

## **8.7 ORGANICS RECYCLING FACILITY - UPDATE ON PROGRESS**

**DIRECTORATE:** WATER AND WASTE

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**Reference:** Item 8.4 to Ordinary Council 22 March 2022 - Minute No 83/22

### **RECOMMENDATION**

*That in relation to the report “Organics Recycling Facility - Update on Progress”, Council:*

- (i) receive and note this report; and*
- (ii) write to the NSW Member for Tamworth - the Hon. Kevin Anderson MP, requesting his assistance in securing additional funding from the NSW State Government for the construction of the Organics Recycling Facility.*

### **SUMMARY**

The purpose of this report is to update Council on progress in relation to the proposed Organics Recycling Facility.

### **COMMENTARY**

Councillors would be aware that it is proposed to construct an Organics Recycling Facility (ORF) on land owned by Council at 284 Gidley Appleby Road. A summary of progress in relation to this matter is provided below:

#### **Grant Funding from the NSW Environmental Trust**

Council applied for a grant in response to the NSW Waste Less Recycle More Initiative Organics Infrastructure (Large and Small) Grants Program before the closing date of 30 August 2018 (the original application). As a result of the original application, a funding Deed between Council and the NSW Environmental Trust in the amount of \$3 Million was agreed, including a number of milestones linked to the delivery of the actual funds.

Council Officers met with the Environmental Trust (ET) on 15 September 2021 to advise that Council, despite calling tenders for the build and operation of the ORF, had decided not to award a contract for the construction and operation of the Facility. This meant Council would no longer be able to meet some of the milestones attached to the original funding deed. At the meeting, the NSW EPA and ET discussed the information required to assess whether a variation to the Deed may be possible. After the meeting, staff understood that the NSW EPA and ET would consider the additional information provided by Council to guide Council regarding a variation to the Deed. On 26 October 2021, Council formally wrote to the ET providing detailed justification why ET should consider extending the exiting Deed of agreement milestones. In addition, upon the request from ET for additional information, Council subsequently responded to proposed amended millstone date recommendations for ET to consider. Council continued to develop the ORF project from a detailed design perspective, and considered realistic timeframes to undertake preconstruction and then construction of the ORF. As a result on 22 November 2022 Council responded with a set of amended milestone dates for ET to consider.

On 8 March 2022 the NSW Environmental Trust formally respond to Council regarding correspondence they received on 22 November 2021. After reviewing the proposed project plan timeline and the proposed milestones, the ET requested that

Council consider the Proposed Schedule of revised Milestones and payments as listed below:

<b>Milestone No.</b>	<b>Original Due Date</b>	<b>Proposed Date</b>	<b>\$</b>
2	31 August 2021	01 April 2022	\$50,000
3	1 August 2021	01 July 2022	\$550,000
4	-	01 October 2023	\$600,000
Final	30 March 2021	01 April 2024	\$300,000

The revised milestones recognise commissioning at the end of the construction phase so that licencing can be obtained and food and garden organics operations can commence.

Given the significant nature of the changes to the milestones and advice from the ET that no further variation to the milestones in the future would be considered, this matter was reported to Council on 22 March 2022. Following consideration of the report, Council resolved to submit a formal grant variation request seeking approval to adjust the proposed Milestones as per the table below:

<b>Milestone No.</b>	<b>Proposed Date</b>	<b>Revised Date</b>	<b>\$</b>
2	01 April 2022	01 July 2022	\$50,000
3	01 July 2022	01 September 2022	\$550,000
4	01 October 2023	01 November 2023	\$600,000
Final	01 April 2024	01 July 2024	\$300,000

The request was submitted on was submitted on the 23 March 2022.

On 17 May 2022, Council received notification advising Council's variation request had been formally approved by the ET. In addition, ET reported that Build Own Operate and Transfer (BOOT) contract conditions had not been removed from the schedule as per Council's request. The ET advised this is a standard item in the Deed of Agreement for all projects (whether a project is a BOOT project or not). As it is proposed the ORF will no longer be a BOOT project, evidence for this achievement item will not be expected in the relevant milestone report.

It is good news that the Environment Trust agreed to vary the terms of the funding deed and, in so doing, will continue to provide \$3 Million towards the cost of establishing the proposed Organics Recycling Facility.

