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Report To: Council
Meeting Date: February 2006
From: Policy and Planning Manager
Subject: Mangawhai EcoCare Statement of Proposal and Draft Policy on Development Contributions for Mangawhai
Date of Report: February 2006
Signed By: _____
Brendon Neal

Conclusion

At its October 2005 meeting Council resolved to confirm the direction outlined in the draft statement of proposal for the Mangawhai EcoCare Wastewater Treatment Scheme (Mangawhai EcoCare), including the development contributions proposal/policy. Council also asked staff to undertake additional work on the options put forward in the outline. The Draft Policy on Development and Financial Contributions also contains a section on roading development contributions to fund required upgrades to the road network which serves the Mangawhai area. The purpose of this report is for Council to consider the latest changes and to confirm the Mangawhai EcoCare statement of proposal and the Draft Policy on Development and Financial Contributions for release as part of the Draft Long Term Council Community Plan 2006/16.

The capital costs of the Mangawhai EcoCare project are \$35.6 M (excluding GST) but including capitalised interest and Council fees. The key changes from the October 2005 agenda item relate to the inclusion of the household connection charges and all the Council project establishment and administrative costs. This has resulted in an increase in the Uniform Targeted Rate to what was previously advised. An option has been provided in the Mangawhai EcoCare statement of proposal to spread the Uniform Targeted Rate ('availability charge') payment over 25 years to section owners who do not qualify for the Ministry of Health subsidy.

The inclusion of the household connection charges will mean that Council is responsible for the physical connection of the existing households to the reticulation network and it may also include the pump out and demolition of any existing septic tank. Whereas, previously it was proposed that this was the responsibility (including cost) of the individual householder.

The benefits of including this connection service are:

- It makes the connection to the reticulation network practically and administratively simpler for both the community and Council.
- Council is able to ensure quality and consistency in connections to households.
- Connections are able to be scheduled and therefore the loads can be controlled into the treatment plant, which is particularly important at the time of commissioning the plant.

- It will provide the 'total service' by Council that is expected to result in higher satisfaction levels.

Another key change from the outline of the Statement of Proposal presented at the October 2005 Council meeting is the application of the subsidy money provisionally approved through the Sanitary Works Subsidy Scheme by the Ministry of Health.

Council considers that the current Financial Contribution provisions in the District Plan are not capturing the cumulative impact of development (all of the smaller or staged subdivisions) on the Mangawhai roading network. These impacts are currently being covered by general rates. A key reason for a new Mangawhai Roding Development Contributions Policy is to require all developments of all sizes to contribute their fair share to the road upgrade requirements that they generate.

Recommendation

That Council adopt the Mangawhai EcoCare Statement of Proposal for release as part of the Draft Long Term Council Community Plan 2006/16 process.

That Council adopt the Draft Policy on Development and Financial Contributions for release as part of the Draft Long Term Council Community Plan 2006/16 process.

Reason for the recommendation

To ensure that the Mangawhai EcoCare project is appropriately funded and meets the requirements of the Local Government Act 2002.

Both the Mangawhai EcoCare project and Mangawhai roading will assist in achieving community outcomes for Mangawhai and the Kaipara District.

The Draft Policy on Development and Financial Contributions for Mangawhai EcoCare and Mangawhai roading is expected to result in developments contributing their fair share to the capital work requirements that they generate.

Introduction

At its October 2005 meeting Council resolved to confirm the direction outlined in the draft statement of proposal for the Mangawhai EcoCare Wastewater Treatment Scheme (Mangawhai EcoCare), including the development contributions proposal/policy. Council also asked staff to undertake additional work on the options put forward in the outline. The statement of proposal summarises the Mangawhai EcoCare project, the policy implications and the charging regime, including rating and the development contributions policy. Under the Local Government Act 2002, the Mangawhai EcoCare statement of proposal and the Draft Policy on Development and Financial Contributions are required to be included as part of the Draft Long Term Council Community Plan (LTCCP) process. These are included in Council's business papers.

In addition, the Draft Policy on Development and Financial Contributions also contains a section on roading development contributions to fund required upgrades to the road network which serves the Mangawhai area.

Council has identified that anticipated increases in traffic flows from land subdivision and development will drive the need to upgrade the capacity of the arterial and collector road network servicing Mangawhai. A '25-Year Plan' has been prepared, which sets out the works (including cost) that will be required as a result of growth, over the next 25 years. A meeting was held on 7 February with developers and consultants who operate in the Mangawhai area to explain the draft proposal.

Both the Mangawhai EcoCare statement of proposal and the Draft Policy on Development and Financial Contributions have been legally and peer reviewed.

