



GREAT LAKE TAUPŌ
Taupō District Council

TAUPŌ DISTRICT COUNCIL

FIVE MILE BAY WATER FUNDING

CONSULTATION DOCUMENT



INTRODUCTION

Through the development of the Long-term Plan 2018-28 (LTP), Council committed to building a water pipe during the 2020-21 year to enable Five Mile Bay to connect to the Taupō water scheme.

THE PURPOSE OF THIS CONSULTATION DOCUMENT IS TO

Find out how those who will be affected think the project should be funded.

FIND OUT MORE AND HAVE YOUR SAY

This consultation document presents four issues in relation to the water reticulation of the Five Mile Bay community and we want your feedback.

YOU CAN FIND OUT MORE BY

- Visiting taupo.govt.nz
- Emailing 5milebaywater@taupo.govt.nz
- Phoning 07 376 0899

YOU CAN PREPARE A SUBMISSION AND SEND IT TO COUNCIL BY

- Visiting taupo.govt.nz
- Emailing 5milebaywater@taupo.govt.nz
- Dropping into one of our Council offices
- Mailing to:
Freepost
The Chief Executive Officer
Taupō District Council
Private Bag 2005
Taupō District Council
Freepost No. 112497

BACKGROUND

As part of the Long-term Plan 2018-28 (LTP), Council committed to building a water pipe in 2020/21, which would enable Five Mile Bay residents to connect to the Taupō water scheme.

Council undertook a survey in 2017 to understand whether there was demand from Five Mile Bay residents for the ability to connect to the Taupō water scheme. The results of the survey indicated that there was demand from some residents. In addition, sampling of some private water supplies in Five Mile Bay has shown issues such as high arsenic levels and bacteria contamination present in some of the private supplies.

The project will have positives for the residents of Five Mile Bay, with access to treated drinking water that is compliant with the Drinking Water Standards New Zealand, a potential increase in property values that occurs when a property is connected to a reticulated water scheme, and enhanced firefighting capacity. Five Mile Bay residents could see a decrease in their insurance bill relating to firefighting provisions, if a Council reticulated supply is available for firefighting purposes.

WHAT WILL THE PROJECT INVOLVE?

The project involves the construction of new water pipeline through Five Mile Bay, to allow residents to connect to the Taupō water scheme. The cost of the project is estimated to be \$500,000, however the exact cost won't be known until construction has been completed.



WHAT ARE WE SEEKING FEEDBACK ON?

WE ARE SEEKING FEEDBACK ON FOUR ISSUES





ISSUE 1

Should the headworks contribution be charged?

ISSUE 2

Should Five Mile Bay residents pay the capital costs?

ISSUE 3

Should Five Mile Bay Residents who choose to connect have to pay the \$889 (incl. GST) connection fee?

ISSUE 4

Should Five Mile Bay residents who don't connect to the Taupō water scheme be required to pay a targeted water half rate?

ISSUE 1

SHOULD THE HEADWORKS CONTRIBUTION BE CHARGED?

When a landowner wants to connect to a Council water scheme, there are usually three different charges that a landowner will have to pay before connecting. The first of these is the headworks contribution.

The headworks contribution is how the landowner buys their share of the existing capacity. For this project, the headworks charge is \$536,000. Spread across the 100 ratepayers in Five Mile Bay, this equates to \$5,360 (plus GST) per ratepayer.

THERE ARE THREE OPTIONS AVAILABLE FOR ISSUE 1

FIVE MILE BAY RATEPAYERS PAY THE HEADWORKS CHARGES IN FULL UPON CONNECTION.

OPTION 1A

Under this option, Five Mile Bay ratepayers who connect to the scheme would pay the headworks charge prior to connection.

✓ ADVANTAGES

- The costs associated with the project will be borne by those who will directly benefit from the installation of the pipe – ie the Five Mile Bay community.
- Only those who connect to the scheme would pay the headworks contribution.

✗ DISADVANTAGES

- There may be some ratepayers who can't afford to pay a lump sum.
- This option does not recognise that in the past, Five Mile Bay residents have had to provide their own water supply, and some ratepayers will have invested heavily in their supply.

\$ FUNDING

- Five Mile Bay ratepayers who chose to connect would pay the headworks charge, prior to connecting.

ALL FIVE MILE BAY RATEPAYERS PAY THE HEADWORKS CHARGES AS A TARGETED RATE SPREAD OVER 25 YEARS.

OPTION 1B

Under this option, all Five Mile Bay ratepayers would pay the headworks charge in a lump sum, regardless of whether or not they choose to connect to the Taupō Water Scheme.