However, the grant amount of \$3 Million was provided several years ago when the project cost was estimated at significantly less than currently. Based on present estimated cost of construction, the grant amount of \$3 Million is considered approximately 10-12% of the final construction cost of the ORF (including preconstruction activities).

Further, the current construction climate in regional NSW is showing significant increases in the cost of construction Council's recent tenders have all indicated costs are increasing rapidly due to a lack of contractors and supply change issues. Further increases in construction costs, without further financial support from the NSW Government, will adversely affect Council's financial ability to deliver this project. Given the NSW Government's NSW Waste and Sustainable Materials Strategy 2041 includes that organic material cannot be placed in landfill after 2030, it is considered the NSW Government needs to consider additional funding in this area to achieve it stated goals.

As a result, it is recommended Council request the support of the Member for Tamworth the Hon Kevin Anderson MP in requesting additional grant funding for the construction of Council's Organics Recycling Facility.

### **Preconstruction and Construction Program**

The ORF project program is aligned with the revised ET millstone dates. A high-level summary of key deliverables over the next three months is listed below:

Review and finalise 75% Detail Design works package	20 June 2022
ORF Construction Tender Period	29 June to 4 July 2022
Environmental Trust Milestone 2 (\$50,000)	1 <sup>st</sup> July 2022
Tender assessment and nominate 2 preferred tenderers	23 August 2022
Reprice, Tender assessment and Council reporting	19 September 2022
Council Workshop Tender Outcomes	8 September 2022
Council Tender Award Date	19 September 2022
ORF Construction Contract Award	30 September 2022
Environmental Trust Milestone 3 (\$550,000)	30 September 2022
Detail Design Finalised	9 <sup>th</sup> August 2022
Construction Start	15 September 2022

### **Modification to the Development Application (DA)**

Development Consent for DA2020-0138 was granted by the Northern Regional Planning Panel (NRPP) on 23 September 2020. The NRPP was the consent authority as the development met the description of Regionally Significant Development, pursuant to Schedule 7 of the State Environmental Planning Policy (State and Regional Development) 2011 as it had a capital investment value of more than \$5 million and Tamworth Regional Council was the applicant and landowner.

The approved development would process up to 35,000 tonnes per year of food organics, garden organics and category 3 organic materials. The approved ORF will use a Tunnel Composting System technology within an enclosed facility to process the material into soil products suitable for landscaping and agricultural production.

Council prepared an application pursuant to Section 4.55(1A) of the Environmental Planning and Assessment Act 1979 (EP&A Act) to modify Development Consent DA2020-0138 (issued by the Northern Regional Planning Panel reference number PPSNTH -11 for an Organic Recycling Facility (ORF) at 284 Gidley Appleby Road, Gidley NSW 2340.

The modification application seeks alterations and additions to the approved development plans and amendment to the consent conditions, including the following:

- alteration to the biofilter size;
- alterations to the maturation pad layout;
- alterations to the composting building roof height;
- addition of a training centre and a gatehouse and alterations to carpark, landscaping plan, site plan and building plans;

- alterations and additions to the equipment storage shed including a laboratory and an ancillary sewer connection to wastewater treatment area and drainage and stormwater plans; and
- modify conditions of consent concerning road works and associated approvals to amend the timing for implementation. The modification seeks to require the works and approvals be finalized before the issue of an Occupation Certificate (OC) instead of prior to Construction Certificate (CC).

The proposed alterations and additions to the approved layout of the ORF are considered of minimal environmental impact and are substantially the same development as the development for which the consent was originally granted. In addition, the modification application seeks to modify relevant conditions of consent that require road works or approvals before obtaining the CC for the ORF. It is proposed to postpone some of the road works and associated approvals to before the issue of an Occupation Certificate, to avoid construction being unnecessarily delayed.

Advice from Council's Liveable Communities Directorate is that Council is the approval authority for the modification. The modification request has been received by Council.

#### **Owners Engineer/Project Manager**

Council has significant in-house technical expertise but requires the assistance of external resources to support its in-house capabilities for the delivery of the Organics Recycling Facility project. As a result, an external Project Manager or Owners Engineer (OE) has been engaged who will assist with the complete delivery of the Tamworth Organics Recycling Facility (ORF). GHD have been successful with their bid as OE and commenced works in late November 2022.

