

STAFF REPORT

TO: Development Contribution Levies – Delegated Committee

FROM: Dugald Ley, Development Engineer

REFERENCE: BC080416

SUBJECT: **CROCKFORD FAMILY TRUST - REPORT EP09/03/04** - Report prepared for hearing of 26 March 2009

CROCKFORD FAMILY TRUST, 22 WILLOW STREET (SH60) 14 MOTELS, TAKAKA

1. PURPOSE

This report reviews the process for the calculation of service fees in regard to the last stage of the motel complex. The applicant has objected to the fees for the second stage of the motel complex development and this is made up of:

Building consent fee	\$4,470
BRANZ levy	\$600
DHB levy	\$1,182
Reserve fund contribution	\$1,583.33
Development contribution – Roothing	\$8,475.00
Development contribution – Stormwater	\$3,406.00
Development contribution – Wastewater	\$46,487.00
DC discount	Credit \$2,918.40
GST	\$6,964.99
Cash received	Credit \$280.00
Total invoice	\$63,004.90

I will only deal with the Development Contribution items listed above in this report.

2. BACKGROUND

Development contributions have been imposed by this Council since 1996. They are used to spread new infrastructure costs on growth, whether it is a new subdivision or building/commercial development. Development contributions assist in lowering the effects on existing ratepayers and are part of the user pays system imposed by Council.

In 1996 Council imposed the above regime in the form of DP1 and DP2 being operative from 20 July 1996.

For building development the cost assessed on a \$500,000 project would be 0% on the first \$50,000, 1% on \$150,000 (\$50,000 to \$200,000) and 0.5% on \$300,000 (above \$200,000 with the resulting cost (less GST) of \$2722.22 to be charged to the development. This was then split across various infrastructure assets as follows:

Roading	25%
Water	11%
Wastewater	12%
Reserves	52%

In December 2003 an application (RM030793) was received to subdivide approximately 3,300 m² of land out of a Rural 1 zone farming block on the outskirts of Takaka.

That application was granted by the consents committee subject to various conditions. In respect of Council services, Council could have at that time imposed development contributions for roading and wastewater. A roading levy was imposed for \$1165, ie one household unit of demand (HUD). However the wastewater levy (\$570) was considered and waived by the committee viz: "was appropriate to waive the sewer development impact levy in this case to recognise the cost of the required upgrade". This upgrade was to increase the size of the 100mm diameter sewer that also served the information centre and to allow for the increased flows resulting from the new motel complex. The applicant was therefore required to construct a 150 mm diameter sewer main from the above to the motel site due to the potential flows from the site. (As a comparison, a maximum of five houses is permitted on a 100 mm line.)

That subdivision was completed and the roading development paid on 28 August 2006.

The applicant's first stage building consent (BC050124) which included a manager's residence and six motel units was assessed under the percentages regime above and the following infrastructure fees were imposed (Assessed under pre 1 July contributions as consent granted December 2003) :

Roading	\$680.56
Wastewater	\$326.67

The above sums plus building consent levies and reserve fund payments were duly paid by the applicant.

In 2002 the implementation of the revised Local Government Act via section 197 gave powers to Council to require development contributions by either:

- a) a resource consent, b) building consent, or
- c) an authorisation for a service connection.

These were conditional on Council having a development policy and these were set in Council's LTCCP which will be reaching its third generation in 2009.

Therefore the second generation 2006 LTCCP was the one used when assessing the second and final stage of the Crockford's development being 14 new motel units (BC080416). The 2006 LTCCP states that an assessment is required by converting the commercial development to an equivalent HUD.

In this regard page 64 of Volume 2 of the 2006 LTCCP sets out in table form the requirements for assessments as summarised below:

Roading 1 HUD = 3 car park spaces
 Stormwater 1 HUD = 300m² of roof and paved area
 Wastewater 1 HUD = 2 pans/urinals

For the applicant's proposal the following issues are relevant:

- a) Each of the 14 motel units requires as per the district plan 1 car park space

Therefore $14 \div 3 = 4.66$ (rounding) = 5 roading HUDS

- b) The roof area of the new motel complex is approximately 528 m² plus car parking and path areas of approximately 180m². Total = 703m²

Therefore $703 \div 300 = 2.34$ (rounding) = 2 stormwater HUDS

- c) Each of the 14 motel units has one toilet (some also have a small kitchen)

Fourteen pans are provided

Therefore $14 \div 2 =$ 7 wastewater HUDS

In summary:

	2007/2008 DC levy
Roading	5 x \$1,695 = \$8,475
Stormwater	2 x \$1,703 = \$3,406
Wastewater	7 x \$6,641 = \$46,487

For completeness all development contributions are the same throughout the district except for Rural-3 zoned land. All areas that are within an Urban Drainage Area (UDA) and Service Contribution Area also attract development contribution levies.

I can confirm that the Engineering Services Committee at its meeting on 15 February 2007 reconfirmed both the UDA and Service Contribution maps as part of the 2007/2008 Annual Plan.

The UDA maps are shown on pages 169 to 209 in volume 2 of the 2006 LTCCP and cover the applicant's land. Similarly in terms of wastewater disposal the applicant has connected to Council's systems with Council's approval.

It has been suggested that the applicant could have built the units much like building a second dwelling on the one site (two units compared to one dwelling) and therefore incurring only one development contribution up front and just connection fees thereafter, ie smaller development contribution overall. Unfortunately Council also has in its policy the following clause under 2.1.2 (b) "where the building is the second or subsequent dwelling on a single certificate of title, the development contribution is set out in table 5", ie \$6,641 per HUD as previously set out above.