✓ ADVANTAGES

- The costs associated with the project will be borne by those who will directly benefit from the installation of the pipe – ie the Five Mile Bay community.
- It will incentivise Five Mile Bay residents to connect, because they will have to contribute financially, regardless of whether or not they connect.
- Allows the cost to ratepayers to be spread over 25 years.

✗ DISADVANTAGES

- Requiring all ratepayers to contribute, whether or not they connect does not recognise that in the past, Five Mile Bay residents have had to provide their own water supply, and some ratepayers will have invested heavily in their supply.

\$ FUNDING

- A targeted rate would be payable from 1 July 2021 for a period of 25 years.
- The targeted rate would be approximately \$247.00 per year, inclusive of GST.

FIVE MILE BAY RATEPAYERS DO NOT PAY THE HEADWORKS CHARGE.

COUNCIL'S PREFERRED OPTION
OPTION 1C

Under this option, the headworks charge would not be charged.

✓ ADVANTAGES

- Recognises that in the past, Five Mile Bay residents have not had the option of connecting to the Taupō water scheme, and have had to invest in their own systems.

✗ DISADVANTAGES

- It is Council standard practice that those who want to connect to a water scheme have to pay a financial contribution.
- It may be perceived that Five Mile Bay residents are not paying their fair share.

\$ FUNDING

- No funding required.

Council's preferred option is Option 1C – Five Mile Bay residents do not pay the headworks charge.

This is because unlike a typical situation where people want to connect to a water scheme, such as a subdivision, Five Mile Bay residents have previously had to provide their own water supply and are having the scheme imposed on them.

ISSUE 2

SHOULD FIVE MILE BAY RESIDENTS PAY THE CAPITAL COSTS?

The second cost that ratepayers usually have to pay when connecting to a water scheme is a capital charge. This is a share of the overall cost to build the new infrastructure to connect to the existing water scheme. The capital charge for this project is \$5,000 (plus GST) per ratepayer. This charge is derived from the total capital cost of the project (\$500,000), shared by the 100 Five Mile Bay ratepayers.

THERE ARE THREE OPTIONS AVAILABLE FOR ISSUE 2

FIVE MILE BAY RATEPAYERS PAY THE CAPITAL CHARGES IN FULL UPON CONNECTION.

Under this option, Five Mile Bay ratepayers would pay the capital charge in a lump sum when they choose to connect to the Taupō water scheme.

✓ ADVANTAGES

- The costs associated with the project will be borne by those who will directly benefit from the installation of the pipe - ie the Five Mile Bay community.

✗ DISADVANTAGES

- There may be some ratepayers who can't afford to pay a lump sum.
- The wider Taupō scheme would need to fund the loan until all properties in Five Mile Bay connect and pay the lump sum.
- This option does not recognise that in the past, Five Mile Bay residents have had to provide their own water supply, and some ratepayers will have invested heavily in their supply.

\$ FUNDING

- This option would be funded via Council sending an invoice to Five Mile Bay residents, for a capital charge of \$5,000 + GST, which would be payable upon connection to the scheme.

COUNCIL'S
PREFERRED
OPTION

ALL FIVE MILE BAY RATEPAYERS PAY THE CAPITAL CHARGES AS A TARGETED RATE SPREAD OVER 25 YEARS.

Under this option, all Five Mile Bay ratepayers would pay the capital charge via a targeted rate, regardless of whether or not they choose to connect to the Taupō water scheme.

✓ ADVANTAGES

- The costs associated with the project will be borne by those who will directly benefit from the installation of the pipe - ie the Five Mile Bay community.
- It will incentivise Five Mile Bay residents to connect, because they will have to contribute financially, regardless of whether or not they connect.

✗ DISADVANTAGES

- Requiring all ratepayers to contribute, whether or not they connect does not recognise that in the past, Five Mile Bay residents have had to provide their own water supply, and some ratepayers will have invested heavily in their supply.

\$ FUNDING

- A targeted rate would be payable from 1 July 2021 for a period of 25 years.
- The targeted rate would be approximately \$230 per year, inclusive of GST.

FIVE MILE BAY RATEPAYERS DO NOT PAY THE CAPITAL CHARGE.

Under this option, the capital charge would not be charged.

✓ ADVANTAGES

- Recognises that in the past, Five Mile Bay residents have not had the option of connecting to the Taupō water scheme, and have had to invest in their own systems.

✗ DISADVANTAGES

- It is Council standard practice that those who want to connect to a water scheme have to pay a financial contribution.
- It may be perceived that Five Mile Bay residents are not paying their fair share.

\$ FUNDING

- This charge would be absorbed by ratepayers connected to the Taupō water scheme, including the Five Mile Bay residents who chose to connect.

Council's preferred option is Option 2B - Five Mile Bay residents pay capital cost as a targeted rate spread over 25 years.

This is because Council considers it fair that all Five Mile Bay property owners fund the capital cost of the project. It is noted that the appeal and value of Five Mile Bay properties is likely to be improved due to the availability of a reticulated water supply.

ISSUE 3

SHOULD FIVE MILE BAY RESIDENTS WHO CHOOSE TO CONNECT HAVE TO PAY THE \$889 CONNECTION FEE?

Council's Fees and Charges schedule sets out a connection fee of \$889 (incl. GST) for those who wish to connect to a Council water scheme, in addition to any other relevant charges. However, if Five Mile Bay residents choose to connect at time of construction, the connection costs could be absorbed into construction costs.

THERE ARE TWO OPTIONS TO ADDRESS ISSUE 3

REQUIRE FIVE MILE BAY RESIDENTS WHO CHOOSE TO CONNECT TO PAY THE \$889 CONNECTION FEE.

OPTION 3A

All Five Mile Bay residents who choose to connect would have to pay the \$899 connection charge, regardless of when they choose to connect.

✓ ADVANTAGES

- The charge would be in line with Council's Fees and Charges schedule pay the headworks contribution.

✗ DISADVANTAGES

- If residents connect at the time of construction, the cost can be absorbed. Could be seen as an unnecessary cost.

WAIVE THE CONNECTION FEE FOR FIVE MILE BAY RESIDENTS WHO CHOOSE TO CONNECT AT THE TIME OF CONSTRUCTION.

COUNCIL'S
PREFERRED
OPTION

OPTION 3B

The \$889 connection fee would be waived for those who choose to connect prior to, and during construction of the pipeline. The charge would then be applied to Five Mile Bay residents who choose to connect after the project has been commissioned.

✓ ADVANTAGES

- Waiving the fee may incentivise Five Mile Bay residents to connect.
- It is easier to install connections at the time of construction.

✗ DISADVANTAGES

- Will not be consistent with Council's Fees and Charges schedule.

Council's preferred option is Option 3B - Waive the connection fee for Five Mile Bay residents who choose to connect at the time of construction.

This is because it makes sense to waive connection fees up front to provide an incentive for residents to connect.

ISSUE 4

SHOULD FIVE MILE BAY RESIDENTS WHO DON'T CONNECT TO THE TAUPŌ WATER SCHEME BE REQUIRED TO PAY A TARGETED WATER HALF RATE?

It is standard Council Rating Policy that all properties who are located within 100m of a water supply pipe, who do not choose to connect to the Council water scheme are charged a half charge of the Taupō water targeted rate. The half charge water targeted rate for the Taupō Scheme in 2020/21 is \$246.55.

THERE ARE FOUR REASONS THE HALF CHARGE IS APPLIED TO THOSE WHO ARE NOT CONNECTED:

1. This half charge recognises that ratepayers on the Taupō water scheme have invested in the scheme to allow the pipeline to Five Mile Bay be provided.
2. The half charge is a contribution to the improved health and safety benefits associated with the provision of a firefighting water supply.
3. It also provides an incentive to connect to and improve the financial sustainability of the scheme.
4. The charge recognises that there are maintenance costs associated with underutilised infrastructure such as the need to flush pipes.

However, there may be an option to remit the half charges targeted rate for Five Mile Bay residents who do not wish to connect. This would need to be done through amendment of Council's Rates Remission Policy.

Reasons for deviation from the policy include the fact that in many cases, Five Mile Bay residents may have invested heavily in their own system, because previously they have not been able to access to the Taupō water scheme. On this basis, there is an argument to waive this rate for those who do not require a Council connection.

THERE ARE TWO OPTIONS AVAILABLE FOR ISSUE 4

CHARGE THE HALF CHARGE FOR WATER TARGETED RATE.

All Five Mile Bay residents who do not connect to the water scheme would be charged half of the Taupō water supply targeted rate on their rates bill from 1 July 2021 onwards. The current half charge is \$246.55.

✓ ADVANTAGES

- Is in line with current Council policy.
- Incentivises residents to connect, which is likely to result in public health benefits.
- Recognises the benefits that availability of a reticulated water supply in the area brings, such as improved firefighting capability, potential increase in land value.

✗ DISADVANTAGES

- Does not recognise that historically, Five Mile Bay residents have had to provide their own water supply.

DO NOT CHARGE THE HALF CHARGE FOR WATER TARGETED RATE.

Five Mile Bay residents who do not connect to the Taupō water scheme would not be charged the half charge.

✓ ADVANTAGES

- Recognises that historically Five Mile Bay residents have been required to provide their own supply, and have invested in this previously.

✗ DISADVANTAGES

- Not in line with Council policy and would require an amendment to the Rates Remission Policy.
- Does not incentivise connection.
- Does not recognise benefits to Five Mile Bay ratepayers such as increased firefighting and potential increases in property value.

Council's preferred option is Option 4A – Charge the half charge targeted rate.

This is because Five Mile Bay residents will benefit from being able to connect to the Taupō water scheme, even if they decide not to connect. These benefits will include considerations such as improved firefighting capability and potentially improved property values.

CONCLUSION

This is your opportunity to have a say on how Five Mile Bay residents contribute to the project to construct a pipeline which would enable residents to connect to the Taupō water scheme.

PLEASE SEE THE NEXT PAGE TO READ HOW YOU CAN HAVE YOUR SAY.

SUBMISSION FORM

HOW TO MAKE A SUBMISSION

You can make an online submission by going to www.taupo.govt.nz or you may complete the form below. Submissions open on 17 September 2020 and close at 5pm on 19 October 2020.

Submitters are advised that the information supplied in written submissions may contain personal information within the meaning of the Privacy Act 1993. By taking part in this public submission process, submitters have agreed to any personal information (including names and contact details) which is contained in their submission being made available to the public as part of the consultation and decision making process. All information collected will be held by Taupō District Council. Submitters have the right to access and correct personal information. Following the submission period, a summary of submissions will be available on our website.

WRITTEN SUBMISSIONS CAN BE POSTED TO

Freepost
The Chief Executive Officer
Taupō District Council
Private Bag 2005
Taupō District Council
Freepost No. 112497

SUBMISSIONS CAN ALSO BE EMAILED TO

5milebaywater@taupo.govt.nz

HEARINGS HAVE BEEN SET DOWN FOR TUESDAY 3 NOVEMBER

If you have indicated that you wish to present your comments in person, you will be contacted after the submission period has closed to arrange a date and time. You will be given up to 5 minutes in which to present your submission and answer questions. Please make your written comments as complete as possible and use the hearing time to highlight the most important aspects of your submission.

HAVE YOUR SAY NOW!



CONSULTATION SUBMISSION FORM

YOUR DETAILS

FIRST NAME _____ LAST NAME _____

CONTACT DETAILS

POSTAL ADDRESS _____

EMAIL _____ BEST DAYTIME CONTACT NUMBER _____

PRESENTATION AT THE HEARING

Would you like to present your submission in person, at the hearing? **YES** **NO**

QUESTIONS

ISSUE 1: SHOULD THE HEADWORKS CONTRIBUTION BE CHARGED?

What is your preferred option?

- OPTION 1A** - Only Five Mile Bay ratepayers who connect pay the headworks charges up front.
- OPTION 1B** - All Five Mile Bay ratepayers pay the headworks charges as a targeted rate spread over 25 years.
- OPTION 1C** - Five Mile Bay ratepayers do not pay the headworks charge.

ISSUE 2: SHOULD FIVE MILE BAY RESIDENTS PAY THE CAPITAL COSTS?

What is your preferred option?

- OPTION 2A** - Only Five Mile Bay ratepayers who connect pay the capital charges up front.
- OPTION 2B** - All Five Mile Bay ratepayers pay the capital charges as a targeted rate spread over 25 years.
- OPTION 2C** - Five Mile Bay ratepayers do not pay the capital charge.

ISSUE 3: SHOULD FIVE MILE BAY RESIDENTS WHO CHOOSE TO CONNECT HAVE TO PAY THE \$889 CONNECTION FEE?

What is your preferred option?

- OPTION 3A** - Require Five Mile Bay residents who choose to connect to pay the \$889 connection fee.
- OPTION 3B** - Waive the connection fee for Five Mile Bay residents who choose to connect at the time of construction

ISSUE 4: SHOULD FIVE MILE BAY RESIDENTS WHO DON'T CONNECT TO THE TAUPŌ WATER SCHEME BE REQUIRED TO PAY A TARGETED WATER HALF RATE?

What is your preferred option?

- OPTION 4A** - Charge the half charge for water targeted rate
- OPTION 4B** - Do not charge the half charge for water targeted rate

DO YOU HAVE ANY OTHER COMMENTS



GREAT LAKE TAUPŌ
Taupō District Council

LOOKING AFTER THE PLACE
we lōve