



1. COST SHARING OF NEW SANITARY SEWER INFRASTRUCTURE: MILNES ESTATE – HALSWELL

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The purpose of this report is to describe the sanitary sewer infrastructure required to meet the anticipated residential development in the area adjacent to the Milnes Road Estate Subdivision, and to recommend a method whereby the infrastructural costs can be recovered from the developers who directly benefit.

INTRODUCTION

The Water Services Unit provides a technical advisory and subdivision processing function to the Environmental Services Unit on behalf of itself and the Waste Management Unit. It is in this dual role that the Water Services Unit has prepared this report.

SUBDIVISION CONSENT

In November 1999 a resource consent was granted to allow subdivision of an area of land within the L1A zoned shown on the attached plan. As part of the subdivision approval the developer (Brian Gillman Ltd) was required to install a reticulated system capable of serving all of the land zoned L1A to the west and south of the proposed subdivision. This required the diameter of the sewer piping to be increased. A specific condition of the resource consent was that *“Sewerage is to be discharged to a new pumping station within the subdivision. A rising main is to be installed to pump to the No 60 rising main at Milnes Road. A sewer cost sharing area is to be created by the subdivider to recover costs from developers of the adjoining properties. The cost sharing scheme is to be submitted to Neville Stewart of the Waste Management Unit for approval”*.

Until recently, Council’s policy did not assist with the establishment of new cost share areas due to legal uncertainties. However a recent legal opinion sought by the Council’s Legal Services Unit has sanctioned the use of Section 283 of the Local Government Act 1974 to establish cost sharing areas with either Council or private parties acting as banker.

Noting the change in the Council’s stance on cost share areas, the developer has requested the Council to use its powers under section 283 of the Local Government Act 1974 to establish a cost share area to allow the recovery of the additional costs incurred in the installation of a sewer pumping station and sanitary sewer reticulated works.

THE PRESENT AND FUTURE

There is at present, no reticulated sewer serving this area. Sewerage from the existing residential areas to the west of Halswell Road discharge to Sewage Pumping Station No 60 which is situated in Ensign Street. From this pumping station the sewage is pumped via a 250mm-diameter pressure main along Halswell Road, Milnes Road, and Sparks Road to the trunk sewer in Sparks Road as shown on the attached plan.

The proposed Milnes Road Estate subdivision will provide a reticulated sewer system contained in the roading network within the subdivision. This sewer will outfall to a proposed pumping station within the subdivision and then be pumped to the No 60 pressure main in Milnes Road. The subdivider has been required to provide sufficient capacity in this system to accommodate future development all of the L1A zoned land surrounding the subdivision. This has necessitated increased pipe diameter in the reticulated system and the pressure main as well as increased capacity for the pumping station.

There is sufficient capacity in the No 60 pressure main to accommodate the additional flows.

MILNES ROAD RETICULATION COSTS

The developer is seeking to recover fair and reasonable costs from the design, construction and installation of the pumping station and the extra/over cost of the associated piping. The total cost sharing sum is \$173,027. This is made up as follows:

Sanitary Sewer (Gravity)	\$14,079*	* extra over cost for increased pipe diameter within Gillman subdivision
Pumping Station	\$158,948	

The sanitary sewer costs are spread over the remaining L1A land to be developed (64.16ha) and the pumping station cost are apportioned over the total land in the cost sharing area (76.09 ha)

Based on these areas the costs calculate out as follows:

Sanitary Sewer (Gravity)	\$219.44 per ha
Pumping Station	<u>\$2,088.95 per ha</u>
	\$2,308.39 per ha

PROPOSED MILNES ROAD SANITARY SEWER COST SHARING SCHEME

The proposed area for the cost sharing scheme is shown on the attached plan. The existing developer, Brian Gillman Ltd, has funded the works and proposes to act as “banker”. If the scheme is established the Water Services Unit would set conditions at the time of subdivision or development requiring future developers to pay contributions at the rate of \$2,308.39/ha. It is proposed that Brian Gillman Ltd remain as banker for a period of 15 years from the adoption of the scheme. At that stage the Council will take over the outstanding obligations of the banker under the scheme and pay to Brian Gillman Ltd the outstanding contributions, including adjustments for inflation, in respect to the work done by Brian Gillman Ltd under the scheme. The 15 year period is considered a fair and reasonable time for Brian Gillman Ltd to act as banker and for the Council to budget for the outstanding funds owing.

The contribution amount has been based on the design and supervision costs plus the contract price to install the new pumping station and the cost of the increased pipe sizes and dividing that cost by the area available to be serviced. An adjustment will be made to the contribution in line Consumers Price Index and will be applied on the 30 June each year.

A summary report will be forwarded to the affected property owners inviting comment and advising them of the details of the proposal.

- Recommendation:**
1. That under section 283 of the Local Government Act 1974 a Milnes Road Sanitary Sewer Cost Sharing Area be established to recover the net cost of the sanitary sewer and water supply infrastructure required to service the L1A zoned land depicted on the attached plan.
 2. That the Council approve the area outlined on the attached plan as the Milnes Road Sanitary Sewer Cost Sharing Area
 3. That on receipt of future schemes of subdivision within the L1A zone, the Council levy the inflation adjusted fee. This receipted amount will be forwarded to the banker (ie Brian Gillman Ltd) less the administration fee set for each completed scheme of subdivision. This will apply for a period of 15 years from the date of approval of this scheme.

4. That on the 15th anniversary of the adoption of the cost sharing scheme, the Council takes over all of the outstanding obligations of the banker under the scheme and pays to Brian Gillman Ltd the outstanding balance owing in respect to the work done by Brian Gillman Ltd under the scheme. This balance will be calculated to include adjustments for inflation.
5. That an administration fee of \$100 per subdivision be subtracted from the contributions collected for the administrative work carried out on behalf of by Brian Gillman Ltd. Such fees are to be inflation adjusted on the same basis as that for the contributions.
6. That this report and the proposal by Brian Gillman Ltd be forwarded to the Council's solicitors for their examination and subsequent notification.