



DEVELOPMENT SERVICING PLANS

FOR WATER SUPPLY AND WASTEWATER

Adopted by Council
8 March 2016

This report has been prepared by Hydrosphere Consulting on behalf of Lismore City Council.

PROJECT 16-008 – LISMORE DEVELOPMENT SERVICING PLANS					
REV	DESCRIPTION	ORIG	REVIEW	APPROVAL	DATE
0	Draft DSPs for Council review	R. Campbell	M. Howland	M. Howland	6 Nov 2015
1	Final Draft DSPs for public exhibition	R. Campbell			13 Nov 2015
2	Minor edit	R. Campbell			14 December 2015
3	Adopted by Council				8 March 2016

SUMMARY

This document provides the Development Servicing Plans (DSPs) for water supply and wastewater developer charges for the development areas served by Lismore City Council.

The DSPs have been prepared in accordance with the 2012 *Developer Charges Guidelines for Water Supply, Sewerage and Stormwater* (Consultation Draft) issued by the Minister for Primary Industries, pursuant to section 306 (3) of the *Water Management Act, 2000*.

The areas covered by these DSPs are shown on the plans in Appendix A.

The timing and expenditure for works serving the areas covered by these DSPs are shown in the DSP Background Documents.

Levels of service to be provided in the DSP areas are summarised in Section 6.

The water supply and wastewater developer charges for the area covered by these DSPs are given in Table 1.

Table 1: Developer Charges (2016\$)

Service Area	Lismore City Council Developer Charge (\$/ET)	
	Water	Wastewater
Nimbin	\$3,000	\$11,100
Dunoon	\$3,000	Not applicable
North Lismore Plateau	\$7,400	\$11,100
Tullera	\$7,400	Not applicable
South Lismore	\$1,400	\$6,500
East Lismore	\$1,400	\$11,100
Clunes	\$0	Not applicable
North Woodburn	\$0	\$3,000

Council proposes to adopt developer charges that are lower than the calculated developer charges. The resulting cross-subsidy payable by existing customers is \$8 per assessment for LCC water supply customers and \$8 per assessment for LCC wastewater customers (p.a.).

Developer charges for water supply are also levied by Rous Water for development within the Rous Water bulk supply area.

Developer charges for wastewater are also levied by Richmond Valley Council for development within North Woodburn.

Developers are responsible for the full cost of the design and construction of water supply and wastewater reticulation works within subdivisions.

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1. INTRODUCTION

Section 64 of the *Local Government Act, 1993* enables a local government authority to levy developer charges for water supply, sewerage and stormwater. This derives from a cross-reference in that Act to section 306 of the *Water Management Act, 2000*. A Development Servicing Plan (DSP) details the water supply and sewerage developer charges to be levied on development areas utilising a water utility's water supply and wastewater infrastructure.

This document provides the DSPs for water supply and wastewater developer charges for the development areas served by Lismore City Council (LCC). The DSPs have been prepared in accordance with the 2012 *Developer Charges Guidelines for Water Supply, Sewerage and Stormwater (Consultation Draft)* issued by the Minister for Primary Industries, pursuant to section 306 (3) of the *Water Management Act, 2000*.

These DSPs supersede any other requirements related to water supply and wastewater developer charges for the areas covered by these DSPs. These DSPs take precedence over any of Council's codes or policies where there are any inconsistencies relating to water supply and wastewater developer charges.

2. ADMINISTRATION

2.1 DSP Areas

The areas covered by these DSPs are shown on the maps in Appendix A.

- Water Supply DSP Areas – Lismore, North Lismore Plateau (including Tullera), Nimbin, North Woodburn, Dunoon (including The Channon and Modanville) and Clunes.
- Wastewater DSP Areas - South Lismore, East Lismore, North Lismore Plateau, Nimbin and North Woodburn.

2.2 DSP Boundaries

These DSPs apply to all land in the Lismore Local Government Area (LGA) that is within the water supply and/or wastewater service areas and are to be connected to the Lismore City Council water supply system and/or wastewater service as a result of development.

These include connection of land with existing residences and/or non-residential buildings if water or wastewater developer charges have not been paid previously.

The basis for defining the DSP area boundaries is the existing and future development serviced by the Lismore City Council water supply systems and wastewater systems. Any development outside the water supply and wastewater service areas will require a special agreement with Lismore City Council.

2.3 Application of Developer Charges

Lismore City Council will assess the demand for service in terms of equivalent tenements (ET) in accordance with the *Section 64 Determinations of Equivalent Tenements Guidelines* (NSW Water Directorate, 2009) and will levy developer charges proportional to the number of ETs. The minimum demand for each development is 1 ET. The developer charges will apply to new development and re-development (i.e. change of use).

2.4 Timing and Payment of Developer Charges

Developer charges payable in relation to proposed developments shall be stated within the conditions of consent issued with the applicable development consent.

If payment is made within three (3) months of the date of the notice, no further charges will apply for the development. If payment is not received in full within three (3) months, the charge will be recalculated in accordance with the DSP valid at that time.

A Compliance Certificate (or Linen Plan for subdivisions) will not be issued until the developer charge payment has been received.

2.5 Review

Developer charges relating to these DSPs shall be reviewed every 5 to 6 years. A shorter review period may be appropriate if a major change in circumstances occurs.

2.6 Indexation

The developer charges will be adjusted on 1 July each year on the basis of movements in the CPI for Sydney.

2.7 Exemption

Under section 306 (4) and (5) of the *Water Management Act 2000*, the Minister for Planning may make a determination in regard to developer charges levied on Crown development.

Crown developments for essential community services (education, health, community services, and law and order) are exempt from general developer charges. Water utilities may charge these developments only for that portion of the direct connection cost (e.g. for a lead-in main) relating to Crown development.

Lismore City Council may also apply other exemptions for developer charges.

3. LAND USE PLANNING

3.1 Growth Projections

Growth projections provided by LCC for the water and wastewater service areas are shown in the following table as the number of water supply and wastewater ETs. These projections are from the present year to 2045, which is Council's current planning horizon. The growth projections for each service area are given in the DSP Background Documents.

Table 2: Growth Projections

Year	Total Number of Water Supply ETs	Total Number of Wastewater ETs
1996	15,305	13,911
2000	15,526	14,109
2005	15,810	14,360
2010	16,102	14,617
2015	16,434	14,883
2020	16,956	15,398
2025	17,534	15,968
2030	18,112	16,539
2035	18,690	17,109

Year	Total Number of Water Supply ETs	Total Number of Wastewater ETs
2040	19,268	17,679
2045	19,735	18,146

3.2 Land Use Information

These DSPs should be read in conjunction with the Lismore City Council Local Environmental Plan 2012 and Development Control Plan.

4. DEVELOPER CHARGES METHODOLOGY

Developer charges are up-front charges levied to recover part of the infrastructure costs incurred in servicing new developments or additions/changes to existing developments. Developer charges serve two related functions:

- They provide a source of funding for infrastructure required for new urban development; and
- They provide signals regarding the cost of urban development and thus encourage less costly forms and areas of development.

