

Riversdale Beach Sewerage Scheme UPDATE

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THIS UPDATE WILL GIVE YOU MORE INFORMATION ABOUT:

- ⊙ Our decision to proceed with Option 1 – A Pond-based scheme on Tatham land. This decision allows for alternative conforming tenders to be considered as part of the physical works tender process
- ⊙ Time payment options, and the council-approved cost apportionment model that seeks to apportion cost fairly and equitably across the community
- ⊙ The allocation of Sanitary Works Subsidy Scheme subsidy
- ⊙ The timeline for the sewerage scheme project with commissioning planned for March 2011.



DESIGN AND SCHEME IMPLEMENTATION PROCESS TO CONTINUE

Progress on the design and implementation of the new sewerage scheme is continuing apace with consultants and Council working to the timeline advised in the public consultation material.

“Further delays are untenable, not just because we risk losing the Sanitary Works Subsidy, but because

the community has waited long enough,” says Council’s Special Projects Manager Ian Steer.

Resource consents would be applied for based on the Council’s preferred option, that being a pond-based scheme on land owned by the Tatham Family Trust.

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A Cultural Impacts Assessment on that option is also being undertaken.

Rawiri Smith, of Ngati Kahungunu ki Wairarapa, has been engaged to prepare the assessment. His report will be submitted to Council's April meeting.

Mr Steer said that proceeding as planned with Council's preferred option still allows for alternative conforming tenders to be considered. Detailed criteria for assessment of alternative conforming tenders will be prepared, but will include among others:

- ⦿ The plant must be constructed and commissioned by March 2011.

- ⦿ The whole scheme must be well-engineered.
- ⦿ The scheme's whole of life costs must be calculated and included in the submission price.
- ⦿ The proposal must be eligible for subsidy under the terms and conditions of the Sanitary Works Subsidy Scheme.

For transparency, Audit New Zealand will be invited to either audit the outcome of the physical works tender evaluation process or to observe it first-hand.

Arising from the public consultation hearing process was a request for further work to be done on the cost allocation model.

PROPOSED COST ALLOCATION MODEL

The development of a funding allocation model has been a protracted process involving many meetings with interest groups, the latest being in January 2009.

The prime issue unresolved was the percentage of one Residential Equivalent (RE) the two campgrounds should pay.

Councils consultants "MWH considered the views of the campgrounds' residents, but could see no reason to change its earlier findings."

The Council adopted the recommendation of MWH, namely that there be no change to the cost allocation model advised in the public consultation material.

THE COST ALLOCATION MODEL ADOPTED BY COUNCIL

Dwelling or Facility Type	Assessed Occupancy at Peak Times (people)	Number of Residential Equivalent Connections	Multiplier	Total Capital Contribution (incl GST)**
Bach or Residence	7.5	1	1	17,200
Holiday Park (Riversdale Road)	360	48	0.6	825,700 or 10,300 per site
Family Camp (behind store)	135	18	0.6	309,600 or 10,300 per site
Surf Club*	12	1.6	1.6	Funded by community
Golf Club	9.8	1.3	1.3	22,900
Camp Anderson	71	9.5	9.5	163,400
General Store	18	2.4	2.4	41,300
Public Toilets	47	6.3	6.3	77,400

* The Riversdale Beach Ratepayers Association agreed at its Annual General Meeting on 18 January 2009 that ratepayers would fund the Surf Club's connection to the proposed sewerage scheme in recognition of the community benefit that is provided by the club and its members. This agreement will mean that every property owner will have to pay an extra \$36 to connect to the scheme.

**Note: Previous estimates of the cost to connect to the seweragescheme were based on a medium growth scenario and with Riversdale Terraces Stage 2 included.

WHAT DOES THE SWSS SUBSIDY HAVE TO DO WITH THE COST TO CONNECT?

The Government (SWSS) subsidy has a direct bearing on the cost of connection. Scheme conditions have been relaxed because of the time that has elapsed since funding was approved. The time lapse and the fact that there is no “indexing” to allow for inflationary effects means that the relative value of the subsidy is now far less than it was when it was approved.

Council has been advised that it can allocate the SWSS subsidy as it sees fit. The subsidy will therefore be allocated fairly and equitably across all existing properties able to connect to the scheme at the time of commissioning. The multipliers listed in the table on the previous page will be used to allocate the subsidy.



WHY YOU ARE PAYING WHAT YOU ARE

Council has now opted for a “low growth” scenario which means that there is little growth allowed for in the next 10 years. This means that the cost of the scheme will be borne by the current ratepayers with Council funding the capacity for future growth and connection. The initial scheme cost estimates included Riversdale Terraces Stage 2. As Council has adopted a low growth scenario Riversdale Terraces Stage 2, comprising 52 sections, is not anticipated to be constructed within the next 10 years.



