

MANUAL

FUNDING AND DELIVERY OF GROWTH INFRASTRUCTURE



VERSION: 1.0



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1. Introduction

This manual sets out Hunter Water's approach to funding capital Works that support urban growth in the Lower Hunter. Hunter Water's objectives to enable the NSW Government's vision for the region are to:

- provide sustainable services for population growth
- deliver efficient and innovative services and solutions for new development
- work with Developers and planning authorities to improve sustainability for new development, and
- improve the amenity of our urban areas.

Hunter Water has prepared a Growth Plan to inform the Development community on growth projections and planned capital expenditures within our area of operations. The Growth Plan includes maps of known development areas and, based on the anticipated timing of each development area, Hunter Water may consider entering into a 'Developer Delivered Infrastructure Contribution Deed' (Funding Deed) to repay the costs of infrastructure, if it fits into the criteria outlined in the 'Corporate Standard – Funding and Delivery of Growth Infrastructure'.

2. Purpose

This manual outlines Hunter Water's approach to funding Works, as defined in 'Corporate Standard – Funding and Delivery of Growth Infrastructure'. It also outlines the steps in the assessment and review process required to fund Developer Works, and the roles and responsibilities of Developers, Accredited Design Consultants, Accredited Construction Contractors, and Hunter Water in that process.

New Developer Works and Servicing Strategy review processes have been implemented to ensure that new network infrastructure is correctly sized and configured to be the most efficient option from a total community perspective. The growth funding initiative is designed to help ensure Developers avoid constructing separate yet similar assets to new developments in the same area, thus reducing unnecessary duplication.

3. Scope

This manual covers the funding of Developer-delivered water and wastewater connection and reticulation assets transferred to Hunter Water to operate and maintain in perpetuity. It also covers mandated recycled water network infrastructure regulated by IPART.

This manual applies to residential, commercial and industrial developments where new or augmented infrastructure is required to support urban growth in the Lower Hunter. It does not apply to existing developments that, for historical reasons, are unconnected to either water or wastewater infrastructure.

The infrastructure assets dealt with in this manual are:

- connection assets that cover the lead-in and lead-out infrastructure needed to connect a new development to Hunter Water's existing networks, including pipes, pump stations and water storage facilities, and
- reticulation assets within a development, including pipes, pump stations and water storage facilities.



This manual will be in place for an initial period of twelve months following implementation of 'Corporate Standard – Funding and Delivery of Growth Infrastructure'. It will be periodically reviewed and updated to ensure that the Corporate Standard's objectives are achieved and remain sustainable.

3.1 Audience

This manual is directed to the following:

- Developers
- Accredited Design Consultants
- Accredited Construction Contractors
- Hunter Water's Development Services Planning Support Engineer
- Hunter Water's Funding of Growth Programme Board

4. Definitions

Term	Definition
Accredited Construction Contractor	A contractor approved by Hunter Water to perform construction services for Developer Works in nominated subcategories. The accreditation includes the contractor's key personnel.
Accredited Design Consultant	A design consultant approved in accordance with Hunter Water's accreditation process for Developer Works. Accredited Design Consultants have a range of functions and duties, as defined in Manual – Delivery of Developer Works.
Accredited Supplier	An Accredited Construction Contractor or an Accredited Design Consultant.
Application for Developer Delivered Contribution	A form submitted by a Developer seeking funding for water and wastewater infrastructure.
Connection asset	An asset primarily outside of the development site that connects the development area to Hunter Water's existing water and wastewater systems.
Correctly-sized asset	A connection or reticulation asset that has been determined to be optimally sized from a total community perspective.
Detail design cost estimate	An estimate provided by a Developer following completion of a detail design.
Developer Works Deed	A formal agreement between Hunter Water and a Developer for the design and construction of water and wastewater-related assets. There are three types of Developer Works Deed: Routine Minor Works, Routine Major Works and Complex Works.
Funding Brief	A document prepared to seek authorisation to provide funds for qualifying network assets supporting urban growth.
Funding Deed	A legal agreement for Hunter Water to fund Developer-delivered infrastructure facilitating urban growth. Formally known as the Developer Delivered Infrastructure Contribution Deed.
Hunter Water	A statutory State Owned Corporation providing water and wastewater services to over half a million people in the Lower Hunter region, and some trunk stormwater services in the Cessnock, Lake Macquarie and Newcastle local government areas.
Infrastructure Contribution Sum	The amount identified in a Notice of Infrastructure Contribution Sum in respect to particular infrastructure assets, to be paid to the Developer by Hunter Water for the assets.
Lead Developer	Hunter Water will enter into a single Developer Delivered Infrastructure Contribution Deed with a single lead Developer for connection assets that may service multiple developments.

