

File Number: 4510.0
Report To: Council
Meeting Date: 02 May 2012
From: General Manager Operations
Subject: **Sunset West Subdivision - Holding Tanks Emptying: Statement of Proposal**
Date of Report: 30 April 2012
Signed By:



John Burt

Conclusion

Council has considered wastewater options for the community at Baylys for a number of years. The proposed 87 lot subdivision lodged by Sundance Properties in 2004, added further traction for a community wastewater scheme to be developed. As a result, holding tanks were installed within the subdivision for wastewater generated by properties. This was an interim measure until a public scheme became available. The infrastructure was developed and when a public scheme became available the subdivision would connect directly to public wastewater and the holding tanks would be decommissioned. As a Council system looks unlikely to be developed, a longer term option that is fair and reasonable is required for recouping the costs incurred emptying the wastewater holding tanks in the subdivision.

This report has been sent to the Portfolio Holder Councillor John Blackwell for information and comment.

Recommendation

That Council receives the tabled 'Sunset West Subdivision - Holding Tanks Emptying: Statement of Proposal' General Manager Operations report dated 30 April 2012 and its appended documents; the Statement of Proposal dated May 2012 and Summary of Statement of Proposal; and

That Council determines that it believes it has complied with the decision making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provisions of section 79 of the Act determines that it does not require further information prior to making a decision; and

That Council approves the Sunset West Sewerage Transportation Statement of Proposal dated May 2012, as circulated at the Council Meeting 02 May 2012; and

That Council agrees to undertake the special consultative procedure on the Statement of Proposal. This Special consultative procedure shall be undertaken in parallel with consultation on the Draft Long Term Plan 2012/2022.

Reason for the recommendation

Council needs to recover its costs for the emptying of holding tanks within the Sunset West subdivision, however it's important that the affected property owners be consulted with over the best and fairest method of apportioning these costs

Reason for Report

Holding tanks for wastewater collection was only ever meant to be a temporary measure until the public system was available. As a Council system looks unlikely to be developed, a long term option that is fair and reasonable is required for recouping the costs incurred emptying the wastewater holding tanks in the subdivision.

Background

Council has considered wastewater options for Baylys since 2001. When the Sunset West subdivision was lodged in 2004 this added further traction for a public wastewater system. The proposal of a public system was considered a viable option and Council worked with the developer of Sunset West.

This led to the installation of two holding tanks to service the subdivision. The rationale was that when a public system was established the Sunset West subdivision would connect to the system as infrastructure work was already completed.

At its 28 March 2012 meeting Council resolved:

That Council invoices the dwellings connected to the holding tanks at Sunset West subdivision, Baylys, an equal share of the cost for wastewater disposal for the period July 2011 to June 2012; and

That Council agrees, in principle, to consult with those affected through a Statement of Proposal to be consulted on alongside the Draft Long Term Plan 2012/2022.

Issues

Pursuant to agreements made with the subdivision developer, Council has for the last few years been arranging for the Wastewater collected in Sunset West holding tanks to be emptied and transported to the Dargaville Sewerage ponds for treatment.

Conditions of the resource consent for the Sunset West subdivision are that the emptying of the holding tanks is Council's responsibility and that users connected would be charged for their share of disposal. Council needs to make a decision on how fees will be collected for the emptying of the holding tanks until a permanent scheme is constructed.

There is currently no firm timeframe on when this arrangement may change.

Council has resolved to issue a Statement of Proposal in order to seek feedback from affected property owners on an option of setting a Sunset West sewerage transport rate, payable by every property in the Sunset West subdivision. It is proposed that the rate would take effect from the 2012/2013 financial year and seek to recover the projected annual cost of providing this service. Another option would be to include some or all of the costs incurred in previous years and in particular the current one.

While Council's policy in relation to wastewater is one of users pays, the improved financial reporting that has been implemented this year has identified that some schemes (such as Mangawhai and Glinks Gully) are currently subsidised from the General Rate. However it is not foreseen that this situation will continue on a long term basis and the Draft Long Term Plan 2012/2022 has been

prepared on the assumption that costs for the wastewater activity will be funded mainly through targeted rates.

Options

The options are:

- 1 **User Pays:** Invoice the properties that have dwellings an equal share of the costs to empty the tanks each year.
- 2 **User Pays, Based on Water Usage:** Each of the connected properties with dwellings would be charged a proportion of the costs based on their water usage over the period being charged.
- 3 **Invoice all Lots:** Each of the 57 lots within Sunset West would be charged a proportion of the costs for emptying the tanks.
- 4 **Rating Basis:** Council could set a "Sunset West Wastewater Tank Emptying" Rate payable by all 57 lots within the subdivision
- 5 **Include the costs of emptying the tanks this year into the cost of the 2012/2013 rate.**

Assessment of the Options

Option 1: User Pays

Under the resource consent conditions for the subdivision, "where a raw sewage holding tank is provided, the tank will be emptied by the Council and each Owner connected to the system must pay to the Council that Owner's share of emptying the tank as determined by the Council acting reasonably". This condition is registered on all titles within the Sunset West subdivision.

