

Waimate District Council Statement of Amendments to Long Term Council Community Plan 2006/16

19th June 2007



This document must be read in conjunction with, supplements, and forms part of Waimate District Council's Long Term Council Community Plan 2006-16, adopted by Council on 19th June 2007.



Waimate District Council

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Introduction

Since publication of Waimate District Council's Long Term Council Community Plan (LTCCP) 2006/16 in July 2006, a number of changes in the activities that Council operates have occurred. Three of these changes are considered significant enough, by virtue of their impact on Levels of Service to the Waimate Community, that Council has on the 19th June 2007, adopted the following amendments to its LTCCP 2006-16.

This Statement of Amendments outlines the reasons why these changes have occurred, and essentially tells their stories.

The Statement of Amendments also explains the Financial impacts which are consequential effects of the amendments which have occurred.

The areas of Council Activity for which significant changes have occurred comprise:

- New Subdivision and changes to sewerage capital program, being a new Council Activity.
- Disclosure of Council's definition of the separately used or inhabited portion of rating unit that is used to apply a Targeted Differential Civic Amenities Rate.
- Council Managed Water Supplies Urban and Rural. Delay in implementation of improved Level of Service associated with new Ministry of Health Drinking Water Standards.

New Council Subdivision, Lower Queen Street Waimate and Capital Extension program for Urban Sewerage

During 2005 Waimate District Council became aware that due to improving economic conditions locally, there was a demand for building sites for new homes in the Waimate Urban area and the Urban Fringe. Council considered that it had the potential to assist new development, either by extending its urban sewer and water reticulation into areas adjoining the existing sewer and water networks, or by supporting a new urban subdivision, either Council owned or owned by a developer independent of Council.

Council's first action was to commence a study into the potential for in-fill housing within the Waimate urban area and on the existing urban fringe. A comprehensive survey of existing landowners was then conducted to determine community preferences as to the most widely supported locations for Council to extend its sewerage and water reticulations in order to provide for new building. The results of this survey supported three preferred areas for extension of Council infrastructure being,

Area A - The area around Princes Street, between Mill Road and Parsonage Road.

Area B - The area around King Street, between Mill Road and High Street.

Area E1 - The area around Durham Street and Carlisle Street, between Parsonage Road and Oxford Street.

Indicative costs were then calculated for the extension of Council infrastructure for sewer, roading, stormwater and water connections on a per section basis. All of this information was collected into a discussion document "The Future for the Waimate Urban Area", published for public comment on October 2005. (This document is available on Council's website at www.waimatedc.govt.nz).

The results of the consultation showed that the per section cost of Council infrastructure into the preferred areas A, B and E1, was prohibitively expensive at that time, in comparison to the then value of the sections that would be serviced.

Council's next approach was to undertake a risk analysis of options remaining to promote new building in the Waimate District including making Council owned land available to a

private developer and creating a Council controlled subdivision on land either then owned by Council, or able to be purchased by Council.

Factors considered by Council included:

- Selling Council owned land to a private developer or supporting a new subdivision owned by a private developer, would not leave Council with any ability to ensure the subdivision was commenced within a desired time frame.
- Advice from Quantity Surveyors and Real Estate Agents indicated that at that time, sections would be likely to sell quickly and Council was at a low risk of not recovering costs by undertaking a subdivision.
- Council already had a subdivision plan prepared for a parcel of Council owned land on lower Queen Street. This subdivision plan had been prepared in 1974 but never activated.

Accordingly Council resolved in November 2006 to proceed with a residential subdivision for its land on lower Queen Street, Waimate. The subdivision will provide for 21 sections, serviced with urban water supply, urban sewer connection, roading, kerb and channel, street lighting and landscaping, subject to tenders being within a defined amount.

Capital Extension Program for Urban Sewerage

Note that due to Council's study in areas A, B and E1 it was anticipated that Council's urban sewerage network would be extended into Area A, costing \$152,000, and this was reflected in LTCCP 2006/16.

Later at the time of Council's decision not to proceed further with its investigations into areas A, B and E1, Council was requested by Environment Canterbury to address potential health problems arising from old and failing septic tanks in Waimate Urban area. Accordingly, the budget set in LTCCP 2006/16 for sewerage capital extension in Area A was switched to a project for remediation of old and failing septic tanks in Timaru Road and other areas.

Financial Impacts in relation to LTCCP 2006/16

Because Council proposes to commence its new subdivision as soon as planning and operational requirements can be met, initial financial impacts of the subdivision are reflected in Council's Annual Plan for 2007/08 in the section relating to the activity for Community Property Management. A discussion of variances in Council's Community Property

Capital Item	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Subdivision of Queen Street		845,000								
Sale of Land Queen Street		(270,000)	(216,000)	(216,000)	(216,000)	(216,000)				

Management Activity for 2007/08 between the values reported in LTCCP 2006/16 and Annual Plan 2007/08 identifies that an increase in financial costs “relates to the initial funding requirement for Council’s prospective subdivision on lower Queen Street, Waimate in advance of sale proceeds being received”.

Using advice from Real Estate Agents and Quantity Surveyors, Council has produced a profile of costs and revenues for its proposed subdivision in future years. This profile shows cash outflows for building and construction costs in year 2007/08 with cash inflows from sale of sections in years 07/08 to 11/12. The overall cashflow for the entire project, after sale of the final sections is expected to produce a modest surplus.