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Term	Definition
Minimum-size reticulation asset	An asset within a development site that is the minimum size that complies with Hunter Water's design standard. A new minimum-size reticulation asset primarily serves that particular development but may provide incidental additional capacity for nearby development in the longer term.
New development	Any growth, residential, multi-residential, commercial or industrial, that involves new buildings or lots created, or additional on-site business activity, that yields a net increase in water consumed, recycled water consumed or sewer discharged to Hunter Water's networks.
Pre-construction Infrastructure Contribution Estimate	The funding cap Hunter Water is obligated to repay to the Developer for infrastructure facilitating urban growth.
Procurement Guidelines	Principle-based instructions to follow when undertaking procurement that relates to approved Developer-delivered infrastructure.
Project Completion Report	A report required to finalise costs for a project, prepared in accordance with section 4.5 of the Procurement Guidelines.
Reticulation assets	The local water and wastewater network assets within a development, including pipes, pump stations and water storage facilities.
Section 50 Compliance Certificate	A certificate issued under Section 50 of the <i>Hunter Water Act 1991</i> when all conditions in the Notice of Requirements are met by the Developer.
Servicing Strategy	A document outlining the optimal arrangement of water and wastewater assets, providing the basis for a funding application.
Strategic Procurement Plan	A plan that sets out the scope, timing and nature of goods, services or Works to be supplied.
Tender Evaluation Report	A report that complies with clause 5.1 (b) of the Funding Deed.
Upsized reticulation asset	An asset within a development site that serves that particular development, but, in agreement with Hunter Water, has been increased in size to provide some additional capacity to also service future adjacent developments. This may be a pipe, pump station or water storage.

5. Roles and responsibilities

Table 1 outlines the roles and responsibilities of Developers, Accredited Design Consultants, Accredited Construction Contractors, and Hunter Water in the application of 'Corporate Standard – Funding and Delivery of Growth Infrastructure'.

Table 1: Roles and responsibilities

Role	Summary
Accounts Payable Officer	Responsible for paying approved invoice amounts under the Standard.
Accredited Design Consultant	Responsible for ensuring compliance with design standards and collaborates with the Accredited Construction Contractor to certify the Works have been built in accordance with the design.
Accredited Construction Contractor	Collaborates with the Accredited Design Consultant to ensure the Works are delivered as per the design. Required to certify the Works to the Accredited Design Consultant.

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Role	Summary
Developer	Fully responsible for the design and construction of Works, and the engagement of Accredited Suppliers that meet individual project needs. Required to guarantee all quality objectives are achieved, including asset safety and environmental performance.
Development Services Engineer	Point of contact for all enquiries relating to funding of growth infrastructure applications. Receives, reviews and processes applications on behalf of Hunter Water for the funding of Developer assets.
Manager Development Services	Responsible for signing the Funding Deed and endorsing Funding Briefs.
Procurement Manager	Provides oversight of the procurement process for the funding and delivery of Developer assets that qualify for funding under the Standard.
Procurement Officer	Manages Hunter Water's procurement activities for the funding and delivery of Developer assets.
Project Officer - Delivery	Provides review functions for cost estimates.
Team Leader Development Planning and Relations	Responsible for ensuring tasks under the Standard are being effectively managed.

