar overall costs. The Woodburn bore supply is also included as a dry period supply in the current operating regime, meaning an alternative dry period source would need to be identified. This may be the revamping of Rous' existing groundwater bores in Alstonville and Wollongbar to provide the required resilience in the event of a drought.

- **Secure yield assessment**

750 ML/a or approximately 70% of the preferred Alstonville scheme (based on a treated water capacity of 5 ML/d supplying the Richmond Valley areas of Broadwater, Evans Head and Woodburn).

- **\$ cost**

The Woodburn groundwater option requires both new groundwater bores and a water treatment plant.

The total initial capital cost for this option is estimated at \$36.5million.

- **Risk**

Current and future demand for water in the areas to be supplied by the Woodburn scheme is limited. Whilst there are several future urban development areas designated within the supply area, there are risks that these areas will not be developed further, and potential future demands may be lower than expected. The current estimated long-term average annual demand is 1132ML/a.

Governance

The governance considerations that will need to be taken into account will depend on the final options progressed. A body of work to identify and define those requirements will need to be completed in due course.

Finance

The Long-Term Financial Plan (LTFP) includes significant capital allocations to secure and augment Marom Creek WTP and associated groundwater assets. As outlined in this report, this is the **Preferred option**. It has an estimated capital cost of \$38M over four years.

There are additional capital allocations for acquisition of land for the identified groundwater options in the FWP 2060.

Should the **Preferred option** not be progressed for whatever reason then Rous will proceed to the **Second** and **Third preferred options** as required.

The FWP 2060 has identified a cost differential of \$6.8M between the options, excluding land acquisition or transfer costs.

It is understood that the **Second preferred option** on the Alstonville Plateau does not have any access to surface water and therefore will require purchasing of additional groundwater allocations to achieve similar water volumes. These additional costs are not included in the LTFP at this time.

The LTFP will be updated once the outcome of the preferred options is determined.

Conclusion

Transferring ownership and improvements to the Marom Creek WTP, along with modifications to the existing groundwater supply network provides the most advantageous water security and cost outcomes for the regional supply, constituent councils and the community. Both Ballina Shire Council and Rous agree that the Marom Creek WTP can play a critical strategic role in securing regional water reliability.

Ballina Shire Council is seeking to undertake improvements to its Marom Creek WTP. These improvements are to address issues concerning water quality and monitoring of the WTP performance. While these works are modest and an appropriate action for Ballina Shire Council's ongoing utilisation of the asset, they do not represent a positive long-term investment should the facility be transferred to Rous. Currently Rous is not able to determine what the optimum treatment processes are required at Marom Creek WTP based on the mixed raw water sources proposed in the FWP2060 actions. As a result, it is preferred that Ballina Shire Council defer progressing any planned upgrade works until a definite decision is made on the proposed transfer.

It is recommended Council authorise the General Manager to negotiate the final agreement and secure the transfer of Marom Creek WTP and associated water supply assets once the final bulk sell points have been determined.



Phillip Rudd
General Manager

Attachments

1. Ballina Shire Councillor briefing note - dated 7 July 2021
2. RCC to BSC correspondence - tender for Marom Creek - dated 29 June 2021

Briefing note to Ballina Shire Council:

FWP2060 Stage 1 - Marom Creek WTP and Alstonville aquifer project update

7 July 2021



(D21-22082)

The following is a recap of the information provided at the Councillor briefing session 19 April 2021.

Stage 1 of the FWP 2060 relates to Marom Creek WTP and Alstonville aquifer.

With the support of Ballina Shire Council (BSC), Rous County Council (RCC) is seeking to acquire ownership and control over bulk water supply assets currently held by BSC, on behalf of the region, and implement an extensive upgrade to the Marom Creek WTP to maximise yields from existing groundwater licences held by both RCC and BSC on the Alstonville Plateau, and surface waters contained in the site's weir pool.

This recommendation has not changed from the previous versions of the FWP2060.

The 2014 Future Water Strategy, which had regional support, recommended that existing groundwater supply infrastructure could be optimised to use allocated licenced volumes to their full potential. RCC is seeking to use existing town water entitlements, where appropriate (Stage 1) and begin to investigate accessing water from the underlying aquifer, known as the Clarence Morton Basin (stage 2). Stage 2 is required to ascertain if additional groundwater sources are available and to alleviate perceived pressures on competing licence holders.

RCC's plans includes treatment of bulk water resources from the Clarence Moreton Basin (preferred option), Alstonville aquifer (if required) and adjacent surface waters (weir), however the ultimate water treatment process required is currently unknown. Challenges associated with the treatment of mixed water sources, means in all probability, that the current treatment process employed at the Marom Creek WTP will be unable to meet the required water quality standards. Rous' initial assessments indicate that the majority of the current treatment assets would need to be written off or impaired and replaced with an appropriate treatment technology.

This stage of the plan is expected to cost approximately \$38M and can be completed by 2025.

RCC recommends that BSC does not enter into contract with any tenderers for upgrade works at Marom Creek WTP until both councils have resolved their respective final positions on the transfer of assets.

