

#### 4. HALSWELL JUNCTION ROAD SEWER AND STORMWATER COST SHARING AREA

RR 9298

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Corporate Plan Output: 9.3.20 Utilities Maintenance	

The purpose of this report is to review the Council's policy for collection of Sewer and Stormwater Cost Sharing contributions for the Halswell Junction Road cost sharing area.

#### INTRODUCTION

A subdivision application was received for the subdivision of a parcel of land on the corner of Halswell Junction Road and Shands Road within the cost sharing area. The subdivision was a boundary adjustment only which involved cutting off a fully developed lot and amalgamating the remaining vacant portion of the lot with the adjacent property. This subdivision lies within the Halswell Junction Road sewer and stormwater cost sharing area and cost sharing contributions of \$45,861.08 for stormwater and \$11,485.66 for sewer were requested as a condition of subdivision. The developer has formally objected to this condition on the grounds that while technically the proposal is a subdivision, there is no intent to create a new lot. The developer has also noted that the lot is within the compulsory area for approved discharge to ground. This requires that the roof stormwater from any building within this area be discharged to ground providing the site is not contaminated.

#### EXISTING SITUATION

The cost sharing areas were established by the former Christchurch Drainage Board in 1978 under Section 283 of the Local Government Act following the installation of trunk sewer and stormwater piping to serve the area. At that time the Board resolved that:

1. "a revised sewer contribution rate of \$1,127/ha, subject to escalation, be adopted and applied to all future subdivisions within the sanitary sewer catchment appurtenant to the Halswell Junction Road area"
2. "a revised stormwater contribution rate of \$4,500/ha, subject to escalation, be adopted and applied to all future subdivisions within the stormwater catchment appurtenant to the Halswell Junction Road area"

Both of these resolutions required that the cost sharing contributions be paid at the time of subdivision and there was no provision made for payment of the contributions at any other time.

The proposed City Plan does make reference to cost sharing schemes (Vol 3, 8.2(c)) and states:

“Where an existing cost sharing scheme has been established for the installation of a stormwater system, and provision has been made for other land to connect to that system, then when the other land is subdivided or developed by a land use to which the provisions of financial contributions (Part 9 of this plan) apply, the owner(s) of that other land shall pay to the Council a financial contribution towards the cost of the scheme in accordance with the amount of money due in the respective cost sharing area. The share of the contribution shall be in addition to the installation of that part of the system which serves only that other land.

All land owners included in a cost sharing scheme will be notified at the time the scheme is initially set up, together with their estimated shares in the cost of the system. Costs will initially be based on the Council’s estimates, until installation takes place, and thereafter shares shall be based on actual costs. Estimates will be adjusted in accordance with the construction cost index, but actual costs will be based on the Consumer Price Index adjusted annually on 30 June each financial year, beginning 30 June 1996.”

The City Plan makes allowance for the cost sharing contributions to be paid when the land is subdivided or developed by a land use. This differs from the original Drainage Board resolution.

Changes in drainage philosophy and how stormwater is handled in the 1990s have resulted in the establishment of an approved area where roof stormwater is to be discharged direct to the ground. This area has an approved resource consent from the Canterbury Regional Council and the roof water to ground method of stormwater disposal is required as part of the Upper Heathcote Floodplain Management Strategy which was adopted by the Council in July 1998.

This cost sharing area also lies within the approved area for stormwater discharge to ground. Roof stormwater within this area is required to be discharged direct to the ground via an approved soakage chamber. This results in two stormwater systems being required for each site where the roof stormwater discharges direct to the ground and the surface run-off discharges to the stormwater in the road. Subsequently the discharge from properties within this area to the reticulated system for which the cost sharing area was established is substantially less than what was originally designed for.

Approximately 50% of the stormwater contributions have been paid to date with some \$2.17M outstanding. Of this \$0.53M is unlikely to be collected as it relates to land which is used for schools or is council owned. Of the remaining \$1.64M outstanding, it is likely that the Council could eventually recoup about 70% of this money given that properties will have some existing user rights and that it is unlikely that that the area will be fully developed. Similarly there is approximately \$0.5M outstanding for sanitary sewer contributions, with about \$0.12M relating to schools or council owned land.

<b>Halswell Junction Road Stormwater Cost Sharing Area</b>	<b>% of Total Cost Sharing Area</b>	<b>% to be Written Off</b>	<b>Present Day Value</b>
Total Outstanding	50%		\$2,170,000
School, CCC land etc		100%	-\$530,000

Likely Recovery		30%	\$1150000
Site Factor (say 0.4)			\$462000

## THE PROPOSAL

It is proposed that stormwater contributions for this area are reviewed to better reflect the changed policy for stormwater disposal in this catchment. It is proposed that contributions be based on the following criteria:

[Original Cost Sharing Contribution X CPI Adjustment X Site Factor] + GST where

1. the original cost sharing contribution is the actual rate per ha set by the Drainage Board when establishing the scheme
2. the CPI adjustment is calculated using the CPI index at the time of establishment and the present CPI index
3. the site factor is calculated by comparing the area discharging to the reticulated system in the road to the total site area.

This would in effect reduce the possible return for the cost sharing area by 60% but it would truly reflect the actual situation that occurs. It should be noted that Section 283 of the Local Government Act states that the Council may require the owner to *“pay, or enter into a bond to pay, to the Council such amount that the Council considers fair and reasonable for or towards the cost of providing water or drainage pipes and connections ...”*

It is also proposed that the wording of the original Drainage Board resolution be amended to read:

1. “a revised sewer contribution rate of \$4,437.29/ha (June 1994) subject to escalation, be adopted and applied where the land is subdivided or developed by a land use within the sanitary sewer catchment appurtenant to the Halswell Junction Road area”
2. “a revised stormwater contribution rate of \$17,717.65/ha (June 1994) subject to escalation, be adopted and applied where the land is subdivided or developed by a land use within the stormwater catchment appurtenant to the Halswell Junction Road area”

This will allow for the collection of contributions either at the subdivision stage if it is the intent of the subdivision to create additional land use, or at the time of development if there is no subdivision involved.

- Recommendation:**
1. That the stormwater cost sharing contribution for the Halswell Junction Road cost Sharing Area be calculated using the following formula:  
[Cost Sharing Contribution (City Plan) X CPI Adjustment X Site Factor] + GST.
  2. That the wording of the resolution be amended to read:
    - (a) “a revised sewer contribution rate of \$4,437.29/ha (June 1994) subject to escalation, be adopted and applied where the land is subdivided or developed by a land use within the sanitary sewer catchment appurtenant to the Halswell Junction Road area”
    - (b) “a revised stormwater contribution rate of \$17,717.65/ha, (June 1994) subject to escalation, be adopted and applied where the land is subdivided or developed by a land use within the stormwater catchment appurtenant to the Halswell Junction Road area”

**Chairman’s**

**Recommendation:** That the above recommendation be adopted.