

STAFF REPORT

TO: Mayor and Councillors

FROM: Susan Edwards

REFERENCE: A503-03

SUBJECT: **Tata Beach Stormwater Urban Drainage Area Review – RCN10-06-08**

PURPOSE

To seek Council decisions on the Tata Beach Stormwater Urban Drainage Area Review for inclusion in the final Annual Plan 2010/2011, as a result of the consultation process undertaken through the Draft Annual Plan 2010/2011.

BACKGROUND

Council agreed to undertake a review of the Tata Beach Stormwater Urban Drainage Area (UDA) and to consult with all Tata Beach and other district ratepayers. The review consultation was undertaken as part of the Draft Annual Plan process.

Council prepared a brochure on the review, which was sent to all households in Tata Beach. The purpose of the document was to seek views on whether Tata Beach should remain in the stormwater UDA and on the options for paying for the stormwater services in Tata Beach.

The purpose of the review was to look at what Council may decide to do with the Tata Beach Stormwater Urban Drainage Area in the future, not to address the validity of the Tata Beach Stormwater UDA rate in 2006 where it appears Council may have failed to include a map of the properties affected by the Tata Beach stormwater UDA at the time when it set up that UDA. This matter will be dealt with through a separate process.

HISTORICAL SITUATION

Council manages its stormwater activities across the district under 16 stormwater UDAs and one General Drainage Area (GDA). UDAs are urban drainage areas that either currently or in the future will receive large capital expenditure on stormwater improvements and have an established level of service for stormwater operations and maintenance. The combined UDAs form a “club” in which all ratepayers in the 16 areas pay the same stormwater rate per dollar capital value of their properties. The GDA is the remainder of the Tasman District, which is predominantly rural and does not receive large capital expenditure on stormwater improvements and does not have significant expenditure on operations and maintenance. The GDA, therefore, receives a much lower level of stormwater service than the townships in the UDA.

In 2006 Council included the Tata Beach settlement in the UDA club stormwater rate. The settlements of Ligar Bay, Pohara, Tapawera, Patons Rock and Tasman were also included in the UDA at the same time. Richmond, Motueka, Takaka, Murchison, Brightwater, Wakefield, St Arnaud, Mapua/Ruby Bay, Kaiteriteri and Collingwood were already part of the UDA prior to 2006.

During consultation on the Ten Year Plan 2009 - 2019 and previous Annual Plan processes, some Tata Beach residents raised concerns in their submissions about the Tata Beach settlement being included in the UDA and asked for the settlement to be withdrawn from the UDA and put back into the GDA. They also asked for stormwater infrastructure funding to be based on a flat per property charge, rather than based on the capital value of the property.

THE TATA BEACH SITUATION

There are 154 ratepayers in the Tata Beach UDA paying the UDA stormwater rate. Council has spent around \$270,000 on stormwater capital improvements in Tata Beach since 2006. A loan was taken out to pay for the work. Any decision on the future of the Tata Beach UDA will need to consider how this capital expenditure, and the associated costs for planning, administration, operations, maintenance and renewal of stormwater infrastructure in Tata Beach, can be recouped if Tata Beach is withdrawn from the UDA.

DISCUSSION OF THE OPTIONS

The consultation brochure outlined three options for consideration.

1. Tata Beach stays in the UDA – status quo option

Council established the UDA “club” approach, as it considers it is in the best interest of all the urban areas to collectively pay for the urban stormwater needs of Tasman’s urban settlements. Under this approach the stormwater needs of the urban settlements are met and everyone benefiting from the stormwater projects pays on the same basis.

Under the club approach, the rates highs and lows associated with major capital expenditure projects being undertaken are smoothed out and made more affordable for urban ratepayers across the district. Without this approach, it may be beyond some smaller settlements’ ability to fund needed stormwater services. The club approach is essentially an annual mutual insurance fee to cope with stormwater problems.

One of the implications of the UDA approach is that the stormwater UDA rate will be ongoing in order to operate stormwater assets and provide a satisfactory level of service in perpetuity.

Council is proposing a stormwater UDA rate of 0.0435 in 2010/2011. This means that Council is planning to collect around \$30,960 during 2010/2011 from the Tata Beach ratepayers in total, which goes towards paying back the principal and interest on loans and paying for ongoing planning,

administration, operations, maintenance and renewal of stormwater infrastructure.

The integrity of the UDA club approach is retained under this option. The administrative complexity and costs for Council are less under this option than under the following options.