RCC's has one poorly performing bore where issues have been encountered during its operation, including impacts on surrounding groundwater licence holders. Whereas the remaining RCC bore has no impacts on other users or the environment whatsoever.

RCC constructed several pilot bores which drill through the basalt aquifer into the underlining basin, known as the Clarence Moreton Basin. Water quality and yields were considered appropriate for town water purposes, but further assessments are needed.

Rous County Council's short-term action is to undertake detailed hydrogeological assessments of the aquifer at a greater depth.

This action will provide the necessary evidence to dispel community concerns and understand long-term sustainable extraction limits.

Project progress update post Councillor briefing session held 19 April 2021

Actions completed

1. RCC has completed a literature review on the Clarence Morton Basin Groundwater Source.
2. Liaison with NSW Department of Planning Industry and Environment (NSW DPIE) Water Utilities branch and Groundwater Management and Science group concerning the issues associated with the underlying formation of the Alstonville Aquifer, being the Clarence Morton Basin Groundwater Source. Based on information received, RCC has decided to assess the potential long-term sustainable extraction limits from water bearing layers found in the Clarence Morton Basin aquifer.
3. Workshops to seek input into bore design and construction methodology of RCC replacement Water Supply Bore at Convery's Lane, Wollongbar.
4. Design and construction specifications for the replacement town water supply bore for Convery's Lane, Wollongbar.
5. 'In-principal' support from the NSW DPIE Groundwater Management and Science group for the final construction methodology and design.

Actions planned (3 - 6 months)

1. Completion of detailed cost estimation for the bore construction, hydrogeological assessments, and monitoring.
2. Obtain approvals to amended water supply bore approval and obtain Water Access Licencing for testing purposes.
3. Commence consultation with key stakeholders.
4. Finalise environmental approvals.
5. Commence the procurement for services to the bore construction and undertaken testing and monitoring.

Concurrent actions to the above

Negotiate with Ballina Shire Council on the elements of the Stage 1 of the revised draft FWP 2060 once direction from RCC has been obtained.

Subject to above

1. Draft the instrument of agreement.
2. Business Case for the associated assets subject to the transfer of the Marom Creek WTP.



Our Ref: MMcK/AS: D21/21667

29 June 2021

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Dear Paul

Marom Creek WTP asset transfer as a regional water source

In reference to the Marom Creek Water Treatment Plant (WTP) upgrade and conversations with John Truman, Rous County Council (Rous) is requesting that Ballina Shire Council (BaSC) does not enter into contracts with any tenderers for these works until both Councils have resolved their respective final positions on the transfer of assets.

Rous, in conjunction with our consultant, has completed a drinking water quality risk assessment that identified significant potential risks related to the drinking water quality for the potential water sources to be used. This assessment determined that a WTP with conventional water treatment and advanced processes to mitigate potential risks will be required. As Rous is also seeking to access groundwater resources from both the Alstonville aquifer and the Clarence Moreton basin, the ultimate conventional water treatment process required is not known. However, it is likely that the current treatment process at the Marom Creek WTP may not represent the best option and significant augmentation may be needed.

Rous has also received advice that it should consider the most recent National Health and Medical Research Council (NHMRC) guidelines on microbial health-based targets (HBT) for treatment train design, given the level of augmentation and new supply zones that are proposed.

Therefore, Rous is requesting that no formal engagement occur until after our respective Councils have determined their final positions on the transfer of assets.

The extent of the potential transfer of assets has been discussed between our respective staff on many occasions. Rous' preferred option is to combine the Marom Creek weir pool with both the current and potential groundwater sources and treat these water sources at the Marom Creek WTP site. The Marom Creek WTP, weir and Ellis Road and Lindendale bores along with their respective groundwater access licences, forms the centrepiece of the preferred option. However, a series of associated assets may also need to be dealt with as part of the proposed transfer, including:

- Whites Lane reservoir
- Wardell pipeline
- Wollongbar pipeline #
- Russellton Industrial Estate pipeline #

Rous acknowledges that the most recent advice from BaSC did not include these assets within the potential transfer.

I refer to the attached plan.

Rous believes that using the current fair value (or written down value) method is the only approach to determining the compensation amount payable to BaSC for the proposed transfer of assets. Rous would prefer to progress with an agreement based on the centrepiece assets, with an overarching agreement that includes a framework to facilitate an outcome on the associated assets.

Rous is proposing to complete a business case for the associated assets subject to the transfer occurring, along with field verification, and asset condition and inventory assessments. Rous acknowledges that the current service water supply to the Marom Creek WTP is via the Whites Lane reservoir. This business case will consider engineering options, such as a new clear water tank and backwash pumps located at the Marom Creek WTP site, in lieu of service water pressure from the Whites Lane reservoir.

Given the level of investment involved in integrating the Marom Creek WTP into the Rous regional bulk water supply, inclusive of connecting current and future groundwater bores, Rous' preference would be to take ownership of the Marom Creek WTP and its supporting infrastructure to secure the level of investment that is needed. Any consideration of a lease option is unlikely to garner the necessary support from Rous councillors. Therefore, Rous does not wish to progress with this option. Should ownership over Marom Creek WTP not be agreed upon by BaSC, Rous will consider our alternative options.