SUMMARY OF COSTS

	\$
Scheme Costs (estimated)	9,000,000
SWSS Subsidy	- 1,920,000
Council Subsidy	- 575,000
Costs to be apportioned across the community	6,505,000

An assessment has shown there is also a potential 92 future scheme connections within the existing community comprised of vacant sections and properties that can be subdivided. The low growth scenario allows for development of only 56 sections in the next 10 years. The capital contribution of these 56 sections will be some \$1.166 million. This sum is the amount to be invested by Council in future growth. It is expected that it will be repaid over 10 years from new connections purchased by developers. The initial capital contribution per empty lot will be approximately \$23,400. This figure will increase annually to reflect the cost of capital (interest charge).

The above assumptions have added to the estimated cost of connection. The actual cost to connect will be known once physical works tenders are received.

If the low growth scenario proves conservative, capital contributions will be available to offset depreciation costs in the future.

TIME PAYMENT OPTION SPREADS YOUR COSTS

The Council’s preferred position with respect to payment arrangements is for rate payers to make capital contributions in full prior to scheme commissioning. This is based on the need to have sufficient funds available to make payments to contractors for the construction of the scheme throughout the construction phase. Council will undertake some degree of short-term borrowing to manage cashflows (payments to contractors) through the term of the project, but once the scheme is available to residents, the residents will need to have paid their total cost to connect.

The mechanism for the capital charge has yet to be confirmed, but is likely to be levied as a rate and it will remain a charge over each property until paid.

It is recognised that some Riversdale Beach residents would like an option to pay their capital contribution

over time. The Council has been reluctant to act as a financier, preferring that property owners make their own financing/borrowing arrangements directly with their bank. However, the Council has been in discussions with financial institutions who are willing to structure a funding package which takes advantage of the Council’s ability to ‘stand behind’ the sewerage scheme. The details of such a package have yet to be worked through with the financial institutions in question.

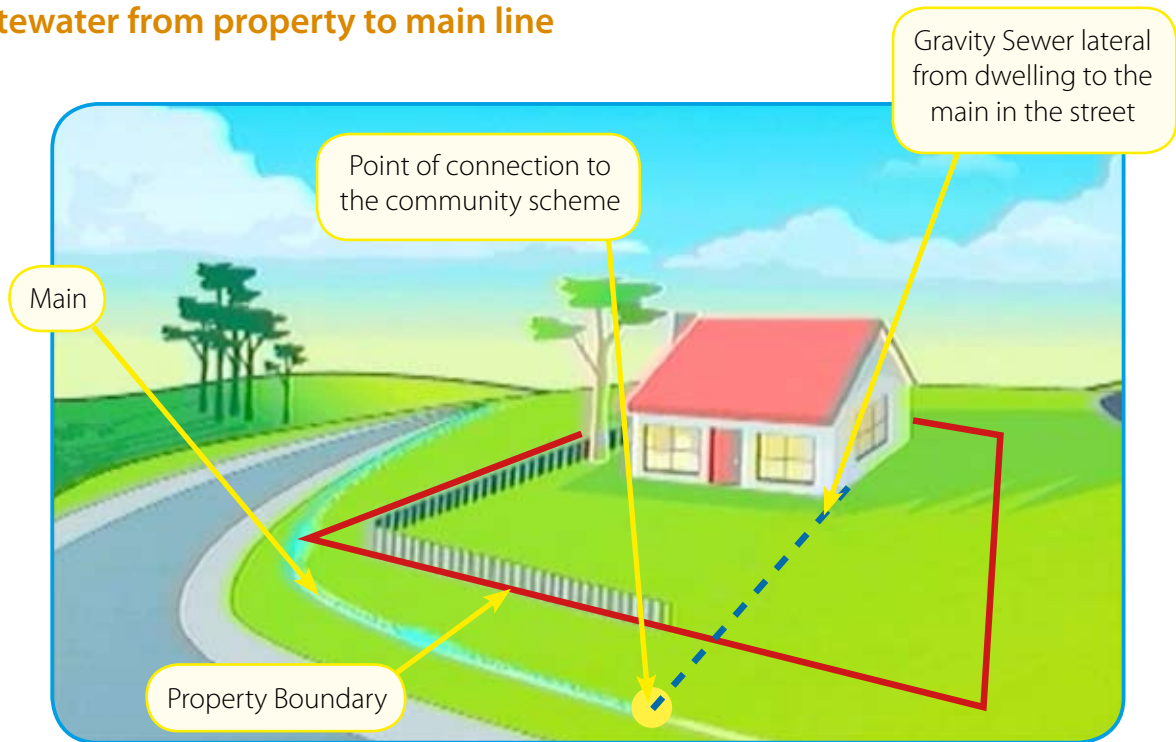
As a further option, the Council has indicated a willingness to offer an ability to pay the capital contribution off via rates over 10 years. This option will include a market-based financing charge to ensure the financial arrangement does not come at a cost to all other ratepayers. The full contribution will remain payable by the existing property owner if the property is sold within the 10-year period.