2. Targeted Rate – Capital Value option

If Tata Beach is removed from the UDA, the Tata Beach ratepayers will need to pay the balance of the \$270,000 (which is \$251,175) through a 20 year loan, and the ongoing costs for planning, administration, operations, maintenance and renewal of the existing Tata Beach stormwater infrastructure. While the cost of paying off the principal of the loan would cease after the 20 year period, the other costs would be ongoing into the future. There may also be further loans taken out for additional stormwater capital works that may be required in the future.

Under this option the costs would be paid for through a targeted rate of 0.05345 cents in the dollar levied on the capital value of the 154 Tata Beach properties. Under this option the Council would collect around \$38,039 from the targeted rate on the Tata Beach ratepayers.

If Council was to allow the Tata Beach ratepayers to leave the UDA club, it could mean that other areas may also wish to opt out of the club. If this was to happen, the integrity of the club approach could be compromised and each settlement could have to pay a targeted rate for its own costs for stormwater planning, administration, operations, maintenance, renewal of existing infrastructure and capital works.

Individual property stormwater rates would be prone to greater fluctuations over time as loans for capital works are taken out and paid off and due to annual variations in the costs of planning, administration, operations, maintenance and renewal of existing stormwater infrastructure. This may mean that when stormwater capital expenditure work needs to be done in urban areas, some communities may not be able to afford to pay for the work and would, therefore, end up with a lower level of stormwater protection than other communities.

Under a targeted rate option, the Tata Beach ratepayers would lose the mutual insurance benefits of being in the UDA club, including the combined benefits of accessing Council's disaster relief fund. Should a major event damage the stormwater infrastructure the Tata Beach community would need to pay for the costs of having it reinstated, rather than the cost falling on the whole club. The administrative costs for Council would increase under the targeted rate options.

3. Targeted rate – Flat Fee option

This option is exactly the same as option 2, except in how the rates are apportioned between the Tata Beach ratepayers. Under this flat fee option

every property in Tata Beach (including sections with no buildings) will pay exactly the same amount of money – a flat fee – regardless of the value of the property and assets being protected. The flat rate would be \$247 per property in 2010/2011.

4. Other options requested by submitters include:
 - a. Tata Beach being removed from the UDA and being put into the GDA, while leaving the other UDA members to pay for the remainder of the Tata Beach stormwater improvement costs. This would be an unacceptable imposition on the ratepayers in the UDA having to pay for the stormwater in Tata Beach when the Tata Beach ratepayers who benefit from the work are not prepared to pay for the work themselves or to share the costs of all stormwater works in urban areas by being part of the UDA club.
 - b. Tata Beach being removed from the UDA and being put into the GDA, and spreading the costs of the Tata Beach stormwater improvements on other GDA (rural) areas. This would be an unacceptable imposition on the ratepayers in the GDA who would end up paying for the Tata Beach stormwater improvement when they receive a much lower level of stormwater services in their areas.

VIEW EXPRESSED DURING CONSULTATION

A total of 27 submissions commented on the Tata Beach Stormwater UDA Review. The following is a summary of the matters raised in the submissions:

- 9 submitters wish to stay in the UDA – Option 1: Status quo
- 7 submitters wish to go out of the UDA and not pay for any stormwater costs
- 5 submitters wish to return to the GDA (did not say how the loan repayments were to be met)
- 3 submitters wish to return to the GDA and pay off the loan over 20 years
- 5 submitters commented that they would prefer to pay a flat rate, rather than on capital value, if they have to pay
- 12 submitters said that they did not receive any stormwater services so did not see why they should pay
- 13 submitters expressed concern at not having been consulted properly in 2006 about Tata Beach being put in the UDA.

CONCLUSION

A range of views were expressed in the submissions on the Tata Beach Stormwater UDA review, with some members of the community wishing to stay in the UDA and others preferring a range of other options. The greatest concerns seem to be that residents feel they were not adequately consulted on Tata Beach's

inclusion in the UDA and that residents do not directly receive stormwater services to their properties.

There are advantages to the residents staying in the stormwater UDA and being members of the club, as outlined in option 1 above. Officers are of the view that the reasons for Tata Beach being included in the stormwater UDA in 2006 are still valid.

RECOMMENDATION

That the Tasman District Council:

- 1. Notes the matters and concerns raised in the submissions on the Tata Beach Stormwater Urban Drainage Area Review**
- 2. Agrees that, after considering the submissions and all the issues, Tata Beach will be retained in the Stormwater Urban Drainage Stormwater Targeted Rating Area.**

Report prepared by:

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