



# Reimbursement Procedure

**Western Water**  
**October 2017**

## Abbreviations

Abbreviation	Definition
GST	Goods and Services Tax
JSA/SWMS	Job Safety Analysis / Safe Work Method Statement
NCC	New Customer Contributions
OH&S	Occupational Health and Safety
WSAA	Water Services Association of Australia

## Definitions

The following definitions apply in the document:

**Accredited Consultant** means a Consultant approved in accordance with Western Water's accreditation process.

**Accredited Contractor** means a Contractor approved in accordance with Western Water's accreditation process.

**Audit** is a systematic and independent examination to determine whether quality activities and related results comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives.

**Certificate of Completion** is a document in which Western Water confirms the subdivision works of a new development have successfully completed the Defects Liability Period.

**Consultant** has the same meaning as *Accredited Consultant*.

**Contractor** has the same meaning as *Accredited Contractor*.

**Corrective Action Request** is raised by Western Water when the Consultant or Contractor does not perform a particular task in accordance with the Development Agreement or their quality management system (QMS). May also be raised by the Consultant when the Contractor does not perform according to their QMS.

**Defects Liability Period** commences on the date upon which WW issues an Acceptance of Works Certificate and continues for a minimum period of six (6) months, or until a Certificate of Completion is issued.

**Deliver** means design and construction.

**Design Documents** means the drawings, specifications and other information, samples, models, patterns and the like required by the Development Conditions (and including, where the context so requires, those to be created by the Consultant or Contractor) for the construction of the Development Works.

**Design Verification Form** is the form lodged and signed by the Consultant verifying that the Development Works have been designed in accordance with the Development Deed requirements.

**Developer** means the person or other legal entity authorised to execute a transfer of the land. The Developer may be the land Owner.

**Development** means a development of land and/or buildings, including subdivisions, incorporating Developer Works.

**Development Agreement** means the deed entered into by the parties (Western Water and a Developer) in relation to a Development.

**Development Works** means the works to be designed and constructed under the Development Agreement for the supply of water, recycled water (where applicable) and sewerage assets and infrastructure to service a Development, and includes any works undertaken in response to a notice issued by Western Water during the Defects Liability Period.

**Estimated Reimbursement Amount** is the estimated amount that Western Water will reimburse the Developer for the delivery of a Shared Asset on Western Water's behalf, based on the initial contract amount.

**New Customer Contributions (NCCs)** are an upfront payment levied by Western Water when a customer builds or develops a property and connects to Western Water's network.

**Owner** has the same meaning as *Developer*.

**Reimbursement Amount** is the amount that Western Water will reimburse the Developer for the delivery of a Shared Asset on Western Water's behalf.

**Reimbursement Works** means that part of the Developer Works identified in Schedule 3 of the Development Agreement that WW will contribute to the cost of.

**Request for Conditions** means when a Developer applies for formal conditions and fees applicable for a Development using a Request for Conditions Form accompanied by the appropriate supporting documents.

**Reticulation Assets** has the meaning defined in the "Western Water Guide to New Customer Contributions".

**Shared Assets** has the meaning detailed in section 1.2 of this procedure.

**Temporary Assets** has the meaning detailed in section 1.3 of this procedure.

**Tender Documents and Schedules** refers to all documents required to send an invitation to Accredited Contractors to tender for the construction of an asset. It also includes all documents required to evaluate prospective Contractors based on their price, availability and proposed delivery terms.

**Works Warranty Period** refers to the Works Warranty Period, which extends for a duration as stipulated in the Land Development Manual from the date Western Water issues the Certificate of Completion.

**Works Warranty Bond** is a bond provided by the Developer to Western Water in accordance with the Development Agreement conditions.

**Variations** are all alterations to the scope of works in the original construction contract in the form of an addition, substitution or omission.