6. Approach to funding

Hunter Water's funding approach for growth-related infrastructure provides for the repayment of costs incurred by the Developer in certain circumstances when connecting to Hunter Water's water and wastewater systems. Hunter Water's approach is set out in the 'Corporate Standard – Funding and Delivery of Growth Infrastructure' (under Category 2).

A central component of Hunter Water's approach requires Developers to deliver correctly-sized assets that provide capacity that can be shared with future adjoining or nearby developments. Hunter Water considers entering commercial agreements to pay for connection assets that provide lead-in and lead-out infrastructure to connect new developments and reticulation assets that are upsized to service future nearby developments.

The proposed 'Developer Delivered Infrastructure Contribution Deed' provides a commitment to repay procurement costs if agreed project milestones are met. Developers must demonstrate they have complied with Hunter Water's 'Procurement Guidelines for Developer Delivered Infrastructure' prior to receiving any repayments.

Hunter Water's proposed funding approach for connection assets and reticulation assets relies upon the forecast timing of new development areas identified in the growth maps contained in the 'Growth Plan'. Hunter Water considers entering agreements with lead Developers if the proposed developments are expected within the next five years (yellow-coded polygons), five to ten years (orange-coded polygons), or ten plus years (green outlined polygon).

Table 2: Funding categories under Developer Delivered Infrastructure Agreements

Agreement feature	Category 2a	Category 2b	Category 2c
Timing of development area on growth map	0 – 5 years	5 – 10 years	10+ years
Delivery	Developer	Developer	Developer

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Agreement feature	Category 2a	Category 2b	Category 2c
Agreement sunset date	10 years	10 years	10 years
Funding arrangement:			
Connection asset	Progress payments until 50% of the development issued with Section 50 certificate. Remaining 50% of connection asset costs paid at this time.	Progress payments until 100% of the development issued with Section 50 certificate.	Marginal upsizing costs paid until 100% of the development issued with Section 50 certificate.
Minimum-sized reticulation asset	No repayment	No repayment	No repayment
Upsized reticulation asset	Progress payments until 50% of the development issued with Section 50 certificate. Remaining 50% of connection asset costs paid at this time.	Progress payments until 100% of the development issued with Section 50 certificate.	Marginal upsizing costs paid until 100% of the development issued with Section 50 certificate.

7. The funding of growth process

This section outlines the eight phases of the funding of growth process. The process is further illustrated in [‘Appendix A: Funding and Delivery of Growth Infrastructure – Process Map’](#).

