

Ripponvale Water Upgrade Scheme - Capital Funding Plan

The Ripponvale Water Upgrade Scheme Capital Funding Plan in accordance with Section 117B(3) of Local Government (Rating) Act 2002.

Scheme Purpose

The Ripponvale Community Water Scheme provides drinking water to more than 100 people and is required to meet the New Zealand Drinking Water Standards for a small supply. The Scheme was registered as only supplying a population of 30 people and has not been complying with the legal requirements.

Council took over responsibility for the Ripponvale Community Water supply on the basis that the properties on the supply pay for half of the estimated costs to upgrade the network to comply with New Zealand Drinking Water Standard requirements. The estimated cost including GST was \$690,000. The amount to be paid by properties on the scheme is therefore \$345,000 (plus interest, if applicable).

Funding Breakdown

The total estimated cost of the project is \$690,000 including GST.

Council believes that the financial burden on the 73 **Ripponvale Community Water Scheme** ratepayers paying the full amount of the Ripponvale Water Upgrade Scheme would be unsustainable for a community of that size. In November 2020 Council resolved to fund 50% of the scheme through the Stimulus Funding Scheme from the government funded three waters programme of funding.

- 50% funded by Council stimulus funding at \$345,000 including GST.
- 50% funded by the properties within the Ripponvale Community Water Scheme supply at \$345,000 including GST.

This Funding Plan relates to *existing* properties on the Ripponvale Community Water Scheme within the Cromwell Water Supply Area.

Members of this scheme have been charged the standard rates for a Council water connection since 01 July 2021.

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 water connections.

Key dates

1 July 2021	Members of this scheme commenced being charged the standard rates for a Council water connection.