## References

1. Land Development Manual
2. Western Water Guide to New Customer Contributions



## Table of Contents

- 1. Introduction ..... 6
  - 1.1 When Does the Reimbursement Procedure Apply? ..... 6
  - 1.2 How are assets defined? ..... 6
  - 1.3 Temporary Assets ..... 7
  - 1.4 Financial Liabilities ..... 7
- 2. Delivery Phases ..... 7
  - 2.1 General ..... 7
  - 2.2 Process flow ..... 8
  - 2.3 Concept Design / Functional Design Phase ..... 8
  - 2.4 Design Phase..... 9
  - 2.5 Tender Phase ..... 9
    - 2.5.1 Tender Preparation..... 9
    - 2.5.2 Tender Evaluation ..... 9
  - 2.6 Construction Phase..... 10
  - 2.7 Post-Construction Phase ..... 11
- 3. Reimbursement Amount..... 11
- 4. Confidentiality ..... 12

# 1. Introduction

Western Water's Reimbursement Procedure sets out the requirements and arrangements for the delivery of Shared Assets by Developers ("Reimbursement Works") on behalf of Western Water and the process for the reimbursement of the costs to deliver the Shared Asset from Western Water to the Developer.

If the Reimbursement Procedure is applicable, specific details will be included in the Development Agreement.

Please refer to the Land Development Manual (Reference 1), available on Western Water's website, for additional information on the land development process.

## 1.1 When Does the Reimbursement Procedure Apply?

Western Water may agree to deliver certain infrastructure to a development (Shared Assets). Western Water may choose to deliver the Shared Assets itself or require the Developer to deliver them on Western Water's behalf.

A reimbursement is payable by Western Water when Western Water determines and the Developer agrees that the Developer will deliver Shared Asset/s for a development/s on Western Water's behalf. Western Water will state in the Development Agreement if the Developer is required to deliver Shared Asset/s. By signing the Development Agreement, the Developer agrees to deliver the Shared Asset/s and to comply with Western Water's Reimbursement Procedure.

Prior to the construction of any Shared Asset by the Developer, there shall be a Development Agreement between the Developer and Western Water on the location, size, length and specification of these assets. If no agreement is in place, then Western Water reserves the right of not reimbursing the costs of the Shared Asset.

Western Water's Reimbursement Procedure applies if the Development Agreement states that the Developer will deliver a Shared Asset on Western Water's behalf.

Reimbursement may be for part or all of the cost of a Shared Asset.

## 1.2 How are assets defined?

The following criteria and definitions will be used to assess whether a new asset is reimbursable:

A **Reticulation Asset** is defined as, "A water main or recycled water main that is 150mm or less in diameter and gravity sewer main that is 225mm or less in diameter, and all associated assets." Reticulation Assets are to be fully funded by the Developer and vested to the water authority.

**Shared Assets** are defined as water mains or recycled water mains (if applicable) that are greater than 150mm diameter and gravity sewerage mains that are greater than 225mm diameter, and all associated assets including:

- Water or recycled water pump stations (where the pump discharges into a water or recycled water main greater than 150mm diameter).
- Pressure reducing valves (where connected to water or recycled water mains greater than 150mm diameter).
- Water and recycled water tanks (where the outlet main is greater than 150mm diameter).

- Sewer pump stations, emergency storages and rising mains (where the gravity sewer inlet to the sewer pump station is greater than 225mm diameter).
- Sewer pressure mains where the receiving gravity sewer main is greater than 225mm diameter.

### 1.3 Temporary Assets

**Temporary Assets** are works provided in relation to services for a development which will not be used in the ultimate servicing solution. Temporary Assets are, generally, fully funded by the developer.

### 1.4 Financial Liabilities

Developers are liable for funding Reticulation Assets and Temporary Assets (generally), and for the incremental costs associated with bringing forward a Shared Asset (if a Shared Asset is required to be built earlier than planned in Western Water's capital program and as shown on the Development Servicing Plans).

Western Water is liable for the costs to deliver Shared Assets. Where a Shared Asset is delivered by a Developer, Western Water will reimburse to the Developer the reasonable and justifiable delivery costs of the Shared Asset.

Western Water will reimburse the Developer for the Shared Asset following issue of a Certificate of Completion.

## 2. Delivery Phases

### 2.1 General

Developer delivery of a Shared Asset requires that an Accredited Consultant undertake the design, tender document preparation, tendering, assistance with evaluation of tenders, contract document preparation and superintending/construction supervision for the Shared Asset.