Purpose of Report

A number of Council workshops have been held on the Mangawhai EcoCare project and development contributions for the Mangawhai area. The purpose of this report is for Council to consider the latest changes and to confirm the Mangawhai EcoCare statement of proposal and the Draft Policy on Development and Financial Contributions for release as part of the Draft Long Term Council Community Plan 2006/16. The Draft Development Contributions Policy essentially relates to the Mangawhai EcoCare project and the arterial and collector road network servicing the Mangawhai area.

Mangawhai EcoCare – Changes

The capital costs of the Mangawhai EcoCare project are \$35.6 M (excluding GST) but including capitalised interest and Council fees. The key changes from the October 2005 agenda item relate to the inclusion of the household connection charges and all the Council project establishment and administrative costs. This has resulted in an increase in the Uniform Targeted Rate to what was previously advised. An option has been provided in the Mangawhai EcoCare statement of proposal to spread the Uniform Targeted Rate ('availability charge') payment over 25 years to section owners who do not qualify for the Ministry of Health subsidy.

The inclusion of the household connection charges will mean that Council is responsible for the physical connection of the existing households to the reticulation network and it may also include the pump out and demolition of any existing septic tank, subject to the individual location of the septic tank and discussions with the individual landowner. Whereas, previously it was proposed that this was the responsibility (including cost) of the individual householder.

The benefits of including this connection service are:

- It makes the connection to the reticulation network practically and administratively simpler for both the community and Council.
- Council is able to ensure quality and consistency in connections to households.
- Connections are able to be scheduled and therefore the loads can be controlled into the treatment plant, which is particularly important at the time of commissioning the plant.

- It will provide the 'total service' by Council that is expected to result in higher satisfaction levels.

Given the signing of the contract in 2005 with Earthtech Engineering Pty Ltd to design, build and operate the Mangawhai EcoCare scheme, Council's project establishment and administrative costs are now well defined. Accordingly, these costs are included within the funding model for Mangawhai EcoCare. As part of the project establishment and administrative costs and to ensure good communication with the public and landowners, a Council liaison person will be employed at Mangawhai during the establishment phase of the project. This person is likely to be seconded from Council's consultants.

Another key change from the outline of the Statement of Proposal presented at the October 2005 Council meeting is the application of the subsidy money provisionally approved through the Sanitary Works Subsidy Scheme by the Ministry of Health. The Ministry of Health requires that the subsidy money is not applied to 'any new or future subdivisions approved after 23 March 2002'. The prime reason for the application of the subsidy is to ensure that the proposal remains affordable to the community. As per the Ministry of Health's guidelines, when the resource consents have been secured, a final application for subsidy will be submitted.

Mangawhai Roding Contributions

In 2005, as part of the 'District Plan Review and Development Contributions Investigations Project', the Council investigated the potential to take Roding Development Contributions to fund required upgrades to the road network, which serves the Mangawhai area.

A key challenge for the Council is managing the task of providing adequate infrastructure at a manageable cost to service the future needs of Mangawhai as a growing community.

Council has identified that anticipated increases in traffic flows from land subdivision and development will drive the need to upgrade the capacity of the arterial and collector road network servicing Mangawhai. A '25-Year Plan' has been prepared, which sets out the works (including cost) that will be required as a result of growth, over the next 25 years.

Council considers that the current Financial Contribution provisions in the District Plan are not capturing the cumulative impact of development (all of the smaller or staged subdivisions). These impacts are currently being covered by general rates. A key reason for a new Mangawhai Roding Development Contributions Policy is to require all developments of all sizes to contribute their fair share to the road upgrade requirements that they generate.

Council held a consultation meeting in February 2006, to provide an opportunity to obtain feedback on the Draft Roding Contribution Policy.. Given that it is proposed to require payment of the development contribution at the time of subdivision, this meeting was targeted at key developers/consultants operating in the Mangawhai area, to provide further information on:

- Why a Roding Development Contribution is being sought?
- How the contribution has been calculated?

- When it will be payable?

Attendees requested further consideration and/or clarification of the following matters in the final Development Contributions Policy:

- That consideration be given to the timeframe and timing of payment of the Development Contribution, in particular whether the development contribution becomes payable at the subdivision or building consent stage;
- How the forecast growth rates and projections for household growth were determined;
- How the 'unit of demand' was defined – and whether this should include existing vacant allotments, without household units on them;
- Whether a financial contribution under the RMA and/or conditions of resource consent will still be required in addition to the development contribution, in particular to address the impacts of subdivision and development on local roads;
- When/ how often the Development Contribution Policy will be reviewed and/or adjusted for inflation?
- A review mechanism for the Development Contributions Policy, particularly if Mangawhai grows faster than the projections built into the model.

These comments and suggestions have been taken into account in the development of the Draft Policy. Explanatory statements have also been included to assist with clarity. The adoption of any draft policy on Development Contributions would need to also go through the Special Consultative Procedure under the Local Government Act, which includes formal public submissions and hearings, providing an opportunity for community feedback to the Council on the Draft Policy.