For the six months ending December 2011, this equated to \$1,653 (including GST) for each of the properties actually connected to the holding tanks. Under this option Council would invoice the connected property owners for the costs incurred every six months. This charge is likely to deter any further building in the subdivision as this is a cost that the property owners connected to the system will need to bear.

While the condition is noted, it is unknown how many of the owners in the subdivision are aware that the condition exists on their title. This should have been explored by a purchaser's solicitor at the time of purchase.

Option 2: User Pays, based on Water Usage

Other councils charge a wastewater disposal rate based on the amount of water used.

As water in the Sunset West subdivision is metered Council could charge the disposal fee on a pro rata basis of water used. This would mean that each household would pay a percentage for the emptying of the holding tanks based on the amount of water used. All properties in the subdivision whether improved or vacant have a water meter.

If this option is chosen, it would need to determine how this may operate. For example, with water rates each meter is charged a minimum charge even if no water is used in the six month period. It

would need to be determined if this option is chosen whether there would be a minimum charge for those undeveloped sections.

Option 3: Invoice all Lots

When original discussions were undertaken with the developer of Sunset West, the suggestion was made to levy a fee of \$500.00 per year as a sewerage transport charge, reviewable annually. Currently there are 57 lots within the subdivision. At \$500.00 per title this would equate to \$28,500 for sewerage transport charges. Based on the first six months of this financial year this charge would cover the amount needed for emptying the holding tanks. However, from year to year the amount of wastewater produced is hard to predict and while this \$500.00 charge would cover this current year, there is minimal room for growth as more houses are connected to the holding tanks during a year.

The consent notice refers to a charge for each owner connected and it may not be legally possible to charge section owners where the service is available but not utilised.

Option 4: Rating Basis

As the final disposal of the contents of the holding tanks is Council's responsibility, it may elect to charge those connected to the holding tanks in a similar manner to elsewhere in the District. That is a uniform charge for properties connected and a proportional charge for vacant sections.

Under Council's proposed Rating Policies in the Draft Long Term Plan 2012/2022, "a uniform non-connection charge, being 75% of the full connection charge is charged to each separately unoccupied or uninhabited residential property capable of being effectively connected to a public sewerage drain. This option would enable the cost to be spread among all sections within the subdivision, but allow a higher charge for those using the service. It also offers the ability to increase charges year by year as wastewater disposal cost increases.

The cost of emptying and transporting the wastewater is estimated to be \$26,450 (including GST) for the 2012/2013 financial year.

The rate required from the 57 lots would be; \$591.00 (including GST) for a connected property and \$443.50 (including GST) for an unoccupied or uninhabited property. The unoccupied or uninhabited property rate is based on 75% of the full charge.

Option 5: Include Costs of Emptying the Tanks this Year into the Cost of the 2012/2013 Rate

The total costs of collecting and transporting sewerage from January to June 2012 is projected to be around \$11,500 (excluding GST). It could be higher if water usage in the second half of the year has increased. This would mean \$39,675 (including GST) would need to be collected via a rate in the 2012/2013 financial year to pay for disposal costs for both the current year and the preceding six months. It will mean that that rate for a connected property would be \$886.00 (including GST) and for an unoccupied or uninhabited property would be \$664.50 (including GST) for the 2012/2013 year.

Council's recommended Option

The recommended option is Option 5.

Degree of Significance

The Council is required to comply with the decision-making provision outlined in Part 6 of the Local Government Act 2002.

Council Officers are of the opinion that the content and recommendations in this report are consistent with the requirements of section 77 through 82 of the Local Government Act 2002 (LGA 2002) and that the decision-making requirements have been met. Council will need to satisfy itself that it has sufficient information to consider that the decision-making requirements of the Local Government Act 2002 have been met.

Consideration of the Four Well-beings (Community Views)

This decision will impact on residents within the Sunset West subdivision through increased household costs and as such there will be considerable interest from these owners. Other ratepayers paying wastewater charges may also be concerned if Council is subsidising this group of owners.

Policy Impacts

Council has a policy of recovering the costs of wastewater schemes from the direct users of each scheme. While the holding tanks are not Council assets, Council is providing the service of emptying and disposal of the wastewater.