Western Water is to have the opportunity for significant input throughout this process. Hold points will be set at:

- Design phase (Western Water to review the design against the design requirements)
- Tender preparation phase (Western Water to provide tender evaluation criteria, agree to weightings and to authorise tender documentation)
- Tender evaluation phase (Western Water Project Manager to be on the tender evaluation panel and Western Water to authorise tender acceptance).
- Certificate of Completion, including confirmation from the Consultant (Superintendent) that the Shared Asset has been constructed in accordance with the Design Documents.

The Consultant is to make a recommendation to Western Water at the appropriate hold points. All recommendations need to be forwarded with accompanying documentation. Delivery of the Shared Asset is not to proceed past these hold points without Western Water’s authorisation.

Western Water will reserve the right to reject any or all the recommendations put forward by the Consultant at each stage.

## 2.2 Process flow

The conditions described in this procedure will generally apply for the delivery of Shared Assets and the Development Agreement will set out any specific requirements.

Figure 1 summarises the process for reimbursing the costs of Shared Assets and its relationship with Reticulation Assets.

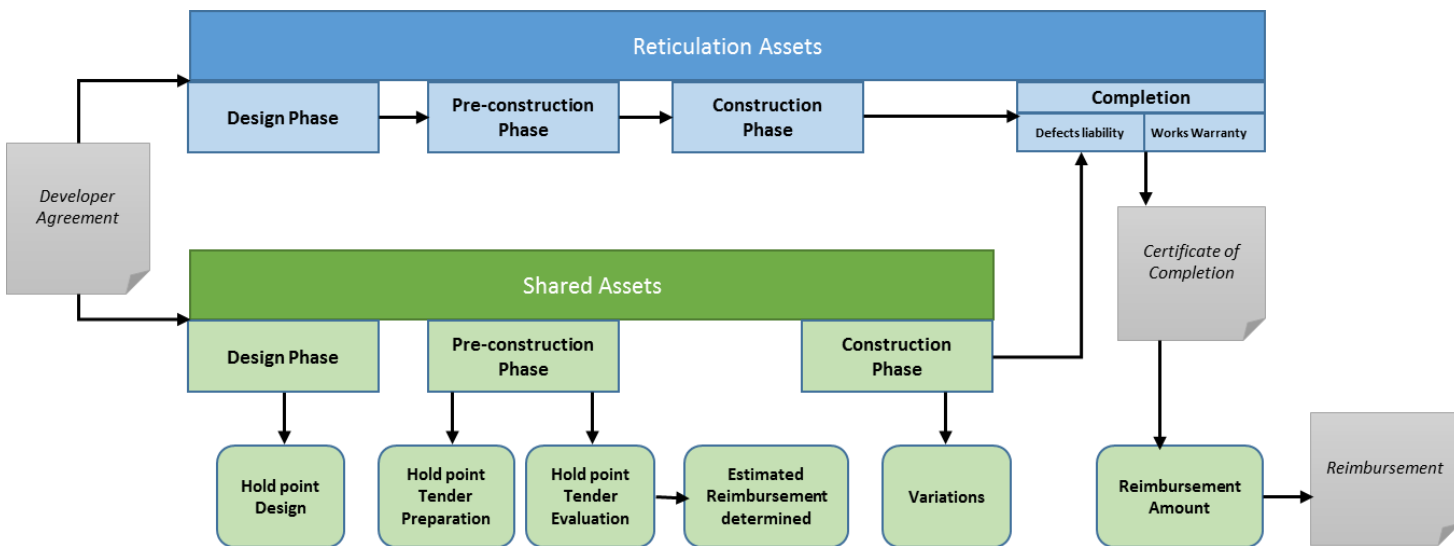


Figure 1: Reimbursement works process flow

## 2.3 Concept Design / Functional Design Phase

This phase gives the Consultant the opportunity to appraise all information and involves analysis of technical options and the preferred technical option. Western Water encourages pre-design meetings and functional design reviews for complex works such as pumping station designs. Other meetings may be organised on a needs-basis depending on the complexity of the design.

At this stage, Western Water will advise the design requirements and standards for the Shared Asset. Typically, Western Water’s design standards for Shared Assets will be in accordance with the design standards listed in the Land Development Manual. In addition to these typical design standards, Western Water may require specific design and/or delivery requirements for the Shared Asset. Western Water will advise all significant design and delivery requirements for the Shared Asset at the concept/functional design phase.



