

## **Introduction**

This consultation is being sent to all those who have properties in the area where either the proposed sewerage reticulation or the water reticulation has been included. Please look at the accompanying maps that will show the areas being serviced, e.g. the sewer is not proposed to extend past the Pororari River to the north but the water supply will.

## **Proposal**

The proposal is to build:

- A water supply scheme to serve the Punakaiki community and the Ross subdivision
- A sewerage scheme to service the Punakaiki community

Technical details about the proposal are presented in the attached "Information for Public Meeting 11 July 2008".

## **Reasons for the Proposal**

The Punakaiki community has problems both with shortage of water from existing sources during summer months and with poor quality caused by colour and microbiological contamination.

The Punakaiki community is dependent on individual septic tanks and package plants for waste water treatment and disposal. Increasing tourist numbers and increasing development pressures are putting these systems at risk. There have been reports of malfunctions and malodours. Tourism at Punakaiki could be compromised without secure and appropriate sanitation facilities.

Thus, the reasons for the proposal are:

- To provide a safe and secure water supply for Punakaiki
- To provide an appropriate and secure waste water treatment and disposal system.

## **Background**

The Tourist Demand Subsidy Scheme (TDSS) was launched in the 2004 budget with funding of \$11 million to be spread over four years. The rationale was to assist small communities with very small populations and low rating bases to afford the initial capital costs to build infrastructure. The feeling at the time was that New Zealand's international reputation could be at risk if the country failed to deliver high quality visitor destinations. There was to be consultation on the eligibility criteria but this did not happen because of the need to introduce the scheme quickly. The Ministry of Tourism decided that to ensure that successful applicant was funded to a viable level grants made would be for a minimum of 50% of the eligible costs. The maximum grant would be 3 million per scheme.

A grant was made available for Council to prepare a preliminary and a final application for funds. The proposal was prepared by a Consulting Engineering Company GHD Ltd, with the proposal for sewerage and water treatment and reticulation estimated to cost just over \$13 million. The application was successful with \$3,294,430 inclusive of GST being awarded under TDSS. The population of Punakaiki was considered too small to fund the shortfall of \$10 million. At the time of application the amount or how the funds were to be allocated were not known, there was also a need to provide to the Ministry of Tourism a final application to enable the grant for the design to be paid out.

Council consulted with the residents who agreed that the schemes were unaffordable but the community also recognised that at some stage the replacement of the water supply and provision for sewerage would be a necessity. They did not want the Council to turn down the opportunity for this subsidy until all steps had been exhausted. The Council and the Punakaiki community have been working together since the Tourist Demand Subsidy Scheme was initiated to determine if an economic solution to waste water and water treatment could be found.

Further discussions with the designers reduced the combined cost of the schemes to \$5,015,000 for sewer and \$2,820,000 for water a total of \$7.8 million which was still unaffordable.

The project was then peer reviewed using consultants MWH to see if the reasonably new sewer treatment facility built for the Department of Conservation could be used. The designers of this facility were MWH who were aware that there was some extra capacity. The Department of Conservation agreed to have their system considered as part of this review. The review found that the sewer treatment plant could be extended, and the estimated costs were revised. The sewer project to \$4.275 million and the water project to \$2.621 million which is a combined total \$6.896 million. All these estimates are inclusive of GST.

At the last meeting the community advised that the schemes as presented were too expensive. The community were aware that there were other subsidy schemes that were available that would offer assistance to the residential portion of the schemes. The Tourist Demand Subsidy Scheme (TDSS) was designed around the commercial sector who provided services for tourists. Council was requested to apply for sewer subsidy from the Sanitary Works Subsidy Scheme (SWSS) and for water reticulation from the Drinking Water Assistance Programme (DWAP). The local community wanted all avenues explored before making a decision.

The Council has now been advised that the application for both of these was successful.