The Developer Charges calculation is based on the net present value (NPV) approach adopted by the Independent Pricing and Regulatory Tribunal (IPART) for the metropolitan water utilities. The fundamental principle of the NPV approach is that the investment in assets for serving a development area is fully recovered from the development. The investment is recovered through up-front charges (i.e. developer charges) and the present value (PV) of that part of annual bills received from the development in excess of operation, maintenance and administration (OMA) costs.

$$\text{Developer Charge} = \text{Capital Charge (cost of providing the assets)} - \text{Reduction Amount (cost recovered through annual bills).}$$

The Capital Charge and Reduction Amount are discussed further in the following sections. The developer charges process is described fully in the 2012 *Developer Charges Guidelines for Water Supply, Sewerage and Stormwater* (Consultation Draft).

4.1 Capital Charge

The capital charges were calculated for LCC water supply and wastewater service areas based on the existing and future assets providing the services in these areas. The capital charge is calculated by dividing the present value (PV) of the cost of the assets by the PV of the number of new ETs.

The capital charge represents the efficient capital cost of assets used in providing water related services in a DSP area. This includes the cost of both existing and future assets that will be used to service the DSP area. In addition, because local water utilities provide the upfront funding for constructing these assets, the capital charge also includes a commercial return on this investment.

The capital charge is calculated for each service area. Service areas are:

- An area served by a separate wastewater treatment plant;
- An area served by a separate water supply distribution system;
- Separate small towns or villages; or
- A new development area of over 500 lots.

Where the capital charges for two or more service areas are within 30% of each other, they are agglomerated into a single DSP area.

4.2 Reduction Amount

The reduction amount represents the portion of the cost of assets that LCC expects to recover through its annual bills to the new residents.

Council has adopted the NPV of annual bills method to calculate the reduction amount. This method calculates the reduction amount as the NPV for 30 years of the future net income from annual charges (revenue from annual bills less operation, maintenance and administration costs) for the development areas.

5. INFRASTRUCTURE

5.1 Water Supply

Reticulated water is available in all urban centres within Lismore LGA. LCC is responsible for six water supply systems servicing Lismore, Dunoon (including Modanville, The Channon and Dunoon Road), Clunes, North Lismore Plateau/Tullera, North Woodburn and Nimbin.

Rous Water is the bulk water supplier to each of the towns within Lismore LGA except for Nimbin, which has its own supply from Mulgum Creek weir.

The existing water supply systems serving the areas covered by this Water Supply DSP are shown on the Plans in Appendix A.

5.2 Wastewater

Lismore City Council is responsible for the management of four wastewater systems servicing the towns of East Lismore, South Lismore, Nimbin and North Woodburn. North Lismore Plateau will be serviced by a new wastewater system.

The existing wastewater systems serving the areas covered by this Wastewater DSP are shown on the Plans in Appendix A.

5.3 Existing Assets

All existing assets servicing LCC service areas are included in the capital charge calculations except for the following:

- Assets which will be more than 30 years old at the commencement of the DSPs (i.e. commissioned pre 1986);
- Assets which are unlikely to be fully utilised over the planning horizon for calculating developer charges;
- Reticulation assets which are typically paid for directly by developers; and
- Gifted assets which were built by developers and later transferred to Council.

The existing assets servicing the area covered by the DSPs are listed in the DSP Background Documents for Water Supply and Wastewater.

5.4 Future Capital Works

The timing and expenditure for water supply capital works serving the areas covered by this DSP are shown in the DSP Background Document for Water Supply.

The timing and expenditure for wastewater capital works serving the areas covered by this DSP are shown in the DSP Background Document for Wastewater.

5.5 Reticulation Works

The developer shall be responsible for the full cost of the design and construction of water supply and sewerage reticulation works within developments/subdivisions.

6. LEVELS OF SERVICE

LCC system design and operation are based on providing the levels of service (LOS). The LOS applied to LCC's water supply and wastewater systems are the targets that LCC aims to achieve. They are not a customer contract.

Table 3: Levels of Service - Water Supply

Description	Unit	Target Level Of Service
SERVICE PROVIDED		
Extent of area serviced	% of urban area	100
AVAILABILITY OF SUPPLY		
Normal Quantity Available		
Residential peak day demand	L/tenement/day	2500
Residential annual demand	kL/tenement/year	180
Fire Fighting:		
Compliance with The Water Supply Investigation Manual	% area served	100
Pressure:		
Min. pressure	Metres head	20
Max. static pressure	Metres head	80
Consumption Restrictions in Droughts: Level of restriction applied through a repeat of the worst drought on record		
Average duration of restrictions	Months/10 year period	6
Average frequency of restrictions	No./10 year period	1
Average supply during drought	% of unrestricted supply	90
Supply Interruptions to Consumers		
Planned:		
Notice given to domestic customers	Hours	24
Maximum duration	Hours	6
Unplanned: 95%ile		

Description	Unit	Target Level Of Service
Maximum duration	Hours	12
Maximum frequency per years	Times/customer/year	2
REPOSE TIMES: Note: Times apply for 95% of occasions		
Supply failure	Hours	4
Minor Problems & General Inquiries:		
Oral inquiry	Working day	1
Written inquiry	Working days	10
Customer complaints	No. of complaints/1,000 customers/year	2
WATER QUALITY		
Compliance with 2011 ADWG	% compliance	100

Table 4: Levels of Service - Wastewater

Description	Unit	Target Level Of Service
AVAILABILITY OF SERVICE		
Extent of area serviced	% of urban areas	100
Average System Failures		
Number of system failures	Dry weather overflows/year	Nil
Response Times to Customer Complaints		
Oral complaints	Working day	1
Written complaints	Working days	10
Response to sewer chokes	Hours	4
Odour Complaints		
Number of incidents that resulting complaints	No. of incidents/year	2
Odour complaints	No. of complaints /1000 customers/year	2
Effluent		
Sewage treatment compliance with Environment Protection Licence	% compliance	100
Trade waste customers have an approval and inspected annually	% trade waste customer/year	100

7. DESIGN PARAMETERS

Investigation, design and construction of water supply components are based on:

- Council's levels of service;
- Northern Rivers Local Government Development Design and Construction Manual;

- Water Supply Investigation manual (1986); and
- WSAA water supply codes and standards.

Investigation, design and construction of wastewater components are based on:

- Council's levels of service;
- Northern Rivers Local Government Development Design and Construction Manual;
- WSAA sewerage codes and standards.

8. WATER SUPPLY DEVELOPER CHARGES

The developer charges for the water supply areas covered by this Water Supply DSP are shown in Table 5.