The OE will provide and lead a team of experts which serves as an independent advocate for Council. The OE plays a supporting but critical role by filling gaps and supplementing the Project team across all facets of the project. In addition, the OE will fill the experience gap by focusing on managing outcomes from key stakeholders involved in the project, avoiding design errors and assisting Council with keeping the project on schedule.

The OE engineer provides the following distinct support services to the project:

- provide project development support;
- assist in the development of project scope and key performance indicators;
- assist in the development of project structure;
- assist in the acquisition of appropriate technology and technical expertise;
- assist principal to procure the services of turnkey, EPC or study contractors;
- provide project management support;
- monitor the quality of project engineering and follow through corrective action where necessary;
- subsequently assist in the construction management of the project;
- monitor the project cost and schedule and follow through corrective action where necessary;
- assist in the start-up and commissioning of the project;
- review / prepare operating and maintenance procedures;

- carry out operational scenario and risk assessment; and
- carry out the training of principal personnel where deemed necessary by the principal.

### **Site electricity supply**

Electrical supply to the new facility has been previously identified as an issue.

As the project has not been designed in detail, the maximum demand has been prepared based on a review of selected tenders received on May 2021 in response to the original Council's original request for tender and application of power density values. The assessed maximum demand for the site based on the above assessment is approximately 1200 Amps requiring a 1MVA Pad Mount Substation to be constructed on site and to provide power to this substation the ORF requires a new Essential Energy power supply to be constructed to supply the site with adequate operational power. Essential Energy's preference is for existing overhead powerlines to be rebuilt with larger conductors, within the existing overhead powerline alignments. However, neighbouring property owners have expressed concern for proposals to rebuild powerlines within their property boundaries.

Following discussion with Essential Energy and advice from an electrical consultant, engaged by Council, it is now proposed to construct a new powerline, underground through the existing Gridley Appleby Road Road Reserve area on the western side of the road. An underground powerline will reduce the required clearances to existing vegetation located in the road reserve area.

Discussion with Essential Energy and other works continue in relation to this matter in an effort to finalise the location of the power upgrade required for the new facility as soon as possible.

### **Detailed Design**

Consultant GHD has been engaged to prepare detailed designs and prepare a set of tender documents for a construction tender to deliver the ORF project. This work is a collaborative effort with input from various external advisers/ legal, environmental etc and Council staff. The engagement includes:

- the majority of detail design works for the ORF project;
- design and construction documentation for the processing shed and biofilter and associated works contained within the designated building; and
- an extended commissioning period of 12 months for the ORF facility post construction.

### **ORF - Environmental Baseline Data Report**

Talis Consultants Pty Ltd (Talis) has been engaged to complete baseline environmental monitoring at the ORF.

The objective is to establish baseline environmental conditions at the Site to underpin the required site Environmental Protection Licence and Development Approval Conditions.

The scope of works comprised:

- review of available data, including original EPA conditions of consent;
- supervision of the installation of five new groundwater wells on-site;
- sampling of the 5 newly installed monitoring bores;

- sampling of seven surface water locations, including 4 dams on-site and 3 off-site locations;
- submission of the samples to a nata accredited laboratory for analytical testing for a suite of chemical of potential concern (COPC) based on the future land use and general water quality parameters; and
- preparation of this detailed baseline environmental data report.

**(a) Policy Implications**

Nil

**(b) Financial Implications**

Expenditure on this project continues to be incurred on preconstruction activities. Financial modelling for income in the waste area has been completed, which includes the estimated cost of the ORF. Draft Fees and charges in the waste area have been set for the 2022/2023 financial year to raise sufficient income to fund all works identified including the new ORF. The final fees and charges levied in the waste area in the 2022/2023 financial year will be subject to a final decision by Council at its meeting of 28 June 2022.

**(c) Legal Implications**

Nil

**(d) Community Consultation**

The Modification to the Development Consent for the ORF may be placed on public display as required.

**(e) Delivery Program Objective/Strategy**

A Region for the Future – F22 Encourage efficient use of resources to improve environmental sustainability.

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