

## **STAFF REPORT**

**TO:** Mayor and Councillors

**FROM:** Utilities Engineer/Accounting Manager

**DATE:** 15 February 2011

**SUBJECT:** **Water Scheme Rates 2011-2012 – RCN11-02-04**

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### **PURPOSE**

To consider the level of the Wai-iti Dam, Dovedale/Neudorf, 88 Valley and Hamama water scheme rates for the Draft Annual Plan 2011/2012.

### **BACKGROUND**

On the establishment of water schemes, the rates are set based on repayment of loans and an allowance for ongoing maintenance and operating costs.

### **DISCUSSION**

Over time the costs of operations of the Wai-iti Dam, Dovedale/Neudorf, 88 Valley and Hamama water schemes have exceeded their budgets for operations. The age of some schemes has seen a higher call for ongoing maintenance. The result is that these schemes now have debit balances, and are not meeting their day-to-day operating costs.

#### **Wai-iti Dam**

Initial estimates for operations and maintenance costs were established when the dam project commenced. These costs were agreed to be fixed for a 3 year period on the completion of the dam works. It has been recognised that this initial estimate did not cover all of the monitoring, release and maintenance work required. The increase proposed in Option 2 below would pay all of the debt in the operations and maintenance account for the Wai-iti Dam, and take into account the increased future costs of operations and maintenance.

#### **88 Valley Rural Water Scheme**

The major reason the water supplies have increased in cost is the renewal of the operations and water extraction Resource Consent. Initially the Resource Consent cost was estimated between \$3000 and \$5000. The actual cost of the renewal of the Resource Consent was in the order of \$85,000. This increase was due to the appeal of the Consent, the resulting Environmental Court action and appeals.

#### **Dovedale Rural Water Supply**

The majority of these increased costs relate to leakage, drought monitoring, operations on the alternative water intake and the replacement of various small lengths of pipe work.

## Hamama Water Scheme

The proposed increase in the Hamama Water Scheme rate as outlined in Option 2 below reflects capital works undertaken as approved by Council.

### OPTIONS

#### Option 1

Leave the rates as they are with the schemes debts increasing.

#### Option 2

Increase the various schemes rates as set out below to ensure sufficient funds are received for the operations of each scheme. (All rates are excluding GST.)

	<b>Current rate</b>	<b>Proposed rate</b>	<b>Increase</b>
Wai-iti Dam – per hectare	\$280.00	\$291.70	\$11.70
Dovedale/Neudorf Scheme - first unit	\$519.61	\$582.30	\$62.69
Dovedale/Neudorf Scheme – second unit	\$363.54	\$407.29	\$43.75
88 Valley Scheme - properties	\$55.48	\$75.00	\$19.52
88 Valley Scheme – units	\$48.09	\$65.00	\$16.91
Hamama Scheme – per dollar of land value	0.0264 cents	0.034 cents	0.0076 cents

### SIGNIFICANCE

This report is not considered significant in accordance with Council's significance policy

## RECOMMENDATION

That the Tasman District Council set the rates for water schemes as follows (excluding GST), for inclusion in the Draft Annual Plan 2011/2012:

<b>Wai-iti Dam – per hectare</b>	<b>\$291.70</b>
<b>Dovedale/Neudorf Scheme - first unit</b>	<b>\$582.30</b>
<b>Dovedale/Neudorf Scheme – second unit</b>	<b>\$407.29</b>
<b>88 Valley Scheme - properties</b>	<b>\$75.00</b>
<b>88 Valley Scheme – units</b>	<b>\$65.00</b>
<b>Hamama Scheme – per dollar of land value</b>	<b>0.034 cents</b>

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