Financial Considerations

Other than additional administration there is no additional expense for Council, as all options seek to recover the costs from property owners at the Sunset West subdivision.

Legal Considerations/Delegation

Section 16 of the Local Government (Rating) Act 2002 provides that Council may set a targeted rate for one or more categories of land. It is appropriate for Council to consult on these options in parallel with the Draft Long Term Plan 2012/2022 process (section 83A of the Local Government Act 2002 expressly authorises combined special consultative procedures).

The consent notice registered on the title for each lot in the Sunset West subdivision is governed by section 221 of the Resource Management Act.



Sunset West Subdivision Sewerage Transport Rate

Statement of Proposal

May 2012



Kaipara te Oranganui

**KAIPARA
DISTRICT**

Two Oceans Two Harbours

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Statement of Proposal

Sunset West Subdivision, Sewerage Transport Rate

Introduction

Development of the Sunset West Subdivision, Baylys, commenced in 2004. The number of lots created by this subdivision meant that a public sewerage system at Baylys had the potential to become a viable option. The developer has continued to work with Council but despite a considerable amount of work including a degree of public consultation, we believe Council is unlikely to be in a position to construct a public wastewater system for the residents of Baylys in the foreseeable future.

As an interim measure the developer installed holding tanks within the subdivision for wastewater generated by properties. Council agreed to pump out the holding tanks while it investigated the possibility of a public wastewater scheme for Baylys.

Given that Council is unlikely to be providing a public wastewater scheme in the foreseeable future we need to decide on how the cost for the emptying of the holding tanks will be apportioned until a permanent scheme is constructed.

Statutory Considerations

Section 16 of the Local Government (Rating) Act 2002 provides that Council may set a targeted rate for one or more categories of land. It is appropriate for Council to consult on these options in parallel with the 2012/2022 draft Long Term Plan process. (Section 83A of the Local Government Act 2002 expressly authorises combined special consultative procedures).

Details of the Proposal

This proposal details the options that are available to Council to collect the costs of emptying the tanks at Sunset West subdivision from the individual owners of property in the subdivision. Council has identified a preferred option, but seeks to obtain the community views on the different options.

Reasons for Proposal

A decision is necessary on how fees will be collected for the emptying of the holding tanks until a permanent scheme is constructed. Holding tanks for wastewater collection was only ever meant to be a temporary measure *until the public* system was available. As a wastewater system looks unlikely to be developed in the near future, a solution is required for recouping the costs incurred emptying the wastewater holding tanks positioned in the subdivision.

Analysis of Reasonably Practicable Options

The reasonably practicable options are as follows

- (a) User Pays – Invoice the properties that have dwellings an equal share of the costs to empty the tanks each year.
- (b) User Pays, Based on Water Usage – Each of the connected properties with dwellings would be charged a proportion of the costs based on their Water Usage over the period being charged.
- (c) Invoice all Lots – Each of the 57 lots within Sunset West would be charged a proportion of the costs for emptying the tanks.
- (d) Charge all Lots, Rating Basis – Council could set a “Sunset West Wastewater Tank Emptying” Rate payable by all 57 lots within the subdivision.
- (e) Include the costs of emptying the tanks from Jan-Jun this year into the cost of the 2012/13 rate.

What are the implications of user pays for owners?

Under the resource consent conditions for the subdivision, “where a raw sewage holding tank is provided, the tank will be emptied by the Council and each Owner connected to the system must pay to the Council that Owner’s share of emptying the tank as determined by the Council acting reasonably”. This condition is registered on all titles within the Sunset West subdivision.

For the six months ending December 2011, this equated to \$1,653 (Including GST) for each of the property actually connected to the holding tanks. Under this option Council would invoice the connected property owners for the costs incurred every six months. This charge is likely to stunt any building in the subdivision as this is a cost that the property owners connected to the system would need to bear.

While the condition is noted, it is unknown how many of the owners in the subdivision are aware that the condition exists on their title. This should have been explored by a purchaser’s solicitor at the time of purchase.

What are the implications of user pays, based on water usage?

Other councils charge a wastewater disposal rate based on the amount of water used.

As water in the Sunset West subdivision is metered it maybe an option to charge the disposal fee on a pro-rata basis of water used.

This would mean that each household would pay a percentage for the emptying of the holding tanks based on the amount of water used. All properties in the subdivision whether improved or vacant have a water meter.

If this option is chosen, it would need to determine how this may operate. For example, with water rates each meter is charged a minimum charge even if no water is used in the six month period. It would need to be determined if this option is chosen whether there would be a minimum charge for those undeveloped sections.

What are the implications of charging all lots?