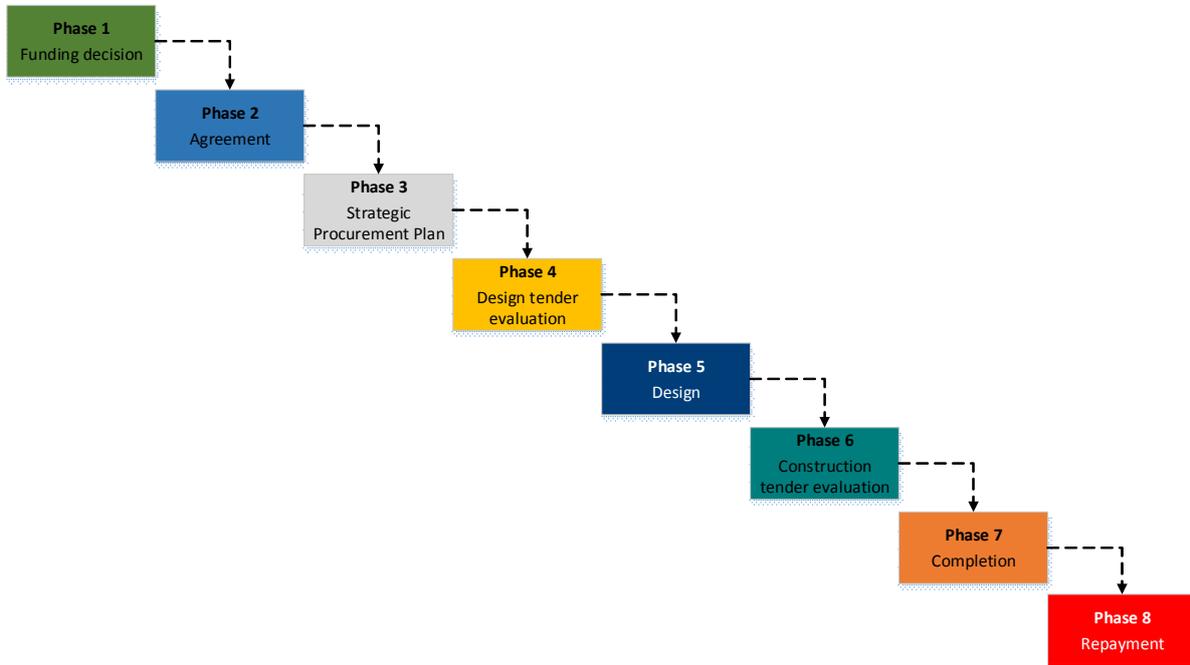


Figure 1: Phases of the funding of growth process



An 'Application for Developer Delivered Contribution' form can be found on Hunter Water's website. A sample can also be found in '[Appendix B: Application for Developer Delivered Contribution](#)'. The form has four different application types, which are submitted at different phases in the funding of growth process, when the infrastructure contribution amounts may be updated based on revised information. The application phases are:

- A. Initial funding
- B. Detail design estimate
- C. Construction award estimate
- D. Final completed cost

Other information is required to be submitted at other phases of the process as will be outlined below. All documentation relating to funding and delivery of growth infrastructure must be sent to:

fundingofgrowth@hunterwater.com.au

The Developer is required to provide supporting documentation outlined in the 'Application for Developer Delivered Contribution' form. Typically Hunter Water provides responses within 28 days of receiving each application. The exception is Application A, which may require up to 60 days to process due to the need to seek approval for funding and/or to award the contract in line with our corporate delegated authorities' requirements.

The final completed cost application represents the total agreed cost upon which repayments are paid by Hunter Water to the Developer. Payment of invoices are made following approval of a Contribution Notice. A 'Developer Contribution Schedule' spreadsheet, which outlines when repayments are made for assets in the Funding Deed, must be submitted alongside each application and Contribution Notice submission. 'Developer Contribution Schedules' provide Hunter Water and the Developer visibility of the development's progress and expected repayment timing for each asset covered under the Deed.

Note that the Developer is required to comply with the appropriate Corporate Standard for each asset in the funding application. For more detail, refer to 'Corporate Standard – Routine Major Works – Developers and Accredited Suppliers' and 'Corporate Standard – Complex Works – Developers and Accredited Suppliers'. To access Hunter Water's documents for Developer Works, go to '[A New Delivery Model for Developer Works](#)'.

7.1 Funding decision (Application A)

The funding for growth infrastructure process begins when a Developer completes and submits an 'Application Type A – Initial funding'. The Developer is required to provide supporting documentation, as outlined on the 'Application for Developer Delivered Contribution' form.

If Hunter Water assesses the application as being eligible for funding, the Developer is sent a Commercial Offer letter and Funding Deed. The Commercial Offer indicates Hunter Water's intention to enter into a legal agreement via a Funding Deed.

7.2 Agreement (Funding Deed)

The Developer submits a signed copy of the Funding Deed to Hunter Water. Hunter Water then has seven days to execute the Funding Deed and return it to the Developer. Once the Funding Deed is signed the Developer can commence preparing the Strategic Procurement Plan.

Hunter Water does not bind itself to grant funding to any applicant. Hunter Water can delay making a decision to fund any or all categories or subcategories for which an application has been made.

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7.3 Strategic Procurement Plan

A Strategic Procurement Plan is required from the Developer to demonstrate to Hunter Water the proposed strategy for design and construction is appropriate and consistent with Hunter Water's Procurement Guidelines. Hunter Water's Procurement Officer provides any necessary assistance and information to the Developer about how to complete the Strategic Procurement Plan. The Developer completes and sends the Strategic Procurement Plan to Hunter Water.