Table 5: Developer Charges – Water Supply (2016\$)

DSP Name	Capital Charge (\$ per ET)	Reduction Amount (\$ per ET)	Calculated Maximum Developer Charge (\$ per ET)	Adopted Developer Charge (\$ per ET)
Nimbin	\$16,877	\$2,378	\$14,230	\$3,000
Dunoon ¹	\$16,249		\$14,230	\$3,000
North Lismore Plateau/ Tullera	\$11,394		\$9,017	\$7,400
Lismore	\$3,781		\$1,403	\$1,400
Clunes	\$1,866		\$0	\$0
North Woodburn	\$1,228		\$0	\$0
Weighted Average ²				\$5,142

1. Includes Modanville, The Channon and Dunoon Road

2. Calculated from the predicted growth in each service area

Capital charge and reduction amount calculations for each service area are shown in the Water Supply DSP Background Document.

In setting the developer charges, LCC may consider financial, social and environmental factors to determine a level of developer charges that is balanced, fair and meet Council's objectives.

Only pre-2012/13 assets can be cross-subsidised with annual bills. Costs of post-2012/13 assets should be fully recovered from future development. To assess the cross-subsidy options, the developer charges have been recalculated with written down costs of pre 2012/13 assets for some of the service areas.

Council has adopted water supply developer charges that are lower than the calculated developer charges. This means that existing residents will subsidise part of the new development. The cross-subsidy is the difference between the annual bill with the calculated maximum developer charge and the proposed lower developer charge.

The adopted water supply cross-subsidy option results in an average cross-subsidy for developers of \$977 per ET. This option requires an increase in the medium-term water supply typical residential bill (TRB) of \$8 per assessment p.a.

9. WASTEWATER DEVELOPER CHARGES

The developer charges for the wastewater areas covered by this Wastewater DSP are shown in Table 6.

Table 6: Developer Charges – Wastewater (2016\$)

DSP Name	Capital Charge (\$ per ET)	Reduction Amount (\$ per ET)	Calculated Maximum Developer Charge (\$ per ET)	Adopted Developer Charge (\$ per ET)
Nimbin	\$27,236	\$3,499	\$23,737	\$11,100
North Lismore Plateau	\$16,070		\$12,277	\$11,100
East Lismore	\$15,423			\$11,100
South Lismore	\$10,051		\$6,552	\$6,500
North Woodburn	\$6,645		\$3,146	\$3,000
Weighted Average ¹			\$11,586	\$10,448

1. Calculated from the predicted growth in each service area

Capital charge and reduction amount calculations for each service area are shown in the Wastewater DSP Background Document.

In setting the developer charges, LCC may consider financial, social and environmental factors to determine a level of developer charges that is balanced, fair and meet Council's objectives.

Only pre-2012/13 assets can be cross-subsidised with annual bills. Costs of post-2012/13 assets should be fully recovered from future development. To assess the cross-subsidy options, the developer charges have been recalculated with written down costs of pre 2012/13 assets for some of the service areas.

Council has adopted wastewater developer charges that are lower than the calculated developer charges. This means that existing residents will subsidise part of the new development. The cross-subsidy is the difference between the annual bill with the calculated maximum developer charge and the proposed lower developer charge.

The adopted wastewater cross-subsidy results in an average cross-subsidy for developers of \$1,138 per ET. This option requires an increase in the medium-term wastewater TRB of \$8 per assessment p.a.

10. OTHER DSPS AND RELATED CONTRIBUTION PLANS

The following DSPs and contribution plans may also apply to development within Lismore LGA:

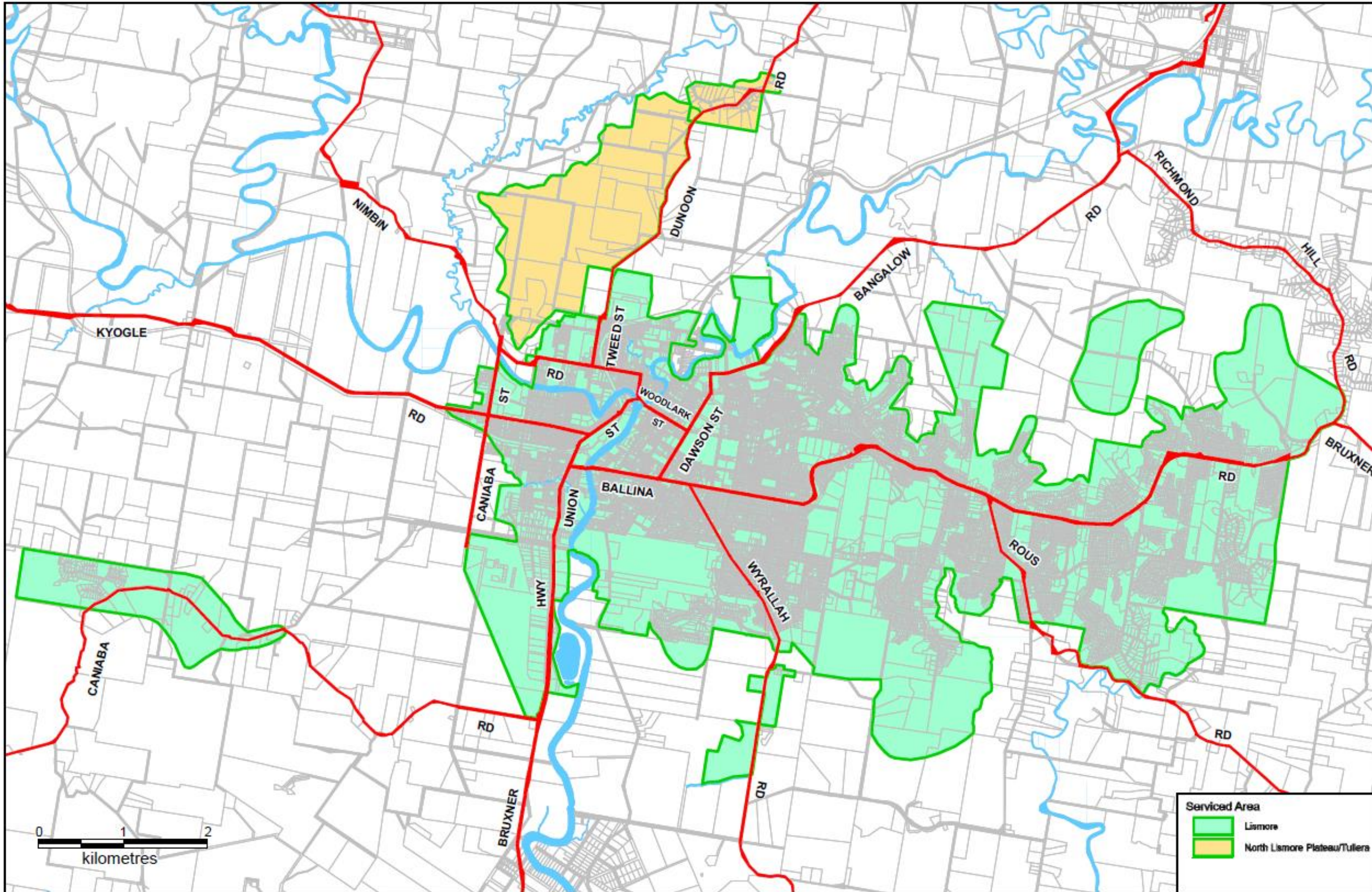
- Lismore City Council *Section 94 Contributions Plan, 2014*;
- Lismore City Council *Section 94 Contributions Plan North Lismore Plateau, 2013*;
- Lismore City Council *Policy No. 5.2.32 Contributions Discount Policy, 2014*;
- Lismore City Council *Development Servicing Plans for Water Supply and Wastewater - North Lismore Plateau Internal Infrastructure, 2016*;
- Rous Water Development Servicing Plans;
- Richmond Valley Council Development Servicing Plans.

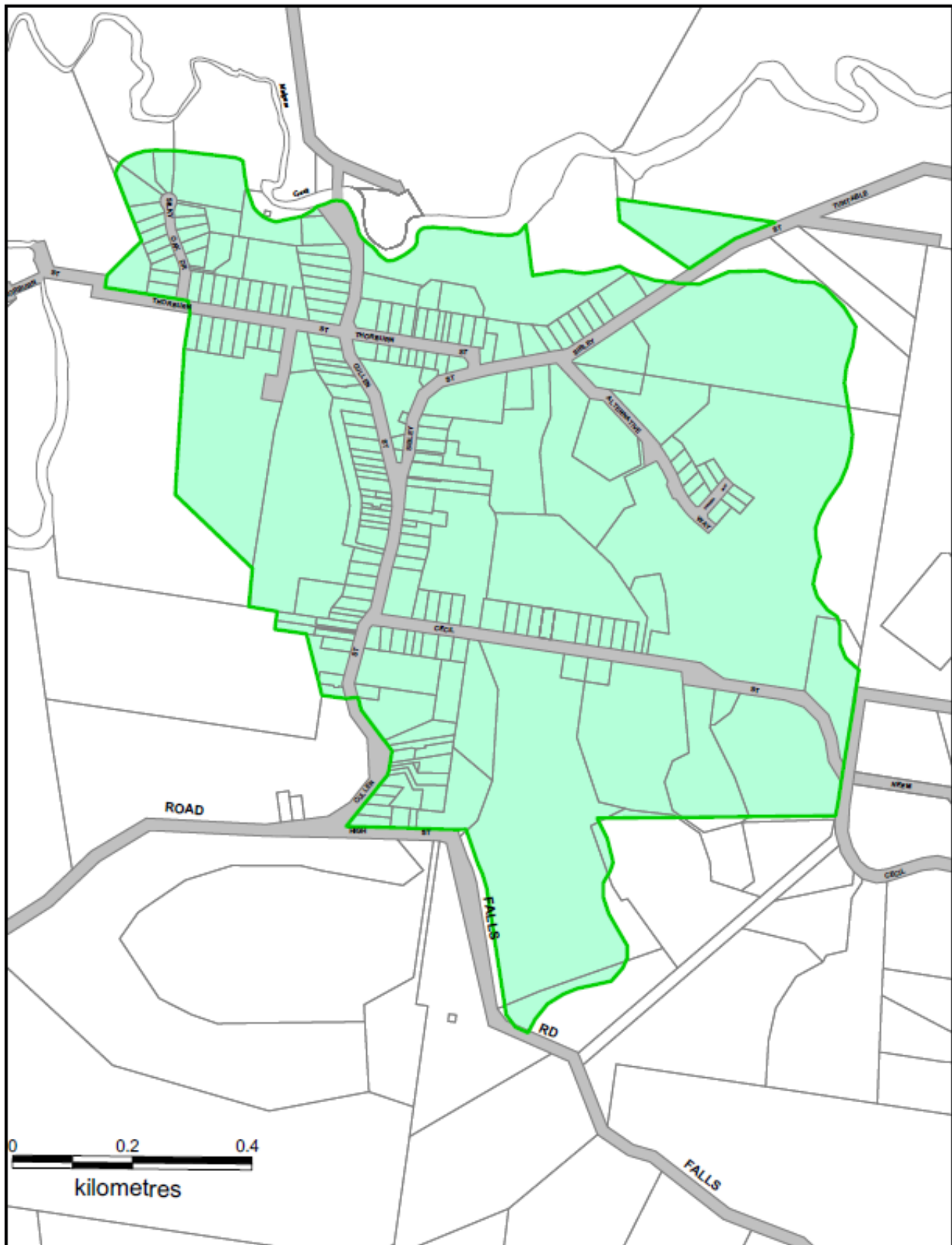
11. GLOSSARY AND ABBREVIATIONS

Annual Bill	LWUs annual water supply or sewerage bill for an annual demand of 1 ET.
Asset	An asset (or part of an asset) including land and headworks assets that directly provides, or will provide, the developer services to developments within the DSP area for which the Developer Charge is payable
Annual Demand	The total water demand over a year. Used to size headworks components.
Capital Cost	The Present Value (MEERA basis) of all expenditure on assets used to service the development.
Capital Charge	Capital cost of assets per ET adjusted for commercial return on investment (ROI).
CPI	Consumer price index.
Developer Charge	Charge levied on developers to recover part of the capital cost incurred in providing infrastructure to new development.
Development Area	See DSP area.
Discount Rate	The rate used to calculate the present value of money arising in the future.
DSP	Development Servicing Plan
DSP area	That part of a water utility's area covered by a particular Development Servicing Plan. Also referred to as a Development Area.
ET	Equivalent tenement. The annual demand a detached residential dwelling will place on the infrastructure in terms of the water consumption or sewage discharge.
Headworks	Significant assets at the top end of the water systems or the bottom end of the wastewater and stormwater system. For example water headworks may comprise a system of storage reservoirs, water treatment works and major supply conduits.
IPART	The NSW Independent Pricing and Regulatory Tribunal
Kilolitre (kL)	1,000 litres
LCC	Lismore City Council
LGA	Local Government Area
LWU	Local Water Utility
MEERA	Modern Engineering Equivalent Replacement Asset. An asset value calculated on the basis that the asset is constructed at the time of valuation in accordance with modern engineering practice and the most economically viable technologies, which provides similar utility functions to the existing asset in service.
ML	Megalitre (1,000,000 litres, or 1,000 kilolitres)
NOW	NSW Office of Water
NPV	Net present value means the difference between the Present Value of a revenue

	stream and the Present Value of a cost stream.
OMA	Operation, maintenance and administration (cost).
Operating cost	In relation to a DSP is the operation, maintenance and administration cost (excluding depreciation and interest) of a LWU in providing Customer services to a DSP area.
Peak Day Demand	The maximum demand in any one day of the year. Used to size water treatment works, service reservoirs, trunk mains and pumping stations in the distribution system
PV	Present value. The current value of future money or ETs.
Reduction Amount	The amount by which the capital charge is reduced to arrive at the developer charge. This amount reflects the capital contribution that will be paid by the occupier of a development as part of future annual bills
ROI	Return on investment. Represents the income that is, or could be, generated by investing money
Service Area	An area serviced by a separate water supply system, an area served by a separate STW, a separate small town or village, or a new development of over 500 ETs.
TRB	Typical residential bill, which is the principal indicator of the overall cost of a water supply or sewerage system and is the bill paid by a residential customer using the utility's average annual residential water supplied per connected property

APPENDIX A: PLANS





Development Servicing Plan for Water Supply - Nimbin Serviced Area



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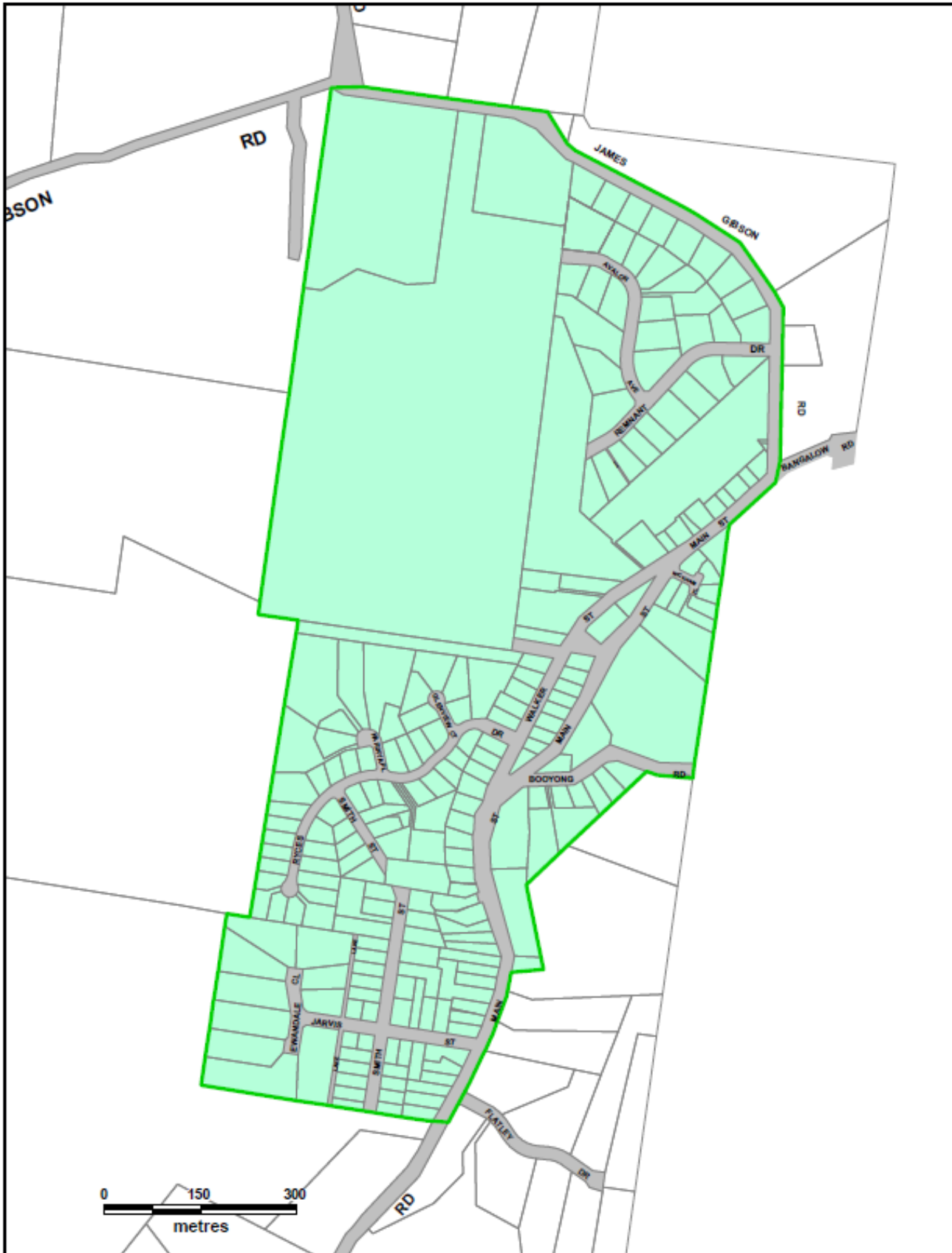
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Development Servicing Plan for Water Supply - Clunes Serviced Area



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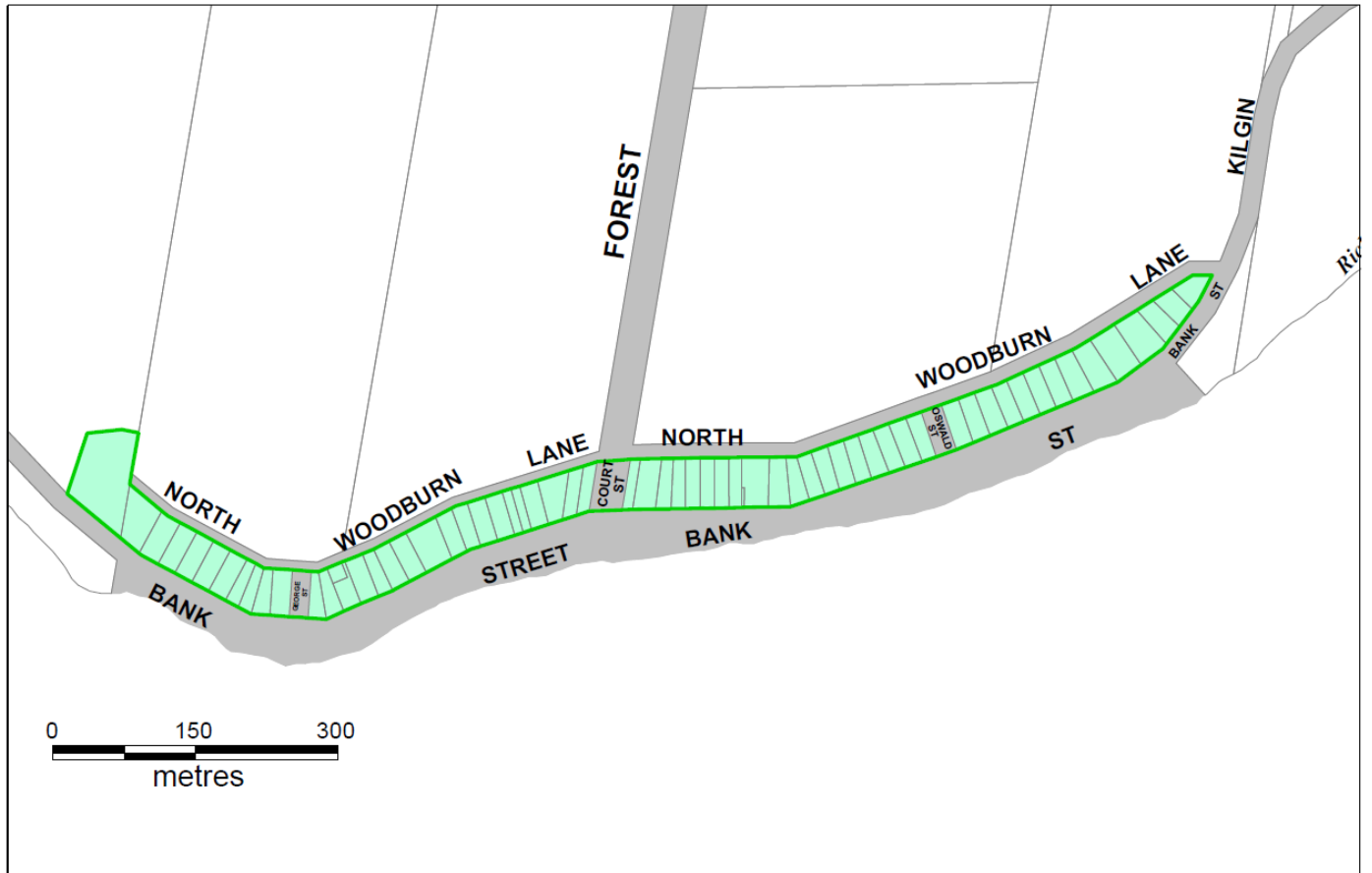
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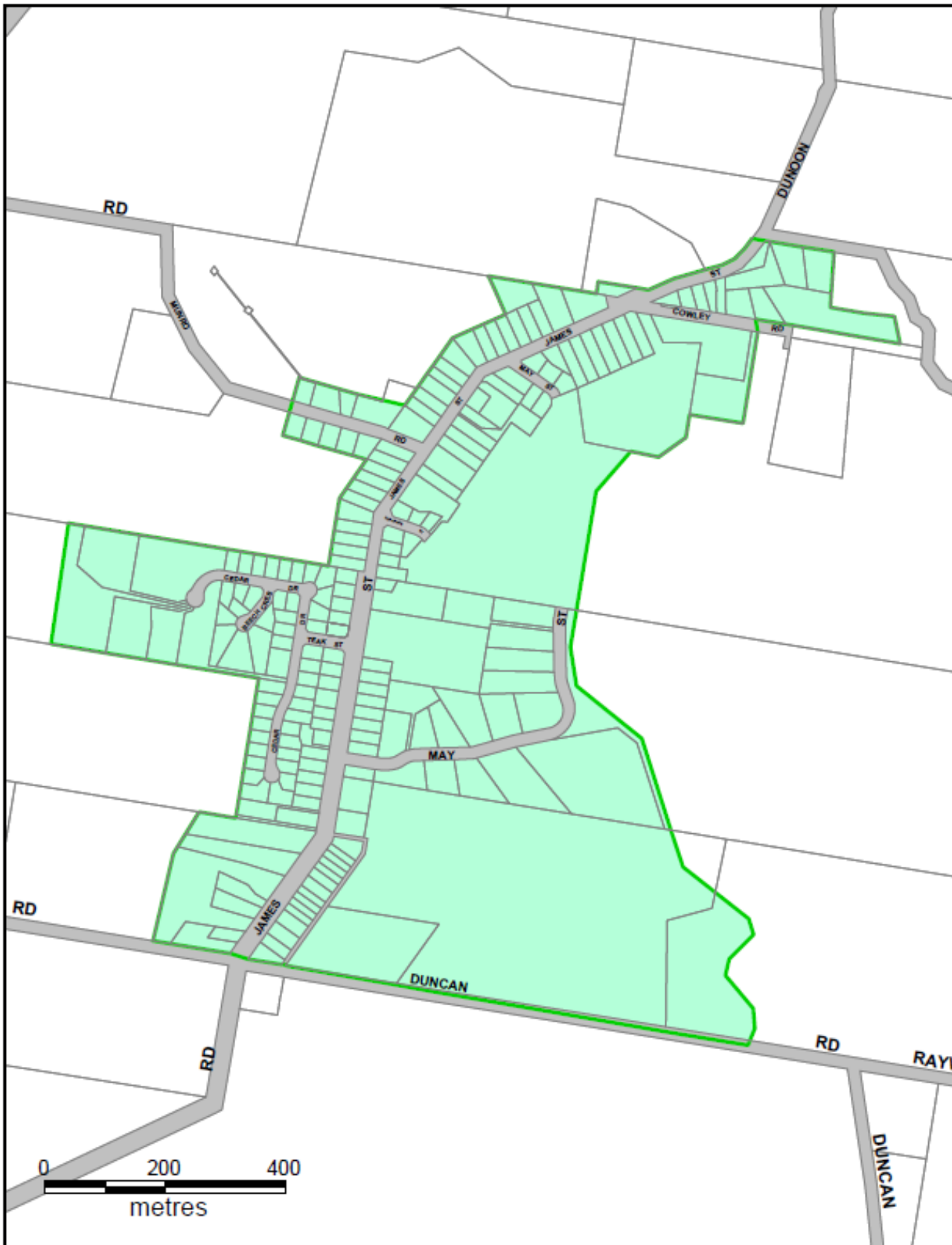
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Development Servicing Plan for Water Supply - Dunoon Serviced Area



