

2. CONTRIBUTIONS FROM DEVELOPMENT FOR WATER AND WASTEWATER INFRASTRUCTURE

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The purpose of this report is to obtain the Council's approval for:

1. The establishment of a Cost Share Area, to be known as the 'Wastewater Reticulation Capacity Upgrade Cost Share Area', to recover the growth-related costs of upgrading of the trunk sewer system, and
2. Amendments to current Cost Share Areas for Water Supply Capacity Upgrading and the Wastewater Treatment Plant Capacity Upgrade.

BACKGROUND

1. Policy

The requirement for contributions is consistent with policy 10.4.26 of volume 2 of the City Plan, *"To require that subdividers and/or developers meet the cost of any upgrading of services (including headworks) which are attributable to the impacts of the subdivision"*.

2. Statutory Requirements and Legal Comment

The legal authority to require these contributions has come from the Transitional Provisions of the Resource Management Act (S407) until (or unless) there are operative rules in the City Plan. During the interim period, these provisions allowed the application of S283 of the Local Government Act 1974.

The new Local Government Act 2002 was passed in December 2002. To comply with the new Act a Financial Contributions Policy is being prepared with a view to having it adopted by 1 July 2003, in line with work done to date (and coordinated by the Policy Directorate). New initiatives (including capital contributions) can be made before 1 July 2003, provided appropriate community consultation is carried out.

The Legal Services Manager is in agreement with the content of the report in principle, however, in view of the transition to the new legislation, further legal input and investigation will be required during the consultation process.

3. Cost Share Areas

The Christchurch City Council has established a number of Cost Share Areas in order to recover the cost of infrastructure for growth from development. Although Cost Share Areas are not specifically discussed in the legislation, they provide a formal mechanism, which allows the costs to be shared equitably amongst developers in a transparent manner. They must cover a defined area of benefit, which could involve just a few properties, or be on a large scale involving most of the City.

The City Water and Waste Unit currently requires contributions from two large scale Cost Share Areas:

1. Water supply Headworks Capacity Upgrade.
2. Wastewater Treatment Plant Capacity Upgrade.

A third large scale Cost Share Area, to be called the Wastewater Reticulation Capacity Upgrade Cost Share area, is proposed to recover growth related costs of upgrading the trunk sewer system. The Sustainable Transport and Utilities Committee at a workshop on Wastewater Collection System Upgrading supported the creation of this cost share area in August 2002.

CAPACITY UPGRADE COST SHARE AREA REVIEW

The Capacity Upgrade Cost Share Areas and proposed fees are summarised below.

Cost Share Area Name	Infrastructure funded by the Fee	Amount of capital recovery	Time frame for recovery	100% Fee (incl. GST)	
				2002/03 Actual	2003/04 Proposed ¹
Water Supply Headworks Capacity Upgrade	New Wells, related pumping capacity and new trunk mains	\$630,000 pa (currently)	ongoing	\$562.50 per lot or additional units	\$562.50 per lot or additional units
Wastewater Treatment Plant Capacity Upgrade	Upgrade of Central Wastewater Treatment Plant, 1999 to 2003	\$23 million (\$730,000 pa currently)	40 years	\$607.50 per lot or unit	\$630 per lot or additional unit
Wastewater Reticulation Capacity Upgrade (New fee)	New pumping and trunk sewer capacity west of CWTP	\$12.6 million (\$400,000 pa estimate)	40 years	n/a	\$477.00 per lot or additional unit

¹ Fee modified by factor shown on attachment 1 as appropriate.

In addition, a water supply connection fee is charged at the time of the connection application to recover the cost of connection (meter box and contents) only.

Income from the above fees, including the Wastewater Reticulation Capacity Upgrade, has been included in the draft 2003/04 Annual Plan.

The above fees apply to the most common situation of a new lot, or additional dwelling unit on a lot that already has an existing serviced unit or units. The rules outlined in Attachment 1 are proposed to:

- Cover uncommon situations,
- Clearly define the area to which each Cost Share Area applies,
- Reflect the lower water demand for small lots, and
- Achieve consistency across the three Cost Share Areas.

It is proposed that as from 2004/05, an inflation adjustment equivalent to the CPI be applied annually to each of the fees. Some form of inflation adjustment is particularly necessary for the Wastewater Areas as the initial investment will take about 40 years to recover.

SELWYN DISTRICT COUNCIL

The Christchurch City Council and Selwyn District Council have a Sewage and Trade Waste Disposal Agreement whereby sewage from Prebbleton, Springston, Tai Tapu and Lincoln discharge into the City's trunk sewer system. It is appropriate that this agreement be amended so that Selwyn District Council collects the upgrading fee on behalf of the City Council in the same way that Treatment Plant Capacity Upgrading Fees are collected (in accordance with amendments to the agreement made in June 1999). It is proposed that this issue be raised with Selwyn District Council with a view to amending the agreement to include the Wastewater Reticulation Upgrading Contribution.

CONSULTATION AND 2003/04 ANNUAL PLAN PROCESS

To comply with the new Local Government Act 2002, consultation "*to the extent the local authority considers reasonable*" is required. It is proposed that the 'Service Level and Programme Changes' section of the 2003/04 Annual Plan be used as the method of consultation. The procedure and proposed rules would also be consistent with the process used for the Development Contributions Policy under the Local Government Act 2002, which will proceed over the same time frame.

SUMMARY

A new capital contribution fee in addition to the Wastewater Treatment Plant Capacity Upgrading Contribution is proposed to recover the growth-related capital expenditure required to upgrade the trunk sewer system. The required fee, to be known as the Wastewater Reticulation Capacity Upgrade Cost Share Fee, is \$477 (\$424 plus GST), to be levied for each additional lot added to the system at the time of subdivision, or for the second and subsequent dwelling unit on a single title at the time of building consent.

It is also proposed that rules for existing contributions be rationalised as shown in the Attachment 1.

- Recommendation:**
1. That the Council declare a Wastewater Reticulation Capacity Upgrade Cost Share Area as shown on the map included in attachment 1.
 2. That the Wastewater Reticulation Capacity Upgrade Fee of \$477.00 (\$424 plus GST) be applied to all additional lots at the time of subdivision and the second and subsequent dwelling units at the time of building consent, in accordance with the attached information sheet (attachment 1).
 3. That changes to fees for the Water Supply Headworks and Wastewater Treatment Plant Capacity Upgrade Fee apply to consents received after 31 March 2003.
 4. That, subject to the Annual Plan Process, the new Wastewater Reticulation Capacity Upgrade Fee applies from 1 August 2003
 5. That the contributions for the Water Supply Headworks Cost Share Area and the Wastewater Treatment Plant Upgrade Cost Share Area be amended in accordance with the attached information sheet and accompanying map.
 6. That the Selwyn District Council be requested to require fees for the Wastewater Reticulation Capacity Upgrade on the Christchurch City Council's behalf in the same way they collect fees for the Wastewater Treatment Plant Capacity Upgrade Cost Share Area.