The Procurement Officer reviews the Strategic Procurement Plan to ensure it is compliant with requirements. Hunter Water has 28 days to respond to the Strategic Procurement Plan.

7.4 Design tender evaluation

The Developer prepares a Design Tender Evaluation Report (TER) to demonstrate the probity and efficiency of the Developer's design engagement methods, in accordance with Hunter Water's Procurement Guidelines. The Developer completes and sends the Design TER to Hunter Water.

The Procurement Officer reviews the Design TER and requests any further information from the Developer as necessary to complete the review. The Procurement Officer liaises with the Development Services group to facilitate the review. Hunter Water provides a response to the Developer within 28 days.

7.5 Design (Application B)

Following endorsement of the Design TER, the Developer engages an Accredited Design Consultant to complete the design documents and cost estimates for assets Hunter Water has agreed to fund. The Developer then completes 'Application Type B – Detail design estimate', including the detail design documentation and cost estimates, and sends it to Hunter Water for endorsement. The submissions must also include a 'Developer Contribution Schedule' showing the assets to be funded under the Deed and a repayment forecast schedule for each month of the project.

A unique alphanumeric identifier is required for assets provided in standard Design drawings (STS911) and Work As Constructed (STS903) drawings to allow Hunter Water to track assets being funded under the 'Corporate Standard – Funding and Delivery of Growth Infrastructure'. Each asset number and index number is to be followed by the suffix 'GF', for example, '267GF'.

Hunter Water typically provides a response on the design estimates within 28 days. When endorsement for the design phase estimates is granted, the Developer can begin to seek tenders for the construction phase.

7.6 Construction tender evaluation (Application C)

The Developer prepares a Construction TER to demonstrate the probity and efficiency of the Developer's construction engagement methods, in accordance with Hunter Water's Procurement Guidelines. The Developer then sends the completed Construction TER and 'Application Type C – Construction award estimate' to Hunter Water for endorsement.

The Procurement Officer reviews the Construction TER and requests any further information from the Developer as necessary to complete the review. Hunter Water reviews the cost estimates and compares them to a schedule of rates of known capital projects to ensure value for money. In some cases, an external quantity surveyor may be required to verify the estimates. Hunter Water will consult with the Developer as necessary to facilitate this process.

Hunter Water typically requires 28 days to review the Construction TER. When the Construction TER is endorsed, Hunter Water issues a 'Notice of Pre-construction Infrastructure Contribution', which contains a revised contribution schedule.

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The 'Notice of Pre-construction Infrastructure Contribution' is the cap on repayments Hunter Water is obligated to make. Actual project costs in excess of this amount will not be repaid by Hunter Water, unless the costs were incurred by the Developer at the explicit direction of Hunter Water. Hunter Water is not involved in reviewing variations during the construction phase.

7.7 Completion (Application D)

Following review of the Construction TER and any associated revision of estimates, the Developer can engage an Accredited Construction Contractor to construct the required infrastructure for the project. Hunter Water performs quality assurance checks on the infrastructure throughout the construction phase.

To finalise the construction phase of the project, Hunter Water verifies the assets constructed are compliant with the 'Notice of Requirements' and the 'Developer Works Deed'. When satisfied all conditions have been met, Hunter Water issues a 'Practical Completion Certificate'. Upon receipt of this certificate, the Developer can then submit 'Application Type D – Final completed cost' to Hunter Water.

To ensure the value of Hunter Water's capital expenditure, the Procurement Officer reviews and approves the Developer's actual project costs. The Procurement Officer provides assistance and information to the Developer on how to prepare a Project Completion Report (PCR), as required.

The Procurement Officer may then discuss any issues arising from the PCR with the Developer, including costs Hunter Water is unwilling to repay. Hunter Water typically has 28 days to review the PCR and the application.

When the PCR is endorsed, the Procurement Officer prepares a 'Notice of Infrastructure Contribution Sum' which outlines the actual project costs that will be repaid in accordance with the Funding Deed. The Final Infrastructure Contribution Sum is the total amount Hunter Water is obligated to repay the Developer.