## 2.4 Design Phase

Western Water is to review and comment on the design drawings and specification. The drawings and specification are to be lodged per the requirements set out in the Land Development Manual (Reference 1), using the Design Verification Form (available on Western Water's website).

The design drawings must include existing and proposed services and clearances from the proposed water/sewer mains complying with all WSA and/or Western Water requirements.

Any amendments requested by Western Water to the drawings/documents are to be lodged with Western Water for review. Western Water will need further review of amendments and authorise the design/documents to enable the Developer to proceed with the project.

Western Water will generally require up to 10 working days for the first design review and a further 10 working days for any subsequent reviews required.

## 2.5 Tender Phase

### 2.5.1 Tender Preparation

Western Water will provide the Consultant with the tender evaluation criteria and their initial weightings. Western Water and the Consultant will together agree and finalise the weightings.

Western Water is to review and comment on the tender documents and schedules prior to advertising. The tender documents may be based on the Consultant's or Developer's standard format. The tender documents must request sufficient information from tenderers in the returnable schedules to allow evaluation of tenders against the evaluation criteria.

Tendering of works for Shared Assets must comply with Western Water's Procurement and Contract Management Procedure, which requires public open tendering above a certain threshold. Western Water will advise the developer of the tendering requirements and the details of Western Water's Procurement and Contract Management Procedure.

Tender documents will be provided to prospective tenderers electronically on Tenderlink using Western Water's tender page with a stated closing time of 2 pm. The Western Water project manager will operate the Tenderlink account and as such will arrange for tender material provided by the Consultant to be lodged onto Tenderlink. Any tender queries are to be lodged through Tenderlink. Western Water's project manager will receive and pass on any queries received to the Consultant who shall provide the specific detailed response to be uploaded by the Western Water project manager.

The electronic tenders will be received by Western Water from Tenderlink and the details of the tenderers and their tender prices logged. Tender documentation will then be forwarded to the Consultant for assessment.

### 2.5.2 Tender Evaluation

Prior to closing of tenders, a tender evaluation panel of a minimum of two people will be formed. Western Water's project manager must be a member of the tender evaluation panel. The second and any other members of the evaluation panel is likely to be from the Consultant and/or the Developer.

The Consultant is to provide the tender evaluation panel with a spreadsheet containing breakdown and comparison of all quantities, costs and variations submitted by all tenderers and a recommendation on the shortlisted tenderers for tender interview, for the tender evaluation panel's approval.

The shortlisted tenderers may be interviewed by the tender evaluation panel. The interview process needs to be structured to allow evaluation against the evaluation criteria. The Consultant is to provide the tender evaluation panel with a prepared list of questions prior to tender interviews for review/comment.

Post the tender interviews, the Consultant may provide minutes of tender meetings. The tender evaluation panel will score the tenders against the evaluation criteria and the Consultant will prepare a report detailing the evaluation process and recommending the tender for acceptance.

If Western Water's project manager supports the Consultant's recommendation, Western Water's project manager will obtain internal approval of the preferred Tenderer. The time required to authorise the recommended tenderer depends primarily on the value of the works and the associated Western Water internal processes. In general, the following timing applies:

- works valued at less than \$1,000,000 - 10 business days
- works valued at greater than \$1,000,000 - 20 business days

Upon approval, Western Water will advise the Consultant in writing and will confirm the Estimated Reimbursement Amount.

At the time the contract is awarded the Consultant shall advise all non-successful tenderers that they were unsuccessful.

## 2.6 Construction Phase

The Consultant shall supervise the construction of the Shared Asset as Superintendent for the contract with the Developer nominated as the principal for the contract, in a similar manner as defined under AS2124-1992 General Conditions of Contract. For additional information refer to "Western Water's Design and Construction Guidelines for Subdivisional Works" (Reference 3).

For works valued over \$150,000 the Consultant must complete the additional requirements:

1. The Consultant must arrange a pre-construction site meeting with the Contractor and Western Water. Items to be included are site induction, job safety analysis/safe work method statement, site specific environmental issues, traffic management plan or as applicable.
2. The Consultant is to provide the following documentation from the Contractor to Western Water for review upon request:
  - Company Policies and Objectives
  - System Management Procedures
  - Technical Procedures
  - Project Personnel including Subcontractors, Suppliers & Testing Companies
  - Checklist (Pre-Commencement, Tools Inspection, Induction/Training Procedure, etc.)
  - JSA / SWMS (site specific)
  - Site Environmental Management Plan
  - Quality Plan
  - Other related documentation.