PROPERTY CONNECTIONS – TWO SYSTEMS

Properties will be connected to the sewerage scheme in one of two ways. By far the greatest number of properties (estimated to be 90%) will be connected via gravity, with the remaining properties connected by a pressure system. With gravity systems a pipe is laid from the dwelling and connects to the main in the street. Flushing carries effluent to the main. The following schematic shows this arrangement:

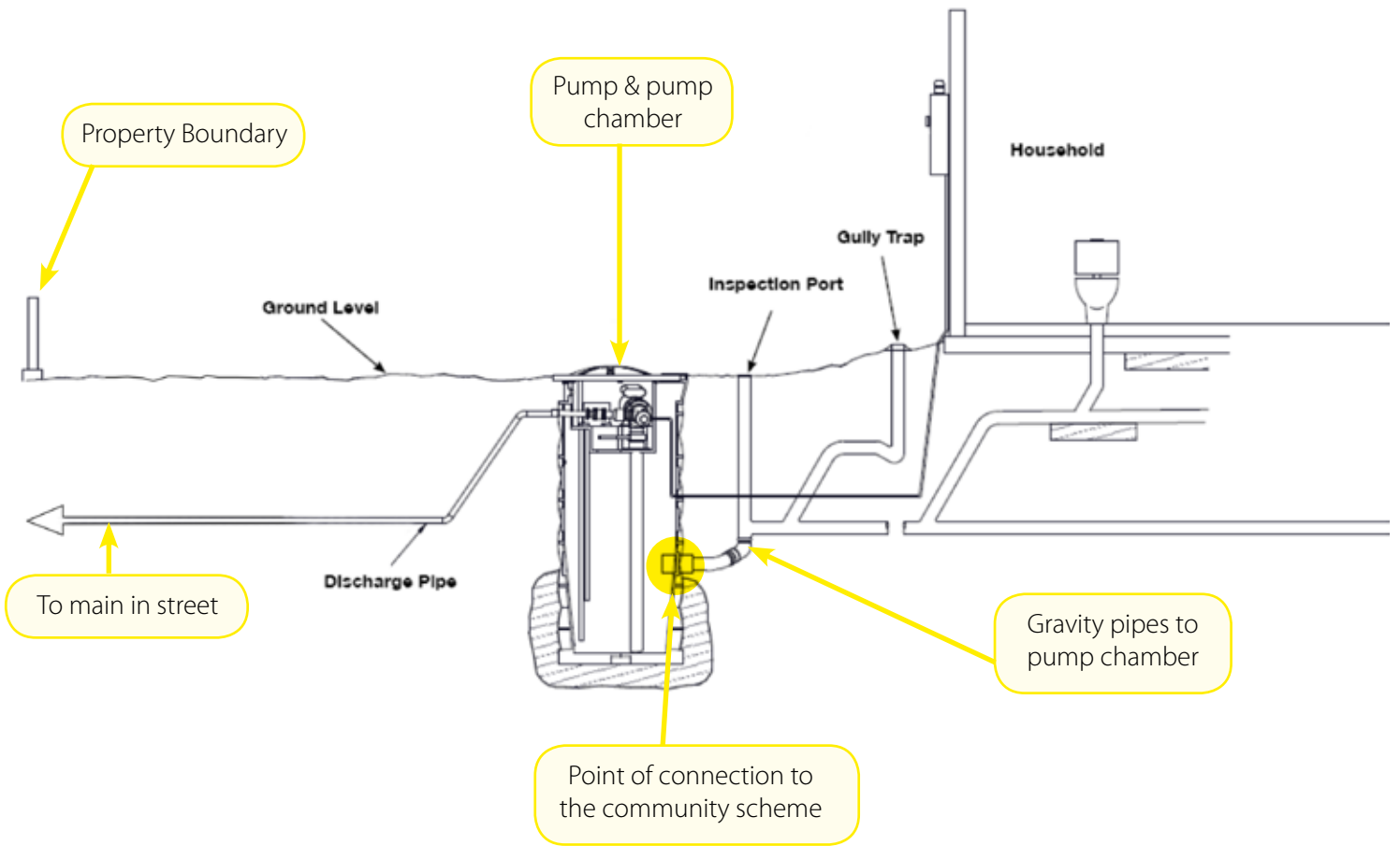
SCHEMATIC OF GRAVITY CONNECTION

Wastewater from property to main line



Referring to the schematic above, property owners will be required to pay for all work within their properties. The scheme will pay for all work from the boundary up to the "point of connection to the community scheme and beyond."