7.8 Repayment

To make a payment claim, the Developer must have received a 'Notice of Infrastructure Contribution Sum' and a 'Section 50 Compliance Certificate' for the connected lots being claimed. The Developer submits a Contribution Notice and updated 'Developer Contribution Schedule' to Hunter Water for review. The Contribution Notice outlines the amount to be invoiced based on the lots connected and the assets being funded.

Hunter Water reviews and endorses the Contribution Notice, or seeks clarification on anything that does not align with 'Notice of Infrastructure Contribution Sum' within 14 days. If the Contribution Notice is endorsed by Hunter Water, the Developer can then submit an invoice for payment. Final payment on receipt of an invoice is 56 days.



8. Related documents

To access information relating to Developer Works and Funding of Growth, go to 'A New Delivery Model for Developer Works' on [Hunter Water's website](#).

- Corporate Standard – Funding and Delivery of Growth Infrastructure
- Corporate Standard – Routine Major Works – Developers and Accredited Suppliers
- Corporate Standard – Complex Works – Developers and Accredited Suppliers
- Procedure – Funding and Delivery of Growth Infrastructure
- Developer Delivered Infrastructure Contribution Deed
- Procurement Guidelines for Developer Delivered Infrastructure

Developer Works Deeds:

- Developer Works Deed – Routine Major Works
- Developer Works Deed – Complex Works

9. Document control

TRIM reference: HW2017-1263/3.001

Table 3: Document governance

Document owner	Mandatory reviewers	Document approver
Group Manager Development Services	Group Manager Development Services, Team Leader Development Planning and Relations	Executive Manager Customer Strategy and Retail