When original discussions were undertaken with the developer of Sunset West, the suggestion was made to levy a fee of \$500.00 per year as a sewerage transport charge, reviewable annually. Currently there are 57 lots within the subdivision. At \$500.00 per title this would equate to \$28,500 for sewerage transport charges. Based on the first six months of this financial year this charge would cover the cost of emptying the holding tanks. However, from year to year the amount of wastewater produced is hard to predict and while this \$500.00 charge would cover this current year, there is minimal room for growth as more houses are connected to the holding tanks during a year.

The consent notice refers to a charge for each owner connected and it may not be legally possible to charge section owners where the service is available but not utilised.

What are the implications of charge all lots on a rating basis?

As the final disposal of the contents of the holding tanks is Council's responsibility, it may elect to charge those properties connected or capable of connection to the holding tanks a rate in a similar manner to elsewhere in the district. That is a uniform charge for properties connected and a proportional charge for vacant sections.

Under Council's proposed Rating Policies in the draft 2012/2022 Long Term Plan, "a uniform non-connection charge, being 75% of the full connection charge is charged to each separately unoccupied or uninhabited residential property capable of being effectively connected to a public sewerage drain. This option would enable the cost to be spread among all sections within the subdivision, but allow a higher charge for those using the service. It also offers the ability to increase charges year by year as wastewater disposal cost increases.

The cost of emptying and transporting the waste water is estimated to be \$26,450 (including GST) for the 2012/2013 financial year.

The rate required from the 57 lots would be; \$591.00 (including GST) for a connected property and \$443.50 (including GST) for an unoccupied or uninhabited property. The unoccupied or uninhabited property rate is based on 75% of the full charge.

What are the implications of including the costs for emptying the tanks between January – June 2012 in the proposed Rate?

The total costs of collecting and transporting sewerage from January to June 2012 is projected to be around \$11,500 (excluding GST). This would mean \$39,675 (including GST) would need to be collected via a rate in the 2012/2013 financial year to pay for disposal costs for both the current year and the preceding six months. It will mean that that rate for a connected property would be \$886.00 (including GST) and for an unoccupied or uninhabited property would be \$664.50 (including GST) for the 2012/2013 year.

Council's Recommended Option

Council preferred option is to charge all lots on a rating basis, and include costs for 2012.

Council is proposing that a charge on all lots on a rating basis be adopted as we believe this is the fairest and most equitable option for the collection of costs incurred in providing this service.

Summary of the Statement of Proposal – Sunset West Sewerage Transport Rate

Introduction

This summary of the Statement of Proposal for the introduction of a Sunset West Sewerage Transport rate outlines the Proposal and the approach Council will be taking to considering this Proposal in parallel with the Draft Long Term Plan 2012/2022.

The Proposal

The Council is proposing to introduce a targeted rate on properties within the Sunset West Subdivision to fund the costs of emptying the holding tanks and transporting the wastewater to the Dargaville effluent ponds.

Summary of the Information in the Statement of Proposal

The Statement of Proposal contains:

- Background information about the reasons for the sewerage holding tanks.
- Information on the different options that is available to Council to recover these costs.
- The advantages and/or disadvantages of each option, the likely cost for each property owner, together with the reason for Council preference of the rating option.

This consultation is being undertaken with the community so that Council can assess public views on the proposal. It is also being done in conjunction with the Draft Long Term Plan 2012/2022 given the strong linkage to Council's financial strategy and policies. As a result of the public submissions received Council will consider whether to proceed to with the proposed Rate.

Council is Seeking Feedback from the Community on this Proposal

In providing feedback Council would encourage submitters to include details on why they have adopted the view that they have.

This document is a summary of the full consultation document. For further details you will need to obtain a copy of the full document from our Service Centres in Dargaville and Kawaka.

Copies can also be obtained by telephoning our Customer Services Team on (09) 439 3123 or e-mailing council@kaipara.govt.nz or by logging on to our website www.kaipara.govt.nz.

Preparing a Submission

When you are preparing a submission, please note the following:

- If handwriting, please use a dark coloured pen and write as legibly as possible. This helps ensure that photocopies of your submission are easy to read.
- If you need to use extra pages for your submission, please use full size (A4) paper.
- Remember to include your name, address and contact number on each extra sheet of paper.

Making a Submission

To make a submission you can:

- Fill out the form attached and post it to Council (Kaipara District Council, Private Bag 1001, Dargaville 0340); or
- Email your submission to council@kaipara.govt.nz ;or
- Deliver it to one of our Service Centres in Dargaville or Kaiwaka.

Submissions open on Thursday 3 May 2012

Submissions close at 4.00pm Tuesday 5 Jun 2012

Chief Executive

2 May 2012