

Item 10: Operations

10.1 Rural Customer Water Fill Station - Introductory Period Review

REPORT BY THE PROJECT OFFICER, WATER AND SEWER AND MANAGER WATER AND SEWER
TO 14 DECEMBER 2022 ORDINARY MEETING
GOV400098, WAT500087

RECOMMENDATION

That Council:

1. **receive the report by the Project Officer, Water and Sewer and Manager Water and Sewer on the Rural Customer Water Fill Station - Introductory Period Review;**
 2. **note the submission received during the public exhibition period; and**
 3. **endorse commencement of the Water Filling Station per KL fee of \$3.42 from 1 January 2023.**
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Executive summary

A report was presented to Council at October 2022 meeting regarding the operational costs since implementing the new fill points. In that report it was proposed to implement a per kilolitre (KL) fee and undertake an exhibition period.

One submission was received opposing the fee introduction.

Disclosure of Interest

Nil

Detailed report

A report was presented to Council at October 2022 meeting regarding the operational costs since implementing the new fill points. It was proposed to undertake a period of exhibition to allow residents to comment.

A grant received from the Federal Government under the Drought Communities programme allowed for the upgrade of the Rural Customer Water Fill Stations in the region. New filling stations were installed in Gulgong, Mudgee and Rylstone. The stations provide faster flow rates and quicker filling times for users, and allow Council to monitor usage, which was not possible previously. The upgraded fill points have been operational since October 2021 and have been utilised by 134 of the 839 registrants. Registration is only open to customers with a rural address and no connection to town water supply.

Since the commissioning of the filling stations, the region has received higher than average rainfall, and the below usage statistics are not indicative of expected use in a drought situation. The usage terms stipulate that use is for emergency potable water, extracting a maximum of 1000L in one visit.

The statistics indicate that the fill stations are likely not being utilised for their intended purpose, with 7% of users taking more than the allowance per visit. The highest user has extracted 134KL since their commissioning, which would indicate it is unlikely to be for emergency use and being used for general water supply.

Usage since October 2021

Number of customers to use	134
Number of customers registered	839
Total number of collections	1208
Total KL extracted	1180.82
Value of water not charged (\$3.42 per KL)	\$4,038.40
% of users taking more than 1KL per visit	7% accounting for 19% of the volume extracted
Average duration of transaction	4 min 37 seconds

Summary of Operational Issues

Power Supply

During the design phase, solar panel and battery was the chosen power source for each filling standpipe. Problems have arisen from insufficient battery power, primarily due to continued overcast days in the cooler months. The Gulgong standpipe is a dual controller, and has had the most voltage alarms from insufficient battery. There have been a handful of times where insufficient battery has coincided with a user trying to extract at the standpipe. These instances have been remedied by manually charging the batteries.

Swipe Cards

The system has the ability to be operated through an App or from a swipe card. It was anticipated that a majority of users would choose the app, however the uptake of cards was higher than expected. The swipe cards have been offered to rural customers at no charge, but the cost to Council \$15ext GST per card, plus any processing time by Customer Service Staff. Since commissioning the fill points, Council has spent \$4500 ex GST on swipe cards, and there is currently no penalty for lost or damaged cards.

There won't be the need to process this high volume of cards every year, but it is anticipated that at least 100 new cards would need to be generated, which is an annual cost of \$1500 ex GST.

Operational costs incurred for investigation or maintenance

When a customer completes a registration online or hard copy the registration requires processing by Customer Service. This process takes approximately 10 minutes per application. This has accounted for at least 100 hours of Customer Service staff, including initial training of registration procedures and standpipe operation.

Water and Sewer staff have had to attend to the fill stations at times, usually to address a no flow alarm, often linked to battery levels. This has accounted for approximately 50 hours of electrician team time since commissioning. Water and sewer operators at times, have been required to attend the fill points, where no flow is recorded when a customer goes to use them. This has accounted for about 50 hours of WS Operator time since commissioning.

Estimate of Annual Operating Costs

Position/Purpose	Cost estimate annually (incl. on-costs)
Electrical Team	\$5,000
WS Operators	\$5,000

Customer Service registration	\$3,000
	\$13,000

Life of asset estimation and cost to replace parts
 Asset renewals are required every 5 years for key components of the standpipes.