3. The Consultant is to arrange weekly/fortnightly site meetings with the Contractor and Western Water during the entire construction/contract period.
4. Western Water is to be informed immediately of any issues regarding industrial relations, site security, contractual variations, OH&S or Corrective Action Requests issued to the Contractor. A copy of the documentation is to be provided to Western Water for review.

## 2.7 Post-Construction Phase

Post-construction the Consultant will be required to lodge a copy of the last payment certificate issued to the Contractor.

The Developer will be required to pay a Works Warranty Bond to secure the Shared Assets, which will be subject to a Warranty Period as described in Western Water's Land Development Manual.

At the end of the defects liability period, the Consultant and WW's representative will inspect the Shared Asset and confirm that there are no defects outstanding. At this point, Western Water will issue of a Certificate of Completion Western Water will issue the Reimbursement Amount to the Developer.

## 3. Reimbursement Amount

The Reimbursement Amount will be based on the reasonable and justifiable delivery costs of the Shared Asset. These costs will be based on the actual costs for the Shared Asset, including design costs, construction costs, supervision costs and project management costs. A design/project management fee of up to 8% of the construction cost may also be included in the Reimbursement Amount. For works greater than \$1,000,000, the consultant's fees are subject to agreement by the Developer and Western Water.

An Estimated Reimbursement Amount will be determined once Western Water accepts the recommendation from the Consultant on the recommended tender. The Estimated Reimbursement Amount will not include provisional sums and Western Water will need to be notified of and agree to the cost of any variations during construction of the Shared Asset for them to be considered for inclusion in the Reimbursement Amount.

Western Water must be immediately notified of any proposed variations. Variations will not form part of the Reimbursement Amount unless they are approved by Western Water in accordance with the procedure below:

1. Western Water will assess variations for approval at the time they occur (Western Water to be advised within seven days of the Consultant / Developer becoming aware of the possible variation).
2. If Western Water does not agree with the amount but does agree with the basis of the variation, Western Water may approve the variation in principle on the condition that the variation works that do occur will be closely monitored to assess time, materials etc. and a written valuation of these works will be provided on completion. Western Water will then advise the Consultant of the approved amount to be included in the Reimbursement Amount.
3. If potential variations are not notified to Western Water and agreed at the time, Western Water may not be able authorise them for inclusion in the Reimbursement Amount.

4. A standing item on the agenda for site meetings shall be variations. In the meeting, both the Consultant and Contractor will need to confirm to Western Water' Representative if there are any potential or pending variations.

The Reimbursement Amount will be determined after the issuing of the Certificate of Completion and all costs associated with the delivery of the Shared Asset are known.

## 4. Confidentiality

The Consultant and the Developer will hold in strictest confidence the confidential information of tenderers as between themselves and Western Water and will not use any confidential information for any purpose other than for tender and tender evaluation. The Consultant will be required to submit a signed conflict of interest declaration for any person/s who will have access to commercially-sensitive information for the tender prior to the invitation of tenders.

The Consultant and the Developer will not disclose, communicate, or permit the disclosure or communication of confidential information to any other tenderer or other third person in any manner whatsoever.

For the purposes of this clause 'confidential information' means all tenderer information received about in relation to the Shared Asset in any form or media, including, but not limited to, everything recording, containing, setting out or referring to any pricing or financial data but does not include:

- Information which is, at the date of the Development Agreement, or which subsequently becomes, other than because of breach of this Development Agreement, widely known in the public domain.
- Information which any of the parties to the Development Agreement is required by law or by Order of any Court to disclose.

The Consultant and the Developer will ensure that their obligations under this Clause shall apply to all of their employees, agents, Contractors and subcontractors.

The Consultant and the Developer agree to indemnify Western Water against all costs, liability, losses and claims incurred by Western Water because of a breach of their obligations under this Clause.

The obligations in this Clause shall remain in full force and effect notwithstanding that physical access to the confidential information is no longer available to the Consultant or the Developer or that either of them is no longer associated with Western Water.