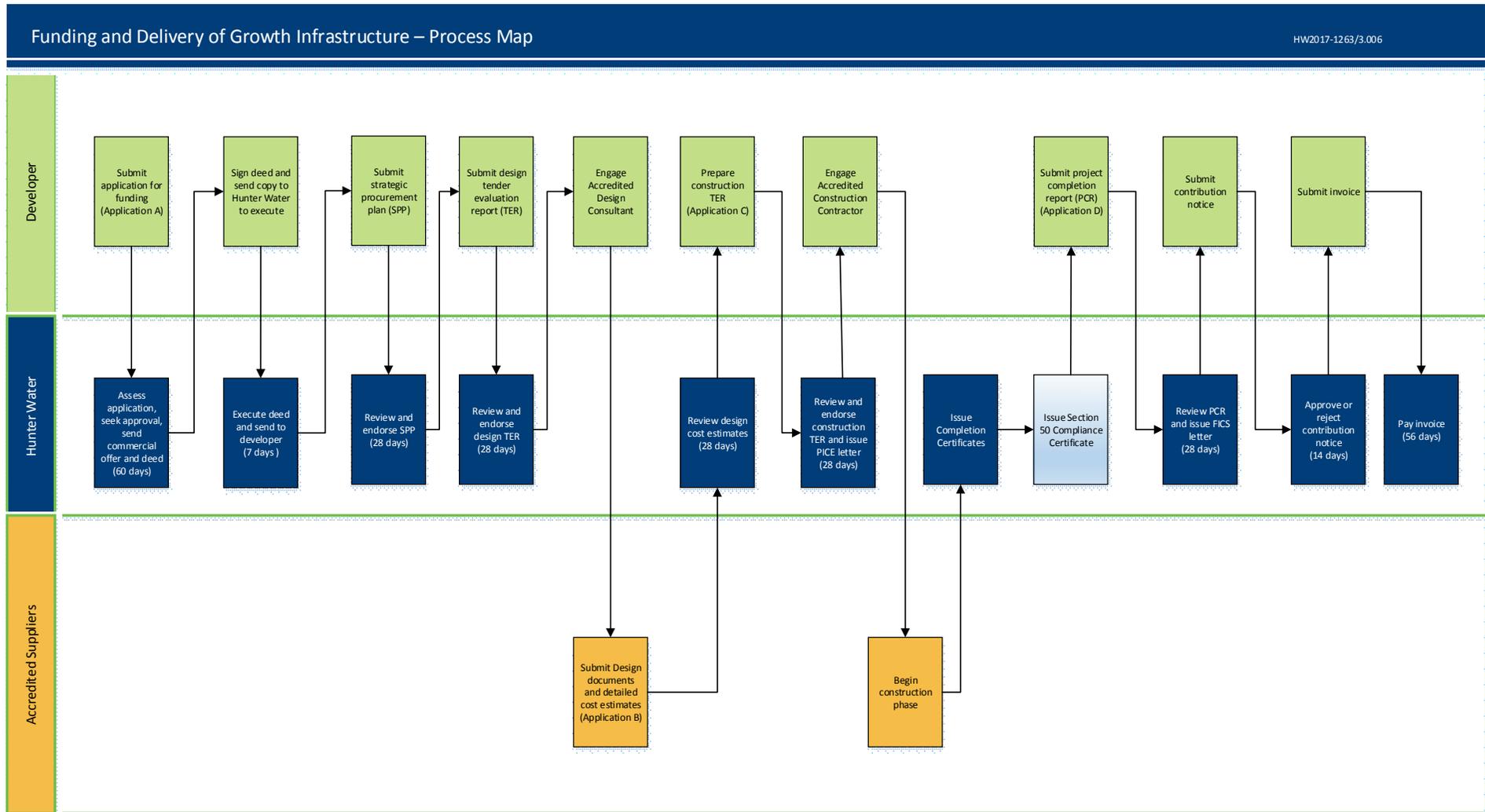
Table 4: Document version history

Version	Name of author	Summary of changes	Approval date	Approved by	Periodic review
1.0	Chris Barker	Original release	19 Jan 2018	Executive Manager Customer Strategy and Retail	Review after first year, then every two years

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Appendix A: Funding and Delivery of Growth Infrastructure – Process Map



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Appendix B: Application for Developer Delivered Contribution



Application for Developer Delivered Contribution

Submit completed forms to: fundingofgrowth@hunterwater.com.au

Hunter Water requires a minimum of 28 calendar days notice to respond

PART 1 – Application type

Please identify the application type being submitted by ticking the box below.

	Application type	Tick box	Submission requirements
A	Initial funding	<input type="checkbox"/>	Approved servicing strategy or report Servicing Strategy estimates Developer Contribution Schedule
B	Detail design estimate	<input type="checkbox"/>	Detail design estimates Detail design documents Developer Contribution Schedule
C	Construction award estimate	<input type="checkbox"/>	Tender Evaluation Report Tender estimates Developer Contribution Schedule
D	Final completed cost	<input type="checkbox"/>	Project Completion Report Actual completed costs Developer Contribution Schedule

PART 2 – Application details

Please fill out development information in the boxes below.

Applicant	Details
Developer's name	
Developer's address	
Developer's representative	
Contact email	
Contact phone	
Development description	
Site address / location	
Hunter Water reference	

TBM number: HW2017-1263/5.001

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Application for Developer Delivered Contribution

PART 3 – Funding request details

Please fill out details of the funding request in the boxes below.

Item	Details
Describe development area (include total lots, no. of developers, lots per developer)	
Scope of works (e.g. provide reference to approved servicing strategy or report as appropriate)	
Staging and timing	
Describe assets	
Funding criteria (outline criteria applied to each asset)	
Other (provide any other detail that may aid the funding application)	

Please attach a sketch plan clearly showing development areas, stages, number of lots, and schematics of assets included in the funding application.

PART 4 – Asset cost table

Please fill out asset information below.

Category	Infrastructure asset	Asset value	Lots serviced	Contribution per lot
2a				
2b				
2c				
Initial infrastructure contribution estimate		\$		

Please attach a Developer Contribution Schedule with each application.

Signature: _____ Date: _____

TBM number: HW2017-1263/5.001