Estimate of Asset Renewal – 5 yearly

Item	Renewal Cost
Labour incl. on costs	\$3,000
Parts	\$16,104
	\$19,104

Consideration of Nomad (Tourist) potable water

The Council acknowledges the contribution of the tourism industry to the local economy. Part of being a tourist friendly location is providing safe potable water for travellers, including motor homes and caravans using our region during their travels. While there are safe places for nomadic tourists to source potable water, these are generally connected to a caravan park, or in less conspicuous places.

The Water Filling stations have the ability to allow casual users to access potable water via their smart phone, and therefore offering water to these users is an option for Council. There is risk that offering free potable water for casual users would open us to the chance of misuse, so the recommendation in this report is to keep the fee at the domestic use, so if non rural customers use the fill point they will pay the same fee as if using their own residential supply.

For a nomadic traveller, it is unlikely they would collect more than 300L (\$1) per visit.

Introduction of Water Usage Fee

The above discussion highlights the operational cost to provide water through the water filling stations. Based on these figures the current usage would not cover the operational costs. This report recommends introducing the Potable Water Usage – Residential Fee for all water taken at these fill points.

Introducing a fee would mean that Council has an opportunity to mitigate some of these costs. Introducing a fee would also mean the fill stations are less likely to be used outside of their intended use, and allow for both rural customers and travelling tourist’s access to safe potable water.

It should be noted that Council has the facility to be able to easily and quickly switch off any fee requirement at times of emergency or extreme drought as needed.

Exhibition Period

The exhibition period opened 25 October and ended 25 November. One submission was received. The notice was advertised via the Mudgee Guardian and published to Council’s website.

The submission received was:

“I did hear on radio the other day that you want to charge for the water now and we are paying the same as town. For that cost are you delivering the water to our house like you do in town? I think this is not fair as we have to drive to the station you need a container etc.

I thought the council had draught funding to build the station. I would like that a certain amount is free for property owners and even after that a lesser charge, as I have already pointed out we have to drive to get it. Charging the same as in town seems very unfair.”

As mentioned above in the report, the intention of the service is that the water filling stations are only used for emergencies. The terms of use include:

- Maximum 1000L per day for emergency use
- Cannot be used for stock use
- Not for commercial use
- For those who need urgent water access for their household
- Do not have access to fresh, clean household water
- Live within the Mid-Western Regional Local Government area
- Do not have a connection to town water supply

In the year since commissioning, the following users have taken high volumes of water, in the highest rainfall year on record. Council therefore suspect that much of the use since commissioning would not comply with the terms of use.

Rank	Qty (Litres)
1	154440
2	98040
3	89020
4	66110
5	59620

Those not connected to town water supply are expected to have their own water sources. The filling stations are for when their own sources are depleted, usually during extensive drought. The stations are not intended to compete with or replace the service water carters provide to fill rural residential tanks should it be required. Water cartage fees generally include a cost per kilo litre for water supply as well as a cartage rate.

In reference to the fairness of the fee, it should be noted that there will be no access charges levied to rural customers per annum, which is applied to those on town water supply.

Should an emergency situation, like drought, occur Council can resolve to remove the fee and its discretion.

Community Plan implications

Theme	Protecting Our Natural Environment
Goal	Provide total water cycle management
Strategy	Provide a water and sewer network that balances asset conditions with available resources and community needs

Strategic implications

Council Strategies

Water Supply Systems Asset Management Plan
 Strategic Business Plan for Water Supply Services

Council Policies

Drinking Water Quality Policy - to provide a commitment to the sustainable management and supply of safe drinking water to our community

Legislation

Requirements to ensure safe drinking water are legislated under the Public Health Act 2010 (NSW) and Public Health Regulation 2012 (NSW)

Financial implications

The operation of the water fill stations is funded by Water Fund – Operational

Budget Year	Operating Performance Ratio	Own Source Revenue	Building & Infrastructure Renewal
2022/23	✓	✓	-
Future Years	✓	✓	-

Associated Risks

Nil

GEMMA WILKINS
PROJECT OFFICER, WATER AND SEWER

JULIAN GEDDES
DIRECTOR OPERATIONS

1 December 2022

Attachments: Nil

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER