

# Ipswich City Infrastructure Project

Ipswich Water 5-Year Capital Investment Program



Industry Briefing – 30 June 2008  
Ipswich Civic Hall



LEAD SUSTAIN GROW

# Purpose and Agenda

## Purpose

- Promote Ipswich City Council's new approach to Strategic Procurement
- Profile ICC's water infrastructure 5-year investment requirements

## Agenda

- |                                    |                 |            |
|------------------------------------|-----------------|------------|
| - Introductions                    | Barry Jeppesen  |            |
| - Welcome                          | Cr Trevor Nardi | 10 minutes |
| - ICC Strategic Procurement        | Wayne Bichel    | 15 minutes |
| - IW & Industry Overview           | Barry Jeppesen  | 10 minutes |
| - Profile of upcoming Work Program | Sandy Veeren    | 10 minutes |
| - ICIP Procurement Model           | Greg Wright     | 20 minutes |
| - Invitation to Tender Process     | Andrew Bannink  | 15 minutes |
| - Questions                        |                 | 30 minutes |
| <br>                               |                 |            |
| - LIMIT                            | 2 hours         |            |

# Welcome

## **Councillor Trevor Nardi** **Chairperson of City Works Committee**

Responsible for:

- Water Business Unit including Infrastructure
- Roads & Drainage Infrastructure
- Waste Services



## **Ipswich 2020**

- Vision for the City
- Importance of infrastructure to the vision
- Partnerships with the private sector are enablers

# Population Forecasts for South East Queensland

**IPSWICH IS AT THE HEART OF GROWTH IN THE WESTERN CORRIDOR AND SOUTH EAST QUEENSLAND OVER THE NEXT 20 YEARS**

Local Government	2006	2026
<b>Ipswich</b>	<b>143,000</b>	<b>345,000</b>
Western Corridor (Ipswich, Scenic Rim, Somerset & Lockyer)	228,000	455,000
Sunshine Coast	290,000	474,000
Brisbane	984,000	1,164,000
Gold Coast	455,000	697,000
Moreton Bay	338,000	486,000
Logan City	254,000	382,000
Redland	133,000	183,000
<b>Total SEQ</b>	<b>2,682,000</b>	<b>3,841,000</b>

# 2008/09 State Budget Highlights for Ipswich

## THE STATE IS COMMITTED TO GROWTH IN THE WESTERN CORRIDOR:

Improvements to public transport facilities and major road projects feature in the State Budget's announcements for the Ipswich region.

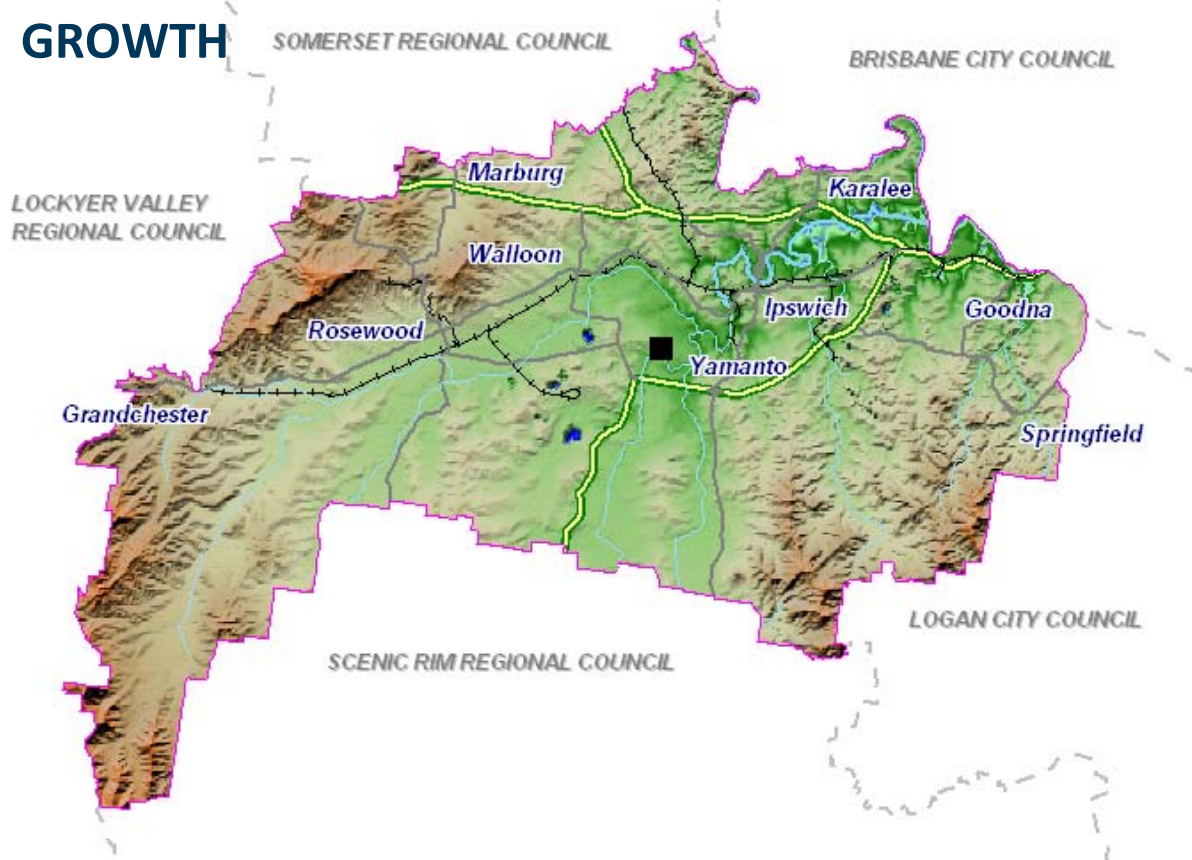
Funding announcements for the city in the 2008/09 financial year include:

- \$52.4m to continue construction of the new Ipswich Courthouse and Police Station
- \$49.7m to continue the Centenary Highway extension
- \$12m for new parking at Dinmore Railway Station
- \$4.92m to start building the Springfield Police Station
- \$4.7m towards Ipswich Central development including a new transit centre
- \$3m to develop an aerospace industry park adjacent to RAAF Base Amberley
- \$2.55m to upgrade Haigslea-Amberley Road
- \$2.12m to plan the Western Ipswich Bypass
- \$1.93m to increase electricity substation capacity at Ipswich South
- \$625,000 to develop the Queens Park Environmental Education Centre

Just the start!

# Ipswich CC 5-Year Capital Works Program

**THE IPSWICH CITY COUNCIL HAS FORECAST IN ITS 5 YEAR FORWARD PROJECTIONS \$1 BILLION OF CAPITAL INVESTMENT TO ENABLE THE GROWTH**

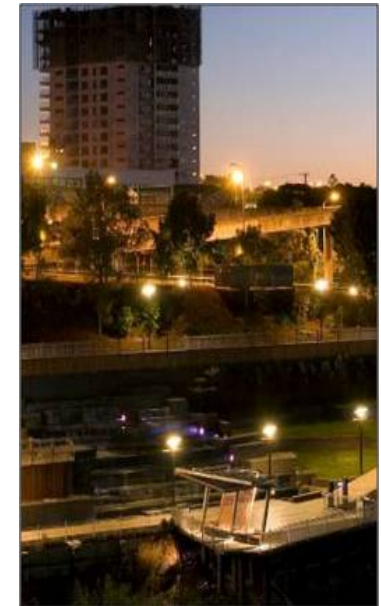


Year	ICC Budget
2008-2009	\$159M
2009-2010	\$193M
2010-2011	\$229M
2011-2012	\$200M
2012-2013	\$208M
<b>5 Year Total</b>	<b>\$989M</b>

\* Note: Forward projects are subject to adjustment through annual budget process

## Wayne Bichel – Strategic Supply Manager

- ICC is committed to Strategic Sourcing
  - \$1 Billion in Capex in next 5 years
    - Water \$350M plus (Pilot)
  - \$1 Billion in Operational spend in next 5 years
- Transactional approach which built in costs
- Change across Local Government



Our approach:

value, efficiency & performance

- **Value** – taking a Strategic approach to procurement will deliver greater value
  - **Efficiency** – optimising our procurement processes and systems
  - **Performance** – improving contract management for better performance and return
- Being proactive particularly in key and critical supply markets

## Work so far:

- New approach to Procurement / Contracts
- New ERP Platform
- Improve relationships with Key / Critical Suppliers
- Proactively engaging Council's Suppliers to improve current contracts / arrangements
- Supplier Manual

## Stage 1

- Building a Platform
  - Standardise Contract documentation
  - Standardise Terms and Conditions
  - Standardise Processes across Council and SEQ Local Government
- Commoditise and understand current and future spending patterns

## Stage 2

- Finalise initial Corporate and Departmental Procurement Plans
- Adopt Strategic Sourcing Methodology
- Local Buy / Partnerships – “Super” Councils
- Supplier Relationships
- Sustainable “Green” Supply Chain Policy

What's next:

- Procurement changes 2-3 year project
- Completion Corporate Procurement Plan
- Ipswich Water – pilot sourcing program
- Expect to hear more from ICC

# Ipswich Water & Industry Overview

**Barry Jeppesen – Chief Operating Officer Ipswich Water**

## **Ipswich Water & Industry Overview:**

- Water Industry reform
- What is different in how we are delivering infrastructure?
- Our 5-year investment needs

# How does this fit with water reform?

**IW will be part of regional distribution entity by 2010.**

## Service area

22,000 km<sup>2</sup>  
240 km x 140 km

## Regional demand for water

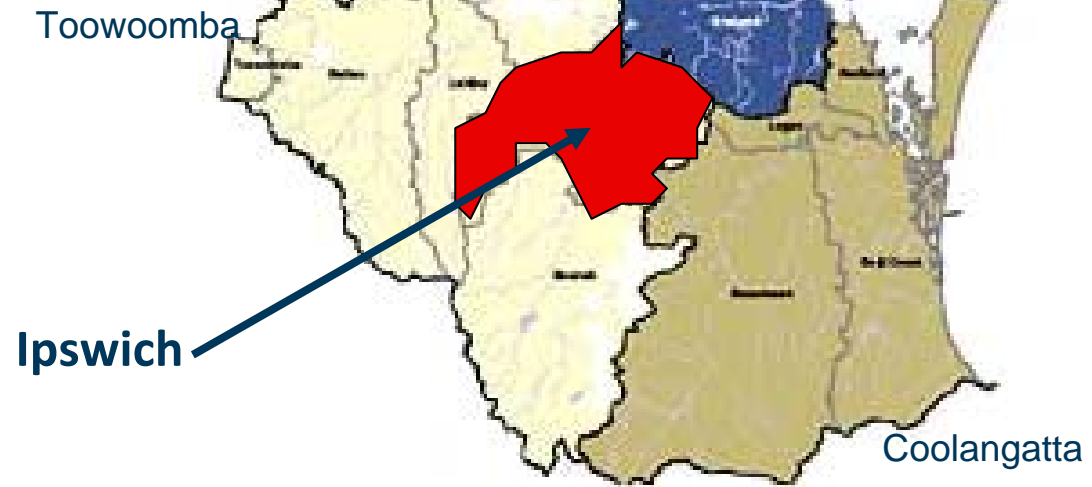
Medium term growth rate of 60,000 per annum – average 2%  
Regional demand 472,396ML/a to 690,000ML/a by 2026 (46%)  
1300ML day to 1890ML/day by 2026

## Regional customer base

2.7 million customers currently  
3.3 million customers by 2016  
3.8 million customers by 2026

## Ipswich City

Currently 6% of customers  
Doubling in population by 2026

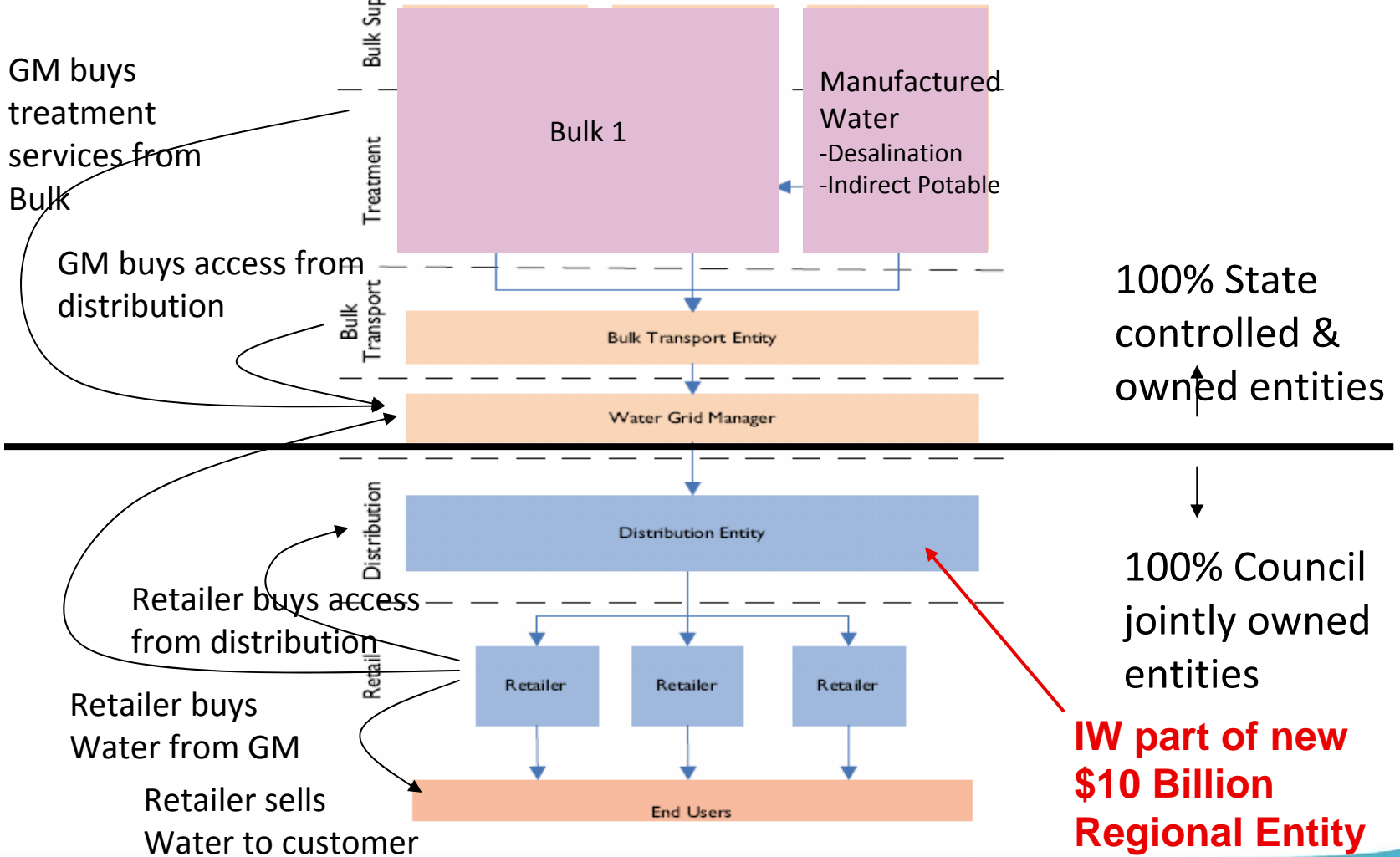


# IW equity partner in new merged regional model

## Contractual Flow

## Structure

## Ownership



# What does this mean for any contractual agreements?

## Note:

- All ICC water contractual obligations will be novated to the new entity from July 2010.
- All contracts have to be legally honoured. ICC commitments will be secure.
- Opportunity for growth & leverage where strong proven relationships are in place.

\* Note: Forward projects are subject to adjustment through annual budget process

# How we are going about business?

## We are:

- growing our partnering capability
- retaining a small in-house pipeline construction capability

## Our Core Business is:

- services planning, asset management, O&M
- client project management services
- procurement & contract management services

## We are leveraging off the private sector for:

- capital works portfolio management capability (today)
- engineering & design services
- construction services

## Working to align our needs with your commercial interests through:

- bundling for the right economies of scale & term contracts - work flow continuity
- standardisation of documentation & technical requirements - consistency & clarity
- improving risk allocation between client & vendor
- early engagement of constructors

# What we are here to day to talk about?

## The Ipswich City Infrastructure Project is:

- \$350 Million\* plus program in the first instance
- Partnerships that are performing have growth potential in this environment
- Focused on securing Ipswich City's water infrastructure to 2026.
- About securing partners with capital works portfolio management capability  
(People, Systems, Processes)
- Not about excluding the market from supplying design & construction services

\* Note: Forward projects are subject to adjustment through annual budget process

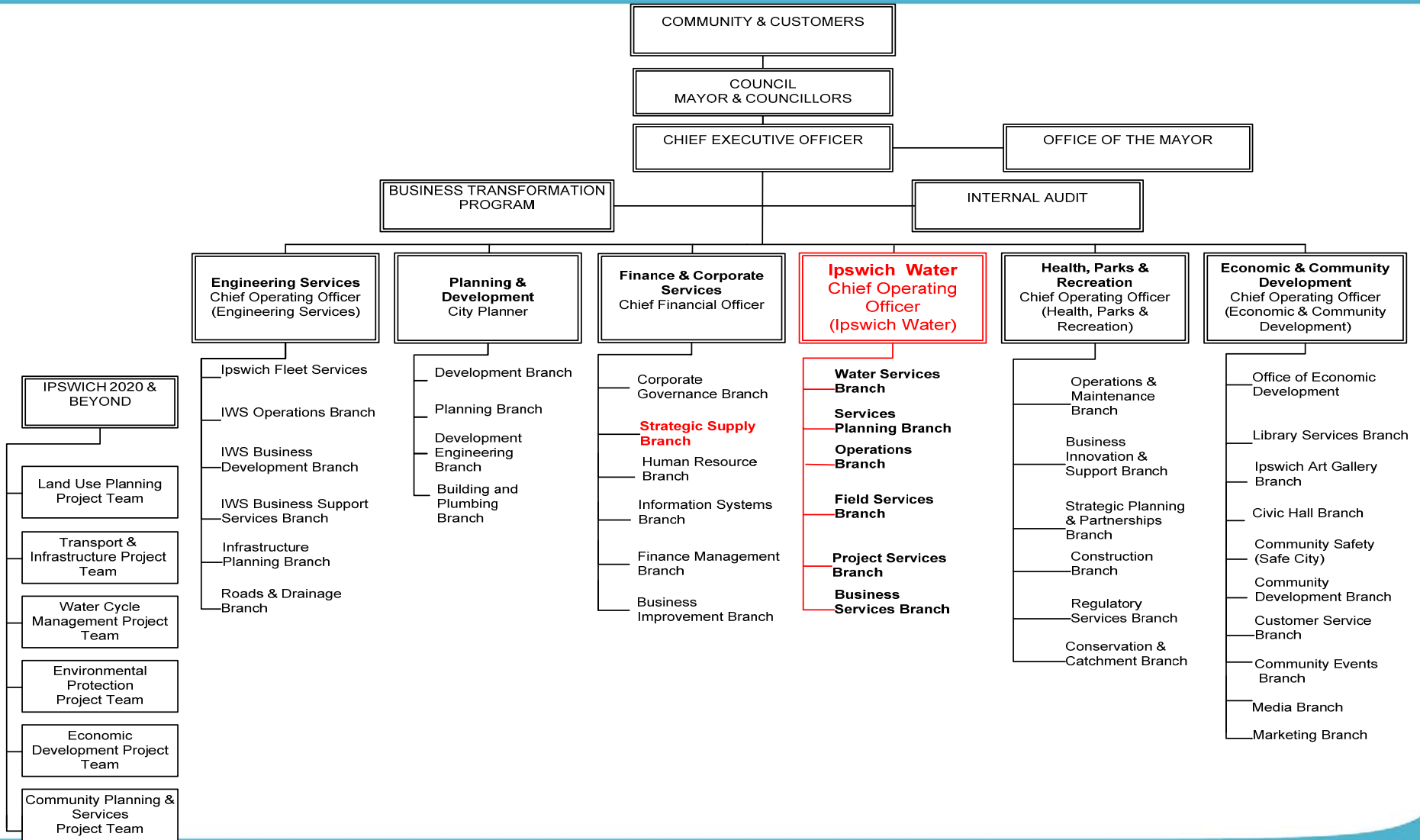
# Profile of upcoming Work Program

**Sandy Veeren – Manager Project Services - Ipswich Water**

## **Profile of Ipswich Water's upcoming work program:**

- Ipswich City Council Structure
- Ipswich Water Program Highlights
- Ipswich Water 5-year Capital Investment Program by Asset Type
- Our Procurement Strategy

# Ipswich City Council Structure



# Ipswich Water Program Highlights

\* Note: Forward projects are subject to adjustment through annual budget process

## **Control Systems & Telemetry and Recycled Water:**

- Major upgrades to the Water & Sewerage control systems
- Recycled water distribution system

## **Mains Rehabilitation Program:**

- 30km of water reticulation
- 40km of sewer reticulation
- 7km of trunk sewers

## **Major Water Supply Infrastructure:**

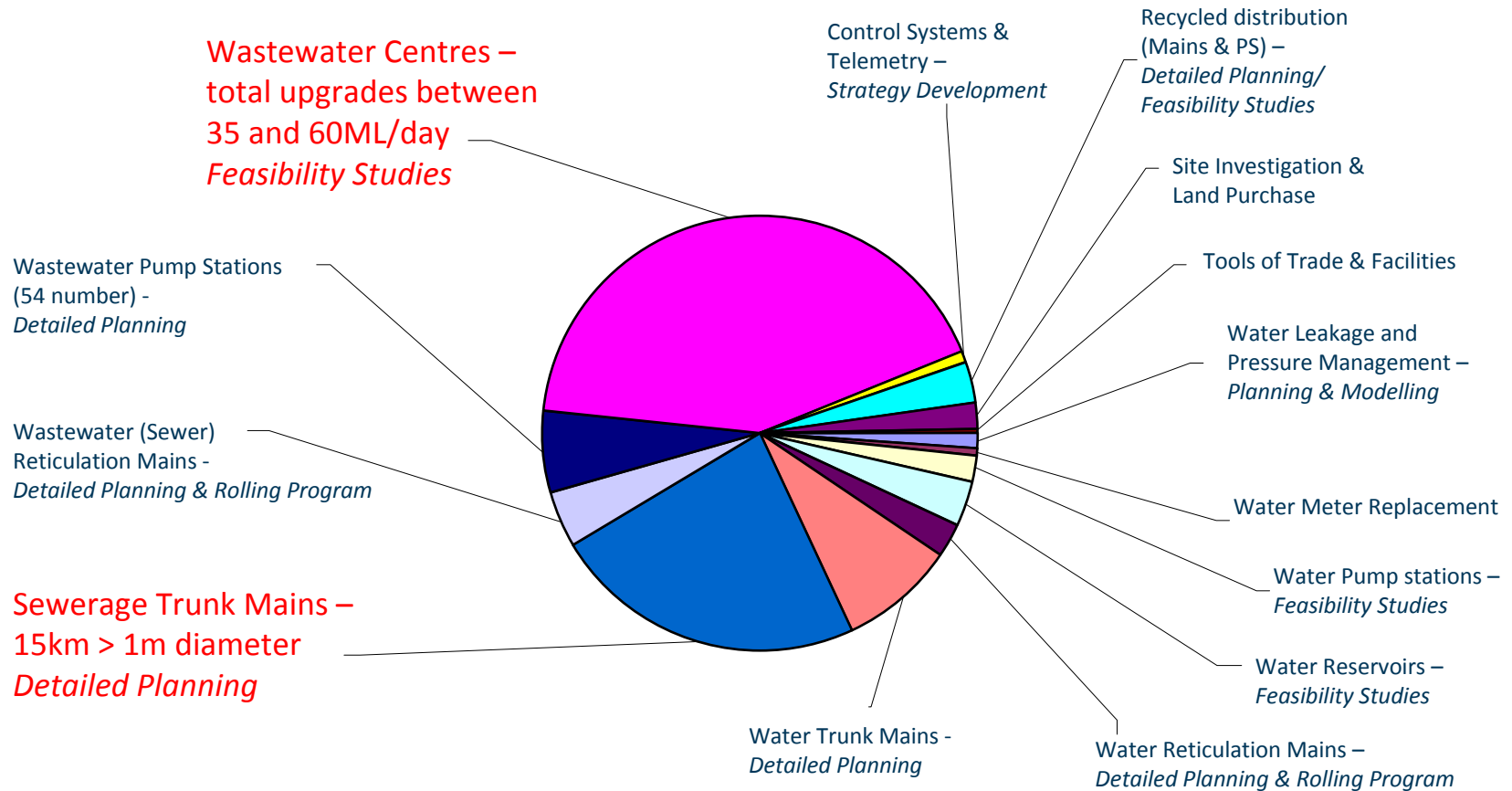
- Over 25ML of new Reservoir storages
- 3 New Water Pump Stations and augmentation to a further 3 Pump Stations
- Water trunk main to facilitate development in priority areas

## **Major Sewerage Infrastructure:**

- Augmentation of 6 Pump Stations and 1 new Pump Station
- Pump and Switchboard replacement and Overflow Storages at Pump Stations
- 15km of Trunk Sewers > 1m in diameter
- 35 to 60ML/d Wastewater Centre augmentations across 4 plants

# Ipswich Water 5-Year CIP By Assets Type

## 5 Year Water & Wastewater CIP By Asset Types (Total \$350M\* concept)

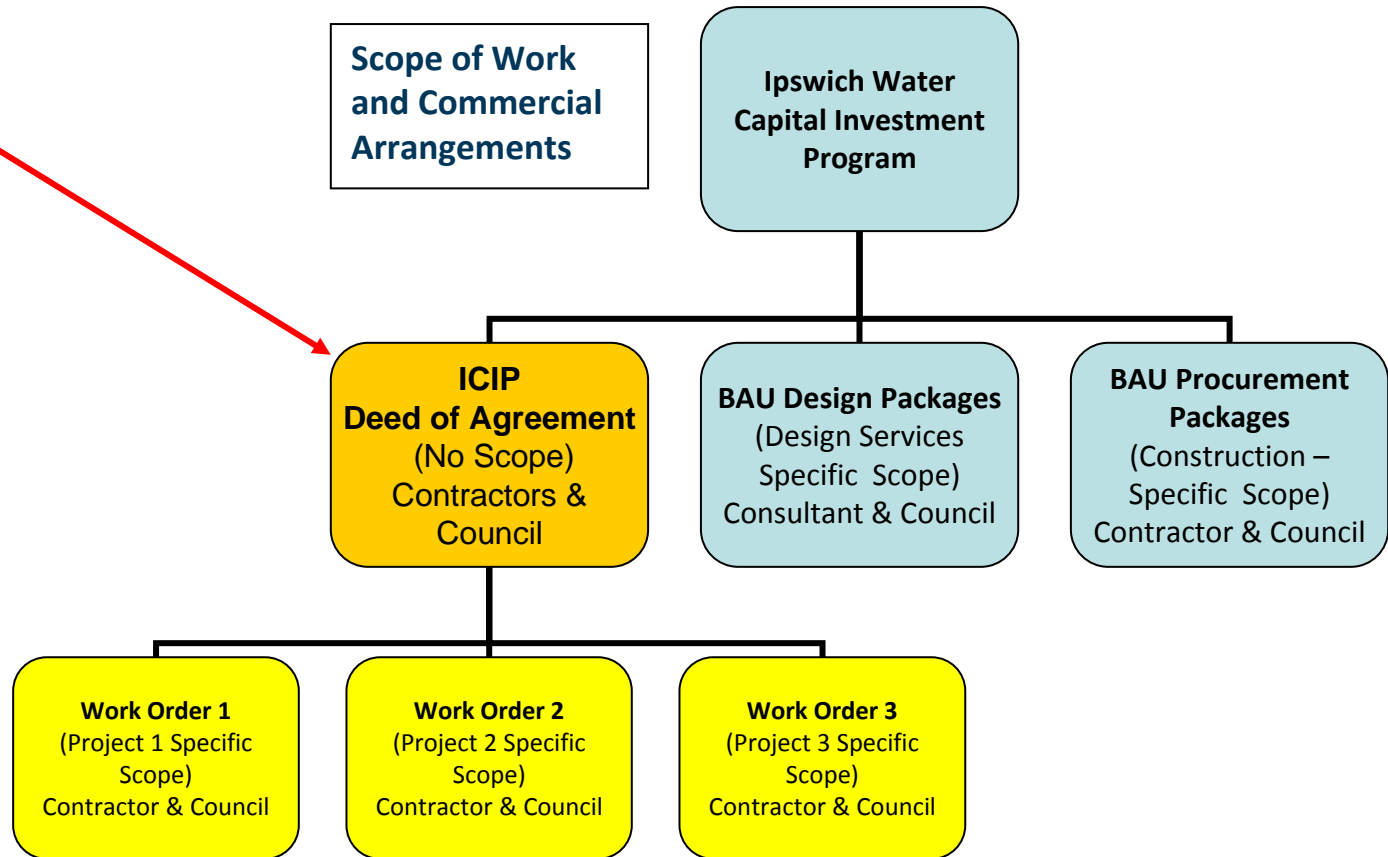


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# IW Procurement Strategy

**ICIP PARTNERSHIPS**

with capital works  
portfolio  
management  
capability



NB: Packages identified for piloting model

- Package 1 – Wastewater Centres
- Package 2 - Trunk Sewers

\* Note: Forward projects are subject to adjustment through annual budget process

# Ipswich City Infrastructure Project Model

**Greg Wright – Project Superintendent, Special Projects**

## **Ipswich City Infrastructure Project:**

- What is it?
- Governance framework

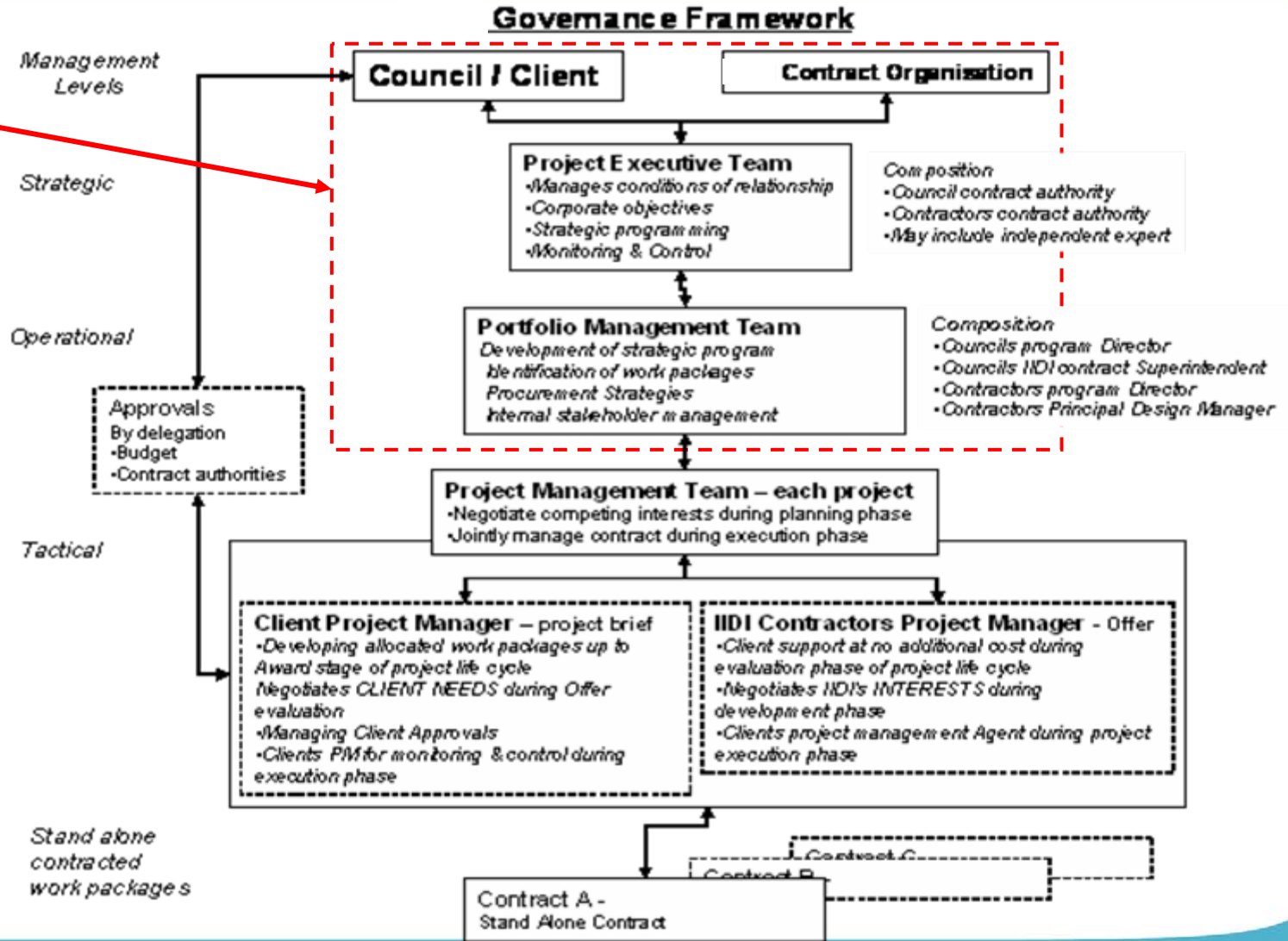
# ICIP Procurement Model

## The Ipswich City Infrastructure Project is:

- About securing partners with capital works portfolio management capability  
(People, Systems, Processes)
- The partnerships will be established on relationship contracting principles for both parties
- The term is 3 years + 1 + 1
- All project packages must be separately justified & approved by Council
- The project partners are not guaranteed the right to construct
- Not about excluding the market from supplying design & construction services
- Targeting large constructors who have these systems in place
- Not targeting consultants / designers

# ICIP Governance Framework

**ICIP PARTNERSHIPS**  
with capital works  
portfolio  
management  
capability



# Invitation to Tender Process

**Andrew Bannink – Project Director, Special Projects**

## **Invitation to tender process:**

- RFT purpose
- RFT Requirements
- RFT process
- Contract execution
- Procurement of services process

# ICIP Timetable

Date	Activity
30 June 2008	Industry briefing
21 July 2008	Tender released to market (six week tender)
2 September 2008	Tender closes and Stage 1 tender evaluation commences
6 October 2008	Workshops commence with shortlist
10 October 2008	Workshops concluded and evaluation of Stage 2 commences
24 October 2008	Contract negotiation completed, evaluation completed and recommendation finalised
31 October 2008	Recommendation for award of contract
18 November 2008	Council approval for award of contract
30 June 2009	Council approval WWC's contract award
31 January 2010	Council approval sewerage trunk main contract award

# QUESTIONS

# Primary contacts for further information:

## Strategic Sourcing Opportunities

- Wayne Bichel – ICC Strategic Supply Manager

## Partnership Model: WWC & Major Trunk Sewer Augmentations

- Andrew Bannink – Project Director, Special Projects
- Greg Wright – Project Superintendent, Special Projects

## Master Planning & Feasibility Studies

- Daniel O’Brien – Master Planning & Development Manager
- Abdus Mridha – Feasibility Planning Officer

## Pumping Station & Reservoir Augmentations

- Sandy Veeren – Manager Project Services

## Control Systems & Telemetry

- Nimish Chand – Manager Services Planning & Operations

## Water & Sewerage Reticulation Rehabilitation

- John Nel – Acting Principal Project Manager