

11. **AMENDMENT TO MILNES ROAD SANITARY SEWER COST SHARE AREA: REDUCED TERM FROM 15 TO 10 YEARS**

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Corporate Plan Output: 9.3.53 Water Supply Capital Outputs, Infrastructure Asset Improvements, Liquid Waste Reticulation	

The purpose of this report is to seek an amendment to the Milnes Road Sanitary Sewer cost share area reducing the term Brian Gillman Ltd acts as banker from 15 to 10 years.

**BACKGROUND**

The Milnes Road Sanitary Sewer Cost Share area was established by the Council in June 2000 under section 283 of the Local Government Act 1974. This is a mechanism to recover costs from subsequent development of adjoining properties for infrastructure provided by an initial developer which is required to service that adjoining land.

The term for Brian Gillman Ltd to act as banker for this cost share scheme is 15 years. Over this period Mr Gillman is reimbursed by contributions from developers, due to further development proceeding within the cost share area. (Note that at the end of the scheme term, if Mr Gillman has not been fully reimbursed then the shortfall is underwritten by the Council.) Brian Gillman Limited is seeking to reduce this term to 10 years in line with other similar schemes administered by the Council.

**TERM OF COST SHARE AREA**

At the time this cost share scheme was presented to the Council the writer of the report consulted with representatives of Brian Gillman Ltd to determine the terms to the scheme. The term believed to have been agreed to was 15 years. However Brian Gillman Ltd has made representation that there is a misunderstanding regarding the 15 year term and is seeking a reduction to 10 years. Council officers have no objection to a reduction of the term to 10 years.

The reason for the establishment of cost share areas with developers acting as banker is to allow infrastructure to be provided during subdivision which will be of sufficient capacity for subsequent development, without impacting on the Council's immediate budget. A term of 10 years is sufficient for budgeting purposes, and is generally a long enough term that subsequent development has been undertaken and payment for the additional infrastructure repaid to the banker. Other recent cost share areas have operated with either 10 year terms for the developer to act as banker, or the Council has acted as banker.

**SUMMARY**

Reducing the period Brian Gillman acts as banker from 15 to 10 years will have no practical negative financial impact.

**Recommendation:** That the Milnes Road Sanitary Sewer cost share area term be reduced from 15 years to 10 years.

**Chairman's Recommendation:** That the above recommendation be adopted.