SCHEMATIC OF PRESSURE CONNECTION



In the schematic above, property owners will be required to pay for all work up to the “point of connection to the community scheme”. With pressure systems this point is at the inlet pipe to the pump chamber (shown above). The scheme will pay for the installation and maintenance of the pumps and pump chambers. Property owners will pay for the power required to operate pumps. Should a pump fail at some stage then the scheme will pay for the cost of replacement.

The decision as to which type of system is installed for each property will be determined by the topography or ‘lay of the land’. Basically, where properties are below the road they will be connected by a pressure system, and where there is sufficient fall to let gravity do the work, a gravity sewer lateral will be installed.



LOCATING THE MAIN PUMP STATION

A number of location options for the main pump station at the southern end of the community have been looked at. The three options are detailed below, with Council's preference being option 3, a pump station in the road at the intersection of Blue Pacific Parade and Harapaki Drive.

Option 1: Southern Reserve grassed area

At this location the pump station would be greater than 50m away from Mean Spring High Tide Level which reduces consent requirements. The station can be easily screened with plantings. This location is furthest from houses and will require an additional pump station in the road to transport effluent to the main pump station. It is also the most expensive option as there are extra costs to construct a vehicle accessway across the stream, and deeper construction to achieve gravity requirements. DOC approvals will be required.

Option 2: Southern Reserve carpark

This option means very few changes to the existing plantings in the local area and is easy to access, but it will have increased construction costs to achieve gravity requirements. This option will require DOC approval and consents because it is located within 50m of Mean Spring High Tide Level. There are houses within 30 metres.

Option 3: In the Road

This is the cheapest option and the preferred option. The structure can be located greater than 50m from Mean Spring High Tide Level therefore reducing consenting issues. It requires little digging and avoids extra trenching. Access is not an issue. However construction will cause some disruption to the road, and traffic management over and above the norm will be required. There are houses within 30 metres.

This pump station configuration is common throughout towns and cities in New Zealand and will therefore not be unique to Riversdale Beach.

Our consultants consider that locating the pump station within the road would be the best option and it is also considerably cheaper. The cost difference between Options 1 and 3 is expected to be significant with Option 1 being considerably more expensive, possibly some tens of thousands of dollars. There will be no odour associated with the pump station, and the sound of the pumps, while minimal, will be reduced further with soundproofing material.



TIMELINE THROUGH TO COMMISSIONING

Revised Project Timeline

Date	Action
March/April 2009	Lodge Consents
March – August 2009	Detailed Design Revised
April – October 2009	Consents Processed
September 2009	Presentation to MDC, Tatham and Eastleigh
October 2009	Design Amendments
November 2009	Tender Period
December 2009	Reccommendation to Council
Construction	
January / February 2010	Access Road
January – May 2010	Treatment Pond, Irrigation System, Rising Main and Pump Station
March – November 2010	Reticulation System, Residential Connections and Pump Station
December 2010 – January 2011	Commissioning Period
April 2011	Project Complete and Plant Operational

The scheme design consultants Duffill Watts Group are currently finalising the resource consent applications for the scheme. Consents are expected to be lodged in late March or early April.

Various consents and approvals are needed for:

- ⦿ Earthworks
- ⦿ Stream crossings
- ⦿ Discharge of effluent to land and air
- ⦿ Locating pump stations

Council's Special Projects Manager Ian Steer says that hand-in-hand with the processing of the consent applications by the relevant authorities will be a review of the detailed design. This will also give consideration to recommendations that the consenting authorities make.

Once the detailed design has been completed and pipelines, ponds, treatment areas, etc are firmly established, a presentation will be made to Council, the Tatham family and Eastleigh. This will enable these parties to ask questions as to the local impact of the scheme and any other questions they consider of relevance.

Tenders will be evaluated and a recommendation made to Council prior to Christmas 2009, with a start on the physical works expected in late January or early February of 2010.

The successful contractor will provide a programme which will detail when works will be undertaken on the various components of the project. At this stage it is not possible to say when the reticulation within the community will commence as this will be dependant on final programming.

Once complete there will be a commissioning period of some three months, during which there will be a changeover from the existing septic systems to the new scheme. This will be phased so that there is control over the treatment and disposal process. More in this regard will be made known to property owners as the project progresses and the details of the contractors' timeline become clear."

For more information about the scheme and to read past newsletters, reports and media releases relating to this project please visit:

www.mstn.govt.nz/projects/riversdale.