It is unfortunate that the staged building consent application has been overtaken by acts and policies imposed by Council during the time period of the stages of building work. Council has shifted the responsibility for infrastructure upgrades from existing ratepayers to developments where growth occurs, and that process where the development contributions amounts are set has been through a public consultation round and will do so again in 2009. The contributions requested are in line with that set out in Council approved documents and policies. Therefore, the requested development contribution for roading, wastewater and stormwater are as per the policies imposed by Council at the time of the application for a building consent.

The table below shows how costs for capital infrastructure, ie development contributions have increased due to growth over time.

Development Contributions to be paid per HUD

	2000	2003	2006
Roading	\$1000	\$2540	\$1554
Stormwater	–	\$1140	\$1561
Wastewater	\$490	\$1860	\$6087
Water	\$467	\$4190	\$3065

The applicant has requested that Council take a pragmatic/realistic approach for motel units as compared with other commercial developments.

I met with the applicant on 24 September 2008 and the following issues were discussed:

- i) The benefit of these motel units to the community in relation to tour groups/tourists and their economic input to the community.
- ii) Occupancy rates for motel units averaged over the year, ie 50%. (detail supplied by applicant)
- iii) Occupancy of each unit, ie two people or families in units. (units 7,8 &14,15 could be family units)
- iv) Wastewater discharge volumes, when the majority of motel users are in occupation in the evenings to sleep and therefore limited use of wastewater facilities, ie toilet, shower and sink.
- v) Comparison of two motel units being equivalent to one dwelling (2006 LTCCP).
- vi) The Engineering Standards 2004 and 2008 which outline that for design of wastewater systems, allowance shall be 210 litres/person/day.
- vii) The occupancy of a typical house being approximately 2.5 - 3 persons.
- viii) Consent for the entire complex was issued in December 2003 (RM030793).

Again as a comparison, if a building consent had been issued in each of the three timeframes the following contribution would have been required:

Wastewater

2000-2003 – Value of work for 14 motel units = \$600,000

12% = \$380

2003-2005 LTCCP, ie 1 HUD = 1 m³ of discharge

14 units, 2 people per unit, total population = 28 people

50% occupancy over the year ∴ 14 people/day average for year.

Engineering standards say 210 litres/person/day ∴ 14 people x 210 = 2940 litres/day or 2.94m³ per day, Say ≈ 3.0 m³/day, 3 ÷ 1m³ = 3 HUDs

2003 HUD value was \$1860 ∴ 3 x \$1,860 = \$5,580

2006 LTCCP, ie 1 HUD = 2 pans

14 pans ÷ 2 pans = 7 HUDS, 7 x \$6,641 = \$46,487

Stormwater

Council did not have a stormwater development contribution component prior to 2003

2003-2005

No measurement was defined and officers had to compare the development with that of a typical impermeable area of a dwelling on a residential section.

In that regard, sections could be covered by 30-40% plus driveways and paths

∴ this amounted to approximately 350m² modules = 1 HUD

Therefore the applicant would have paid 2 stormwater HUDs

2006 LTCCP

Stormwater HUD was defined as 300m² and therefore the applicant would have paid 2 stormwater HUD's

The site is located within the stormwater UDA and also within the stormwater services activity contribution area, hence its assessment for the contribution.

On viewing the site and looking at the lie of the land, the following are evident:

- i) The site is now filled some one metre above existing paddock levels.
- ii) The site (buildings, carparks and part of the access) drain to at least three soakpits located on site.
- iii) Parts of the site drain to the adjacent rural land.
- iv) Parts of the access/entry area drain to the side drain along the state highway and then to systems maintained by Council downstream.
- v) Although not directly connected to Council's system, the applicant plus the users of the complex have the benefit in that they don't now have to travel through floodwaters to get to their properties.

This and similar issues were debated at the Engineering Services Committee meeting on 15 February 2007 in regard to residents of Tahī Street, Mapua and their view that they should not pay stormwater DC's.

Table 3, page 64, Volume 2 of the 2006 LTCCP contains a clause which states
“Credits given for stormwater mitigation, ie grass swales/rain gardens”.....

I am satisfied that the applicant has made some attempt to mitigate increased flows into Council-maintained systems.

Roading

2000-2003

As per wastewater the figure of \$600,000 project work was reduced to a 25% figure of \$791.66.

2003-2005 LTCCP, ie 1 HUD = 10 vehicle trips per day, ie 5 in and 5 out of the complex.

Assuming that the majority of occupants of the facility will arrive by car (some will arrive by bus, on foot or will be dropped off from town). A normal dwelling in a residential area will create 10 vehicle movements per day, hence 1 HUD.

I would conclude that each unit would generate 4 movements per day (2 in and 2 out) noting some days will result in more movements and bus usage will result in less.

∴ 14 units x 4 = 56 vehicle movements per day

50% occupancy = 28 movements, $28 \div 10 = 2.8$ raise to 3.

∴ three roading HUDS

This Council has and is still completing many millions of dollars of wastewater upgrades in the Takaka and Golden bay area including pump stations, rising mains and treatment pond upgrades. Without these upgrades the Engineering Department would not have recommended that the original rural-zoned land be permitted to be subdivided and developed and therefore land outside of the UDA permitted to connect to Councils reticulation system.

The committee will need to decide if it should depart from the development policy outlined in the current LTCCP after hearing evidence from the applicant at today's meeting. Officers will always carry out a consistent approach to applications and any deviation from that approach must be determined by the subcommittee based on the individual circumstances, while bearing in mind the principle of fair and consistent administration.

Dugald Ley
Development Engineer