## **Summary of Costs and Subsidies**

### **1. SEWERAGE SCHEME**

Estimated Cost updated to commence 2010	\$4,100,000
TDSS	\$2,200,000
SWSS	\$ 371,460
Balance to be loan funded	\$1,522,939

Estimated operating costs per annum \$250,000

**Estimated costs to ratepayers**

Two methods of calculating rates to cover the loans and operating costs have been used. One method is based on trade waste component and this has been estimated based on information collected by the Consulting Engineers on discharges based on numbers provided. The percentage to be met by residential ratepayers is 12%. The second method is a targeted rate based on capital value of properties this method has the advantage in allowing the Department of Conservation to be rated for the services. They are the largest contributor because they have the highest value land which can be argued is fair because it is the attraction of the National Park that brings the 400,000 plus visitors annually to Punakaiki.

**(A) Trade Waste method**

Commercial properties vary between \$2,200 and \$66,100 per annum and residential properties and residential properties would pay \$970 per annum. All of these figures are inclusive of GST.

**(B) Targeted Capital Value Method**

All properties vary between \$785 to \$141,375 per annum.

**2. PROPOSED WATER SUPPLY**

Estimated cost updated to commence 2010	\$2,680,962
TDSS	\$1,088,829
DWAP	\$ 464,851
Balance to be loan funded	\$1,002,029
Estimated operating costs per annum	\$ 205,000

**Estimated costs to ratepayers**

Two methods of calculating rates to cover the loans and operating costs have been used. One method is based on trade waste component and this has been estimated based on information collected by the consulting engineers on consumption based on numbers provided. The percentage to be met by residential ratepayers is 28%. The second method is a targeted rate based on capital value of properties this method has the advantage in allowing the Department of Conservation to be rated for the services. As above the Department would be the highest contributor under this proposal.

**(A) Trade Waste method**

Commercial properties vary between \$1,661 and \$49,800 per annum and residential properties and residential properties would pay \$1,025 per annum. All of these figures are inclusive of GST.

**(B) Targeted Capital Value Method**

All properties vary between \$313 to \$125,300 p.a.

**Cost to Individual Ratepayer**

The cost to your property/properties is listed below and includes GST.

<b>1 (A) Sewer Trade Waste Calculated</b>	<b>1(B) Sewer Targeted Rate Based on Capital</b>	<b>2(A) Water Trade Waste Calculated</b>	<b>2(B) Water Targeted Rate Based on Capital</b>

**Where to from here**

The Council needs to have direction from the Punakaiki community on what they would like to happen now. There are a number of choices that are available:-

- 1 The community may consider that the schemes are unaffordable or not required and can advise Council not to proceed any further with the schemes. This option will result in Council not accepting the subsidies available.
- 2 The Community may consider that the water supply renewal is of higher importance to the sewer reticulation and so advise Council to proceed with the water supply.
- 3 The Community may consider that the sewer reticulation and sewage treatment is of higher importance to the water supply and so advise Council to proceed with the sewer project.
- 4 The community may consider that Council should as a last resort try and negotiate a higher subsidy for either the water project or the sewer project to utilise the subsidies that have been made available to enable at least one scheme to proceed. If unsuccessful this is likely to result in the loss of subsidy as per option one.

Another consideration that the community needs to consider while choosing these options is that the Government has signalled through the Health Act that they may be required by law to upgrade the water supply to meet Drinking Water Standards. The present supply only services Hartmount Place down to and including the village of Punakaiki. It does not service the area around Dolomite Point or those properties in the vicinity of the Punakaiki River. The present water supply does not have sufficient capacity to extend into this area.

I will be on annual leave from the 1<sup>st</sup> of July until the 20<sup>th</sup> July so I will not be available to discuss during this period. However the Council meeting is to be held in Punakaiki on

Wednesday the 22<sup>nd</sup> July starting at 1 pm, at the Punakaiki Resort. I will be available after the Council meeting for one on one discussion, or with groups depending on your preference. If you wish to discuss on this day or any other day from then until submissions close on Friday the 7<sup>th</sup> of August please contact Lorraine Hartigan on 03-788-9631 or e-mail to [lorraine@bdc.govt.nz](mailto:lorraine@bdc.govt.nz) too arrange a suitable time.

S R Griffin  
**MANAGER OPERATIONS**