

# STAFF REPORT

**TO:** Mayor and Councillors  
**FROM:** Peter Thomson, Engineering Manager  
**REFERENCE:** A503-3  
**DATE:** 21 January 2009  
**SUBJECT:** **NEW TARGETED RATES FOR DRAFT LTCCP**

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## 1 PURPOSE

The purpose of this report is to propose new targeted rates for engineering activities that will need to be included in the Council's 2009 Draft LTCCP.

## 2 BACKGROUND

At the recent Council workshops held to develop the 10-year programme and budgets for the LTCCP, several new targeted rates have been discussed to fund significant new capital projects as follows:

- Coastal Structures: Torrent Bay Sand Replenishment
- Rivers: Motueka Stopbank Reconstruction
- Water: Motueka New Urban Water Supply
- Water: Takaka New Town Centre Firefighting Water Supply

The new Torrent Sand Replenishment rate is covered elsewhere in the agenda in a report from the Corporate Services Manager.

The other capital projects are proposed to be funded in part by new targeted rates. Capital costs, funding details and rating area maps are provided for each project in the following sections. Please note that the figures in this report are not inflation adjusted.

## 3 MOTUEKA RIVER STOPBANK RECONSTRUCTION

This project allows for the reconstruction and upgrading of the Lower Motueka River stopbank protection to an appropriate modern day design and construction standard. The project commences in year 1 with investigation/design/land & planning approvals, with physical construction commencing in year 4 and completion of physical works in year 16.

The total capital cost of the 16 year project is estimated at \$18.6M. The capital cost over the span of the 10 year plan is estimated at \$11.4M. The project is expected to be loan funded over a 40 year period with a proposed funding split as follows.

- 60% from a new targeted rate on the directly benefiting 2,242 properties. This rate would be based on the land value of each rateable property. A rate of \$0.000022 per \$ of land value would be required in year 1 (2009/10).

- 30% from a targeted rate on the indirectly benefiting 2,875 properties in the balance of the Motueka ward. This rate would be based on the land value of each rateable property. A rate of \$0.000004 per \$ of land value would be required in year 1 (2009/10).
- 10% from general rates in recognition of the wider community benefits of providing flood protection to the Lower Motueka/Riwaka area.

The effect of the new targeted rates increasing over the 10 year period is shown in the table below. The rates increase as the capital construction programme continues, peaking at year 17 and then decreasing over time until the 40 year loan is fully repaid.

	Year 1	Year 2	Year 3	Year 4	Year 10
<b>TARGETED RATES</b>					
<b>Per \$ Today's Land Value</b>					
Direct Benefit Zone	\$ 0.000022	\$ 0.000059	\$ 0.000086	\$ 0.000290	\$ 0.001556
Residual Motueka Ward	\$ 0.000004	\$ 0.000011	\$ 0.000016	\$ 0.000053	\$ 0.000282
<b>Per Average Property Land Value</b>					
Direct Benefit Zone	\$ 3.58	\$ 9.86	\$ 14.35	\$ 48.26	\$ 258.56
Residual Motueka Ward	\$ 1.40	\$ 3.84	\$ 5.60	\$ 18.82	\$ 100.81

#### 4 MOTUEKA URBAN WATER SUPPLY

At present approximately 20% of the Motueka township has access to a high-pressure water supply. This project is for the installation of the remainder of the township with high-pressure water for both public consumption and fire fighting. The project also includes the construction of a new water source and reservoirs which will be part shared by the Coastal Tasman and Mapua water consumers.

The estimated cost of the project is \$16,905,650 and is proposed to be funded from the following sources:

##### Motueka Water Supply Funding Summary

Source	Funding Mechanism	%age Funded	Funding Required	Comments
Growth	Development Contributions	15%	2,535,850	
Commercial & non-residential contributions	Targeted rates or lump sum contributions	5%	845,300	At this level, a seven-unit motel would contribute approx \$6,000, a 40-bed rest home \$160,000 and a school with roll of 600, \$300,000.
Existing Reticulated Community Contribution	Targeted Rate	3.7%	625,500	This is approximately equivalent to \$800 per property or a targeted rate of \$80 per property per year
Council Subsidy	Loan Funded	25.4%	4,294,000	
Community Contribution	Targeted Rate	50.8%	8,605,000	This is approximately equivalent to \$3,620 per property or a targeted rate of \$400 per property per year
<b>TOTAL</b>			<b>16,905,650</b>	

New targeted rates will need to be generated for the existing reticulation community (Existing Reticulated Community Targeted Rate) and the remainder of the community services by the new reticulation (Community Contributed Targeted Rate).

At present consumers in Motueka are charged the Motueka Water Works Services Area targeted rate. This rate funds the servicing of the existing firewells and the capital cost of the new water reticulation in Woodlands Avenue and Whakarewa Street. This targeted rate will remain in place for two years and will be replaced by the two new targeted rates to be introduced in Year 3 of the LTCCP.

## 5 TAKAKA TOWN CENTRE FIREFIGHTING WATER SUPPLY

This project allows for the construction of a high-pressure fire fighting water supply around the Takaka central business district (CBD). The project is proposed to commence in Year 1 of the LTCCP.

A special consultation process has commenced to consult with every Golden Bay ratepayer including the businesses within the CBD.

The estimated cost of the project is \$1.1 million funded as follows:

	Funding Source	Contribution		Recovery Mechanism ( Including GST)
<b>Capital Projects</b>	Tasman District	10%	\$106,500	General rate
	Golden Bay Ward	23%	\$244,950	Targeted Rate - \$10 per property per annum for 20 years
	Takaka residential	17%	\$181,050	Targeted Rate - \$51 per property per annum for 20 years*
	Commercial CBD	50%	\$532,500	Targeted Rate - \$0.00157 per dollar of capital value based on capital value for 20 years*, eg Capital value of \$500,000 property = rate \$785.00 per annum, Capital value of \$1,000,000 property = rate \$1570.00.
Maintenance – Takaka Residential & CBD			\$20,000	Targeted Rate - \$45 per property per annum
<p>* The final targeted rate will be dependent on the number of rateable properties at the time rates are set. The Takaka Residential and Commercial CBD properties are excluded from the Golden Bay Ward</p>				

These new targeted rates are proposed to commence in Year 1 of the LTCCP. The existing Takaka Fire Protection targeted rate will be discontinued.

## 6 RECOMMENDATION

**THAT the funding impact statement for the 2009 Draft LTCCP include the new targeted rates set out in this report for the capital projects Lower Motueka River Stopbank Reconstruction; Motueka New Urban Water Supply; and Takaka New Town Centre Firefighting Water Supply, as per the attached rating area maps.**

Peter Thomson  
**Engineering Manager**