Rous would like to seek your 'in-principle' support for the abovementioned approach. I would appreciate your advice by 9 July 2021 to allow this to be considered as part of a Council report to our extraordinary July meeting. I look forward to your advice concerning this matter.

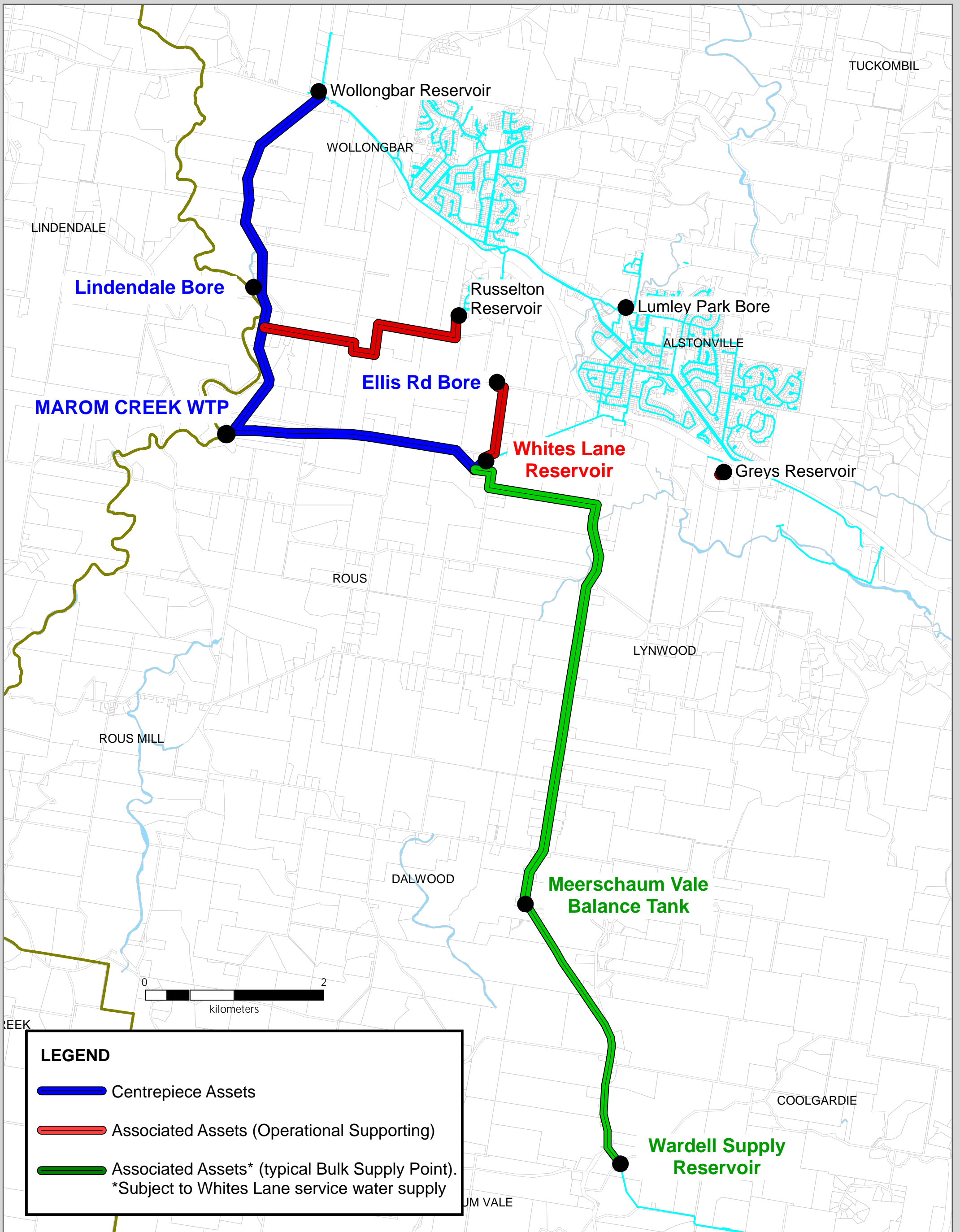
Should you wish to discuss these matters further, please contact me 6623 3810.

Yours faithfully



Phillip Rudd
General Manager

Enclosed: Marom Creek WTP possible transfer assets list.



LEGEND

- ▬ Centrepiece Assets
- ▬ Associated Assets (Operational Supporting)
- ▬ Associated Assets* (typical Bulk Supply Point).
*Subject to Whites Lane service water supply

Attachment 1 - BSC Marom Creek Water Supply Assets

THE INFORMATION ON THIS MAP MAY NOT BE ACCURATE.
 Disclaimer: The material contained on this map is made available on the understanding that Rous County Council is not hereby engaged in rendering professional advice. While all reasonable care has been taken to ensure the information contained on this map is up to date and accurate, no warranty is given that the information contained on this map is free from error or omission. Any reliance placed on such information shall be at the sole risk of the user. Please verify the accuracy of the information prior to using it.

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