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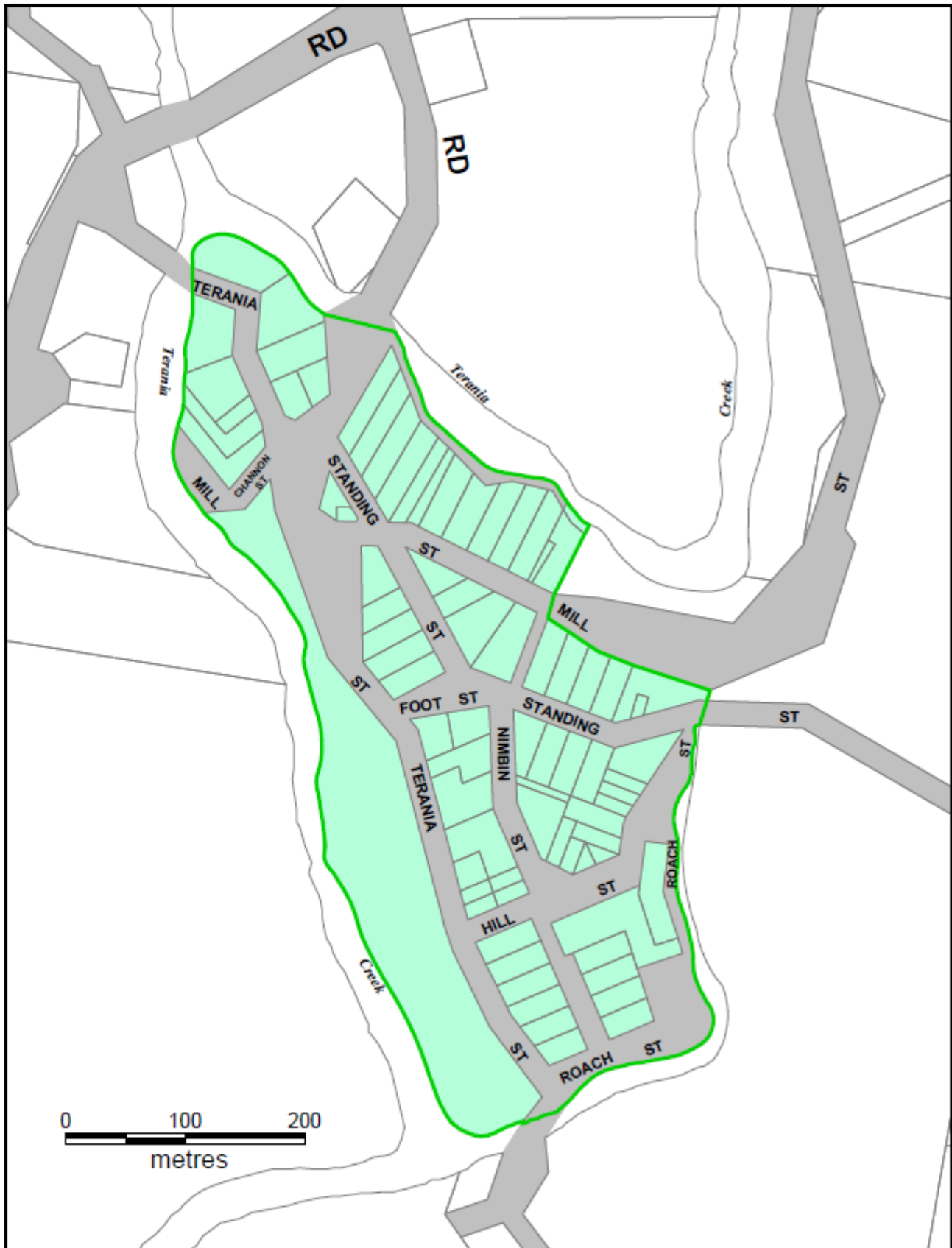
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Development Servicing Plan for Water Supply - The Channon Serviced Area



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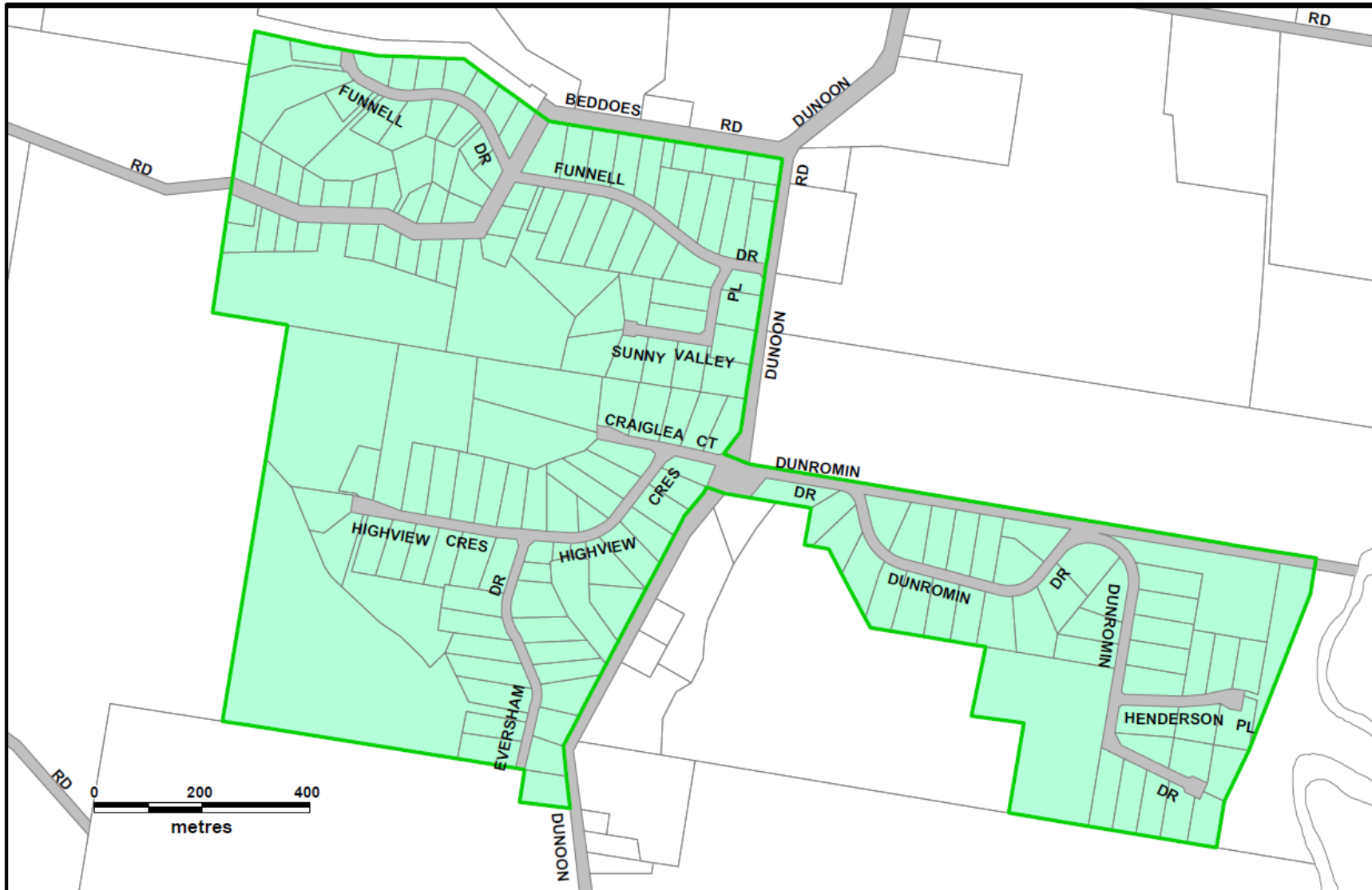
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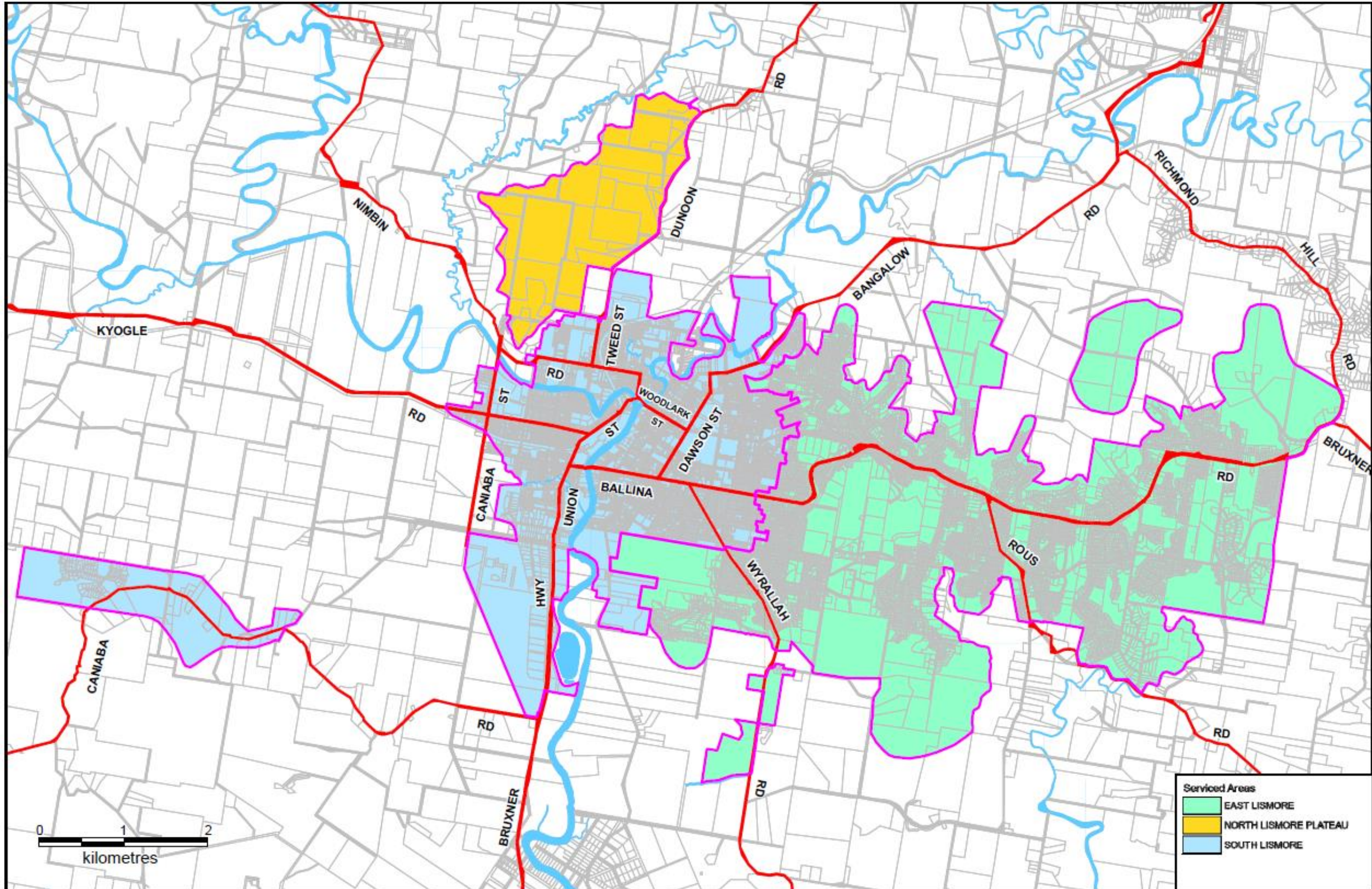


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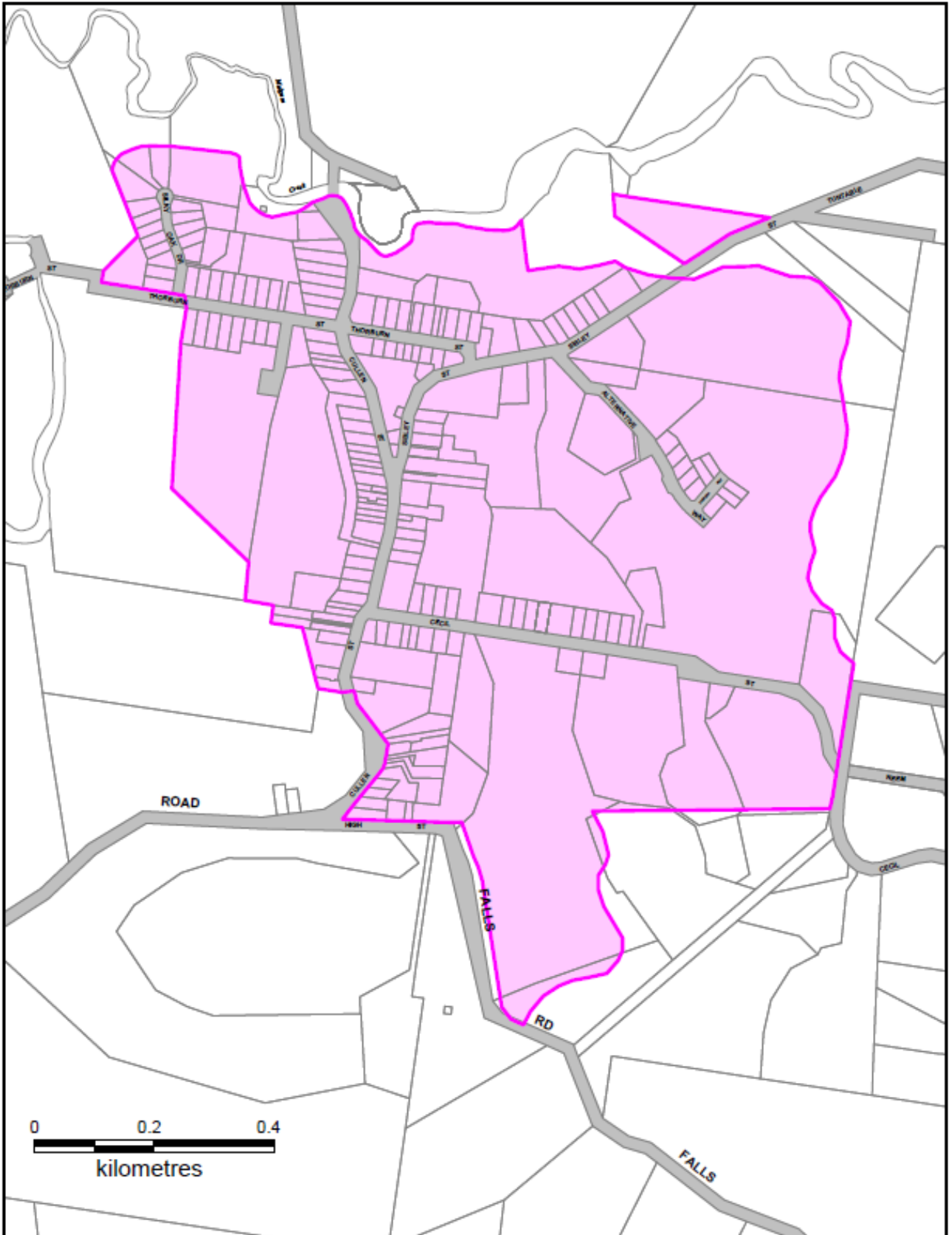




Serviced Areas

- EAST LISMORE
- NORTH LISMORE PLATEAU
- SOUTH LISMORE





Development Servicing Plan for Wastewater - Nimbin Serviced Area



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