

Clyde Wastewater Reticulation Scheme – Capital Funding Plan

The Clyde Wastewater Reticulation Scheme Capital Funding Plan in accordance with Section 117B(3) of Local Government (Rating) Act 2002.

Scheme Purpose

The Clyde Wastewater Reticulation Scheme covers all properties located in the Clyde township. All residential and commercial properties in Clyde are currently served by privately owned septic tanks and disposal fields. To meet increasing environmental expectations, regulation, and accommodate growth, a reticulated wastewater system is required.

Council has determined that a reticulated wastewater system with wastewater piped from Clyde to the Alexandra treatment facility will provide the best value for money. The construction costs are less as the pipeline can be built in conjunction with construction of a water pipeline between Clyde and Alexandra, and the costs of operating one treatment plant for both towns are significantly lower than operating two separate plants.

As part of Council’s 10 Year Plan 2018-28 consultation, Council proposed to implement the project in three stages.



Funding Breakdown

The total estimated cost of Stage 1 is \$23,115,000 including GST, and the total cost for all Stages 1-3 is \$48,760,000 including GST and inflation.

Council believes that the financial burden of Clyde ratepayers paying the full amount of the wastewater reticulation would be unsustainable for a community of that size. So, following consultation on the 2018-28 Long-term Plan it was agreed that the project will be funded by:

- Clyde Ratepayers in Stage 1 to pay a contribution of \$10,000 for each connection to the new network. Clyde Ratepayers in Stages 2 and 3 will pay an inflation adjusted contribution on completion of the relevant Stage for their property.
- An increase to the district wastewater rates and charges of \$56 per annum per property in 2018 across the whole district. The district wastewater rate will contribute toward the balance of the project cost and the ongoing operation and maintenance costs of the scheme. Clyde properties who will benefit from the scheme when they are connected in stages 1, 2 and 3 also pay this annual charge of \$56.

This Funding Plan relates to property owners who will be connected in Stage 1 only. Connected properties are defined as: any rating unit (including vacant sections) that is connected (or able to be connected because a lateral is provided) to a Council operated wastewater system. So, a property is considered connected when Council has provided a lateral connection to the property boundary. This is consistent with Council’s district-wide approach for wastewater connections.

See Key Dates section for the project timeline for Stages 2 and 3. Property owners in Stage 2 and 3 will be contacted separately to make their contribution toward these stages when construction starts on these.

Estimated Scheme Cost

The current total estimated cost for Stage 1 of the Clyde Wastewater Reticulation Scheme and sources of funding is:

	Cost per Household Unit Equivalent (HUE)	Estimated Cost
Clyde Stage 1 (est. 212 HUEs)	\$10,000	\$2,120,000
District Funded		\$20,995,000
Total incl. GST		\$23,115,000

The estimated cost of Stages 2 and 3, not included in this Plan, are:

	2021 Estimated Cost (incl. GST)	Estimated Inflated Cost (incl. GST)
Stage 1 (2018-2022)	\$23,115,000	\$23,115,000
Stage 2 (2029-2033)	\$14,145,000	\$18,285,000
Stage 3 (2038-2040)	\$4,945,000	\$7,360,000
Total Stage 1-3	\$42,205,000	\$48,760,000

The estimated cost includes:

- Wastewater pipeline to carry wastewater to Alexandra Wastewater Treatment Station
- Clyde Main Pump Station
- Reticulation within Clyde

Capital Contributions

The cost per existing property (Household Unit Equivalent) is \$10,000 (incl. GST) for the capital contribution to the network.

No recalculation of the capital contribution from Stage 1 Clyde Ratepayers will be made. If project costs differ from the above estimates these changes will impact the district wide contribution.

Payment Options

Clyde Ratepayers in Stage 1 will have the option of paying the \$10,000 capital contribution by the following options:

Single lump sum payment of \$10,000 in Year 1 (July 2023-June 2024).

Four lump sum payments of \$2,500 paid quarterly in Year 1 (July 2023-June 2024).

Targeted rate payments of \$1,277 each year for ten-year period, invoiced as part of the total rates annual invoice starting in the 2023/24 financial year. This has been calculated with 5% interest and amounts to a total of \$12,770 over ten years.

The default option is to pay via a targeted rate over ten years. Stage One ratepayers will be invited to opt-in to pay by lump sum (single or quarterly) in February 2023 and must respond to Council by 31 March 2023 if they would like to pay by lump sum.

This is the only opportunity to pay by lump sum for stage one. If ratepayers do not want to pay by lump sum they do not need to reply and will automatically pay the targeted rate over 10 years.

The proposed due dates for lump sum payments are yet to be finalised but expected to be:

Option	Proposed payment due dates			
One-off	18/08/2023			
Quarterly	18/08/2023	17/11/2023	16/02/2024	17/05/2024

Ratepayers who opt to pay by lump sum contribution will not be liable for a targeted rate for the capital project improvements.

In addition to the contribution to the capital project costs, once connected all Clyde ratepayers will pay the district wide wastewater rate for operation and maintenance of the network. This rate is updated annually as part of Council's annual planning process.

Should payment of the agreed capital contribution not be met, Council reserves the right to cancel the capital contribution election and transfer the ratepayer over to the targeted rate payments of \$1,277 per annum for the ten-year period, invoiced as part of the total rates annual invoice. Any capital contribution that has been received will be credited against the outstanding targeted rates until no rates remain unpaid.

Subdivision and Development

If property owners sell their property, then:

If they have chosen to make their capital contribution via lump sum, any future ratepayers will be liable for any outstanding payments.

If they have chosen to make their capital contribution via targeted rate, any future ratepayers will continue to pay the targeted rate.

Properties subdivided after the date of this capital project funding plan will not pay their contribution as described in this Plan. Instead, they will fund their contribution through the relevant Development Contributions applicable to the property at the time of subdivision, and through the district wastewater rate.

Key Dates

Invitation to make a lump sum contribution:

- Invitation from CODC to make lump sum contribution 1 February 2023
- Ratepayers to agree to make a lump sum contribution 31 March 2023

Expected Payment date for Ratepayers making a one-off lump sum contribution:

- Final payment for one-off lump sum payment 18 August 2023

Expected Payment dates for Ratepayers making quarterly lump sum contributions:

- First instalment 18 August 2023
- Second instalment 17 November 2023
- Third instalment 16 February 2024
- Fourth and final instalment 17 May 2024

Construction dates:

- Stage 1 2019 – 2022

Stage 1 is expected to be commissioned by 30 October 2022.

Future project stages, not part of this Plan:

- Stage 2 2028 – 2033
- Stage 3 2038 – 2042

Funding Plan Expiry Date

This funding plan will expire once the 10-year period of targeted rate contributions has ended, expected to be 1 July 2033.

If commissioning of Stage 1 is delayed the timeline for payments may be altered, this will be communicated to affected Ratepayers.

Consultation Process

The Clyde Wastewater Project was consulted on during 2018-28 Long Term Plan consultation (28 March 2018 – 30 April 2018).

Council consulted with the community on two issues:

Timing of the wastewater reticulation project, and
Funding of the project.

346 submissions were made on this issue, and following strong support Council adopted the following options into the 2018-28 Long Term Plan:

- Staging the Clyde wastewater project over three stages.
- Funding the project through:
 - Clyde ratepayers pay a \$10,000 capital contribution.
 - District wastewater rate increase of \$56 per property (in 2018).

- Payment options for Clyde ratepayers:
 - A one-off (lump sum) contribution of \$10,000.
 - Payment via a targeted rate over a 10-year period at \$1,277 per annum (calculated with a 5% interest rate).