Disclosure of Council’s definition of the separately used or inhabited portion of rating unit that is used to apply a Targeted Differential Civic Amenities Rate

Following enactment of Local Government Act 2002 Amendment Act 2006 No. 26, Councils throughout New Zealand are required to disclose a definition of how they recognise a “separately used or inhabited portion of a rating unit” where that Council uses that definition for purposes of applying rates. In disclosing this definition, Council is recognising and codifying existing in-house rating practice:

Waimate District Council recognises a separately used or inhabited portion of a rating unit, and applies a Targeted Differential Civic Amenities Rate where Council’s valuers have identified separate use or occupation of a single rating unit, or group of rating units.

Council Water Supplies, Urban and Rural

Waimate District Council has an urban water supply that provides a regular supply of potable water to the designated urban area of Waimate (population 3000 approx.) to serve drinking, commercial and fire protection uses. Two secure ground water bores at Timaru Road and Manchester Road supply the urban network via a reservoir at Mill Road.

The Waimate District Council also operates six rural water schemes (Cannington-Motukaika, Lower Waihao, Otaio-Makikihi, Waihaorunga, Waikakahi, Hook-Waituna) and in addition, Incorporated Societies run Hakataramea and Cattle Creek (Upper Waihao), with Downlands being supplied and administered by Timaru District Council, with a share holding by Waimate District Council.

In response to the publication of new National Drinking Water Standards 2005, which came into effect 31 December 2005, Council signalled in LTCCP 2006-16 the implementation of substantial upgrades to water supplies for the urban scheme and for rural schemes for (Cannington-Motukaika, Lower Waihao, Otaio-Makikihi, Waihaorunga, Waikakahi, Hook-Waituna). Since that time there has been a time lag in the implementation of the Technical Assistance Program (TAP) by the Ministry of Health in relation to water scheme upgrades. Due to this delay, Waimate District Council, in consultation with the community committees for the six rural water schemes affected, has resolved to defer the bulk of the planned water upgrade work for one year, thus extending the expected completion dates out one year into the future. The effect of this deferral is that the improved level of service from water quality upgrades will be delayed, from that signalled in LTCCP 2006-16.

Financial Impacts in relation to LTCCP 2006-16

The major financial impacts from the global one year deferral of Council’s capital expenditure for water schemes are presented in a series of capital expenditure tables for each water scheme (see following pages) Additionally, project timeframes noted in LTCCP 2006-16 for the activities for rural water and urban water are deferred. Due to the large cashflows involved, the overall impact on future year’s balance sheets (statements of financial position) is significant for Council.

Council are conscious that although the interest cost of borrowings to support capital works in 2006/07 was rated for, in 2006/07 the work will now not occur until 2007/08. Accordingly, the opening cash position for Council’s Annual Plan 2007/08 has been adjusted to ensure that the rates already collected and capital budget not spent are recognised.

Implementation Plan for National Drinking Water Standards

Items in **Red** that are deleted represent values published in LTCCP 2006/16.

Items in **Green** represent proposed values published in Annual Plan 2007/08 being amendments to LTCCP 2006/16.

Capital Item	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Water Supplies										
Waimate Urban										
Upgrade of Pump Stations	40,000	40,000								
Switchboard Upgrade	40,000	40,000								
SCADA Upgrade	10,000	10,000								
Automated CI Systems	38,000	38,000								
Demonstration of Compliance	2,000	2,000								
Pipe Renewals	52,000	54,000 40,000	56,000	57,000	58,000	60,000	61,000	62,000	63,000	64,000
Cannington Water Scheme										
Automated CI System	15,000	15,000								
Point of use Filters	25,000	26,000 25,000	26,000							
Settlement tank, if required			27,000	27,000						
Pipe renewals				5,000	5,000	5,000	6,000	6,000	6,000	6,000
Hook/Waituna Water Scheme										
New Point of Source Filters	140,000	140,000								
UV System		52,000	52,000							
Settlement tank, if required			32,000	32,000						

Capital Item	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Clarifiers, if required				76,000	78,000 76,000	78,000				
Pipe renewals						17,000	17,000	18,000 17,000	18,000	18,000
Lower Waihao Water Scheme										
New Point of Source Filters	157,000	150,000								
UV System		41,000	41,000							
Settlement tank, if required			32,000	32,000						
Clarifiers, if required				76,000	78,000 76,000	78,000				
Pipe renewals						17,000	17,000	18,000 17,000	18,000	18,000
Otaio - Makikihi Water Scheme										
New Point of Source Filters	150,000	150,000								
UV System		41,000	41,000							
Settlement tank, if required			32,000	32,000						
Clarifiers, if required				76,000	78,000 76,000	78,000				
Pipe renewals						17,000	17,000	18,000 17,000	18,000	18,000
Waihaorunga Water Scheme										
Switchboard Upgrade	4,000	4,000								
SCADA Upgrade	1,000	1,000								
New Point of Use Filters	25,000	26,000 25,000	26,000							

Capital Item	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Automated CI Systems	30,000	30,000								
Settlement tank, if required			27,000	27,000						
Pipe renewals					5,000	5,000	6,000 5,000	6,000	6,000	6,000
Waikakahi Water Scheme										
System Upgrade	60,000									
Switchboard Upgrade	23,000									
New Point of Source Filters	150,000	150,000								
UV System		41,000	41,000							
Settlement tank, if required			32,000	32,000						
Clarifiers, if required				76,000	78,000 76,000	78,000				
Pipe renewals						174,000	17,000 174,000	18,000 17,000	18,000	18,000