

## 6. DEVELOPMENT CONTRIBUTIONS FOR WASTEWATER CAPITAL WORKS

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### PURPOSE OF REPORT

1. On 16 December 2004 the Council approved additional funds to allow essential wastewater capital works to proceed. The Council requested that staff report back to the Council on the viability of a cost share mechanism to offset these capital costs.

### EXECUTIVE SUMMARY

2. There is scope for the Council to recover, by way of Development Contributions, some of the additional Wastewater Capital funding that was allocated in December 2004.
3. For administrative and process reasons, the recalculation of these Development Contributions will be considered and implemented after a Council-wide review of Policies on Development Contributions is completed. This review is expected to be completed in time for the findings to be included in the 2006/07 Long-Term Council Community Plan (LTCCP).

### STAFF RECOMMENDATIONS

It is recommended that the Council:

- (a) Review and amend the existing Wastewater Development Contributions schemes so as to reflect any changes forthcoming from the planned review of the Development Contribution Policies.
- (b) Once the Council's Development Contributions Policies have been reviewed and confirmed, all wastewater capital works will be scrutinised to ensure that all recoveries by way of Development Contributions are being achieved. The recoveries shall recognise increased capital costs on existing projects and new schemes as appropriate.

## BACKGROUND

4. The Council's LTCCP details the present policy on Development Contributions (LTCCP volume 3 pages 73-78). Essentially this permits, after consultation, cost share areas to be set up and levies made on additional building lots created within that area. The levies are intended to incrementally pay for the cost of providing the infrastructure capacity to service the area. This capacity is usually installed ahead of the land development. Such development contributions can only be used for the provision of additional capacity, and not for renewals, nor alternative means of providing an existing service, nor for providing a changed level of service.
5. There are a number of cost share schemes set up for wastewater projects. The two large ones are:
  - Treatment Plant Scheme to recover the increased capacity component of the upgrade of the CWTP. This applies city-wide (except non connected rural areas) to all new lots created.
  - Wastewater Collection System Upgrade Scheme to recover the capacity increase for the growth component of the Major Sewer Upgrade Programme. This is applied to approximately 70 percent of the city.
6. In respect to the individual works that the Council allocated additional funding to in December 2004:
  - (a) **Major Sewer upgrade:** The capacity component is already factored into the Wastewater Collection System Upgrade Scheme. The increased funding recently allocated, predominantly applies to works for improving levels of service (reducing frequency of overflows) thus there is little scope to adjust the contributions as a result of these extra funds being required. However, the contribution will be recalculated during the LTCCP process recognising the new project costs.
  - (b) **Belfast Pipeline:** Approximately \$2 million of the total project estimate of \$8.4 million can be contributed to provision for future growth. Much of the land for development in this area has not been firmly defined or rezoned, making establishment of a Development Contribution scheme difficult at this time. This will be analysed in more detail during the LTCCP process.
  - (c) **Islington Sewer Scheme:** A number of similar areas have been sewered in recent years and the practice has been not to recover the cost of these public works. The scheme was presented to the community on this basis. There is no recovery available on this scheme.
  - (d) **Extra Digesters at Treatment Plant:** This project provides a mix of process improvement (level of service) and capacity increase. There is scope to recover some of the additional construction costs. The most appropriate way to do this is to recalculate the present contribution scheme for the Treatment Plant to include the digester capacity component, and other possible variations, and adjust the scheme by appropriate mechanisms in the LTCCP/Annual Plan process.

### Administration of Development Contributions.

7. The setting up and administration of contribution schemes needs to be very carefully thought out. Experience is that the local area schemes can be very complex to administer with relatively small adjustments to the area involved, resulting in very complex calculations and consultation.
8. A review of Council-wide policy has commenced in respect to when development contributions schemes are appropriate and how they should be constructed. This work is expected to be reported and feed into the 2006/07 LTCCP.
9. The capacity component of the Treatment Plant digesters will be factored into the Treatment Plant Scheme and adjustment process commenced through the next appropriate Annual Plan/LTCCP. Another possible adjustment likely to be required is associated with the future capacity component of the Ocean Outfall.
10. Any changes to the current contributions for the Major Sewer Upgrade and CWTP cannot be levied on lots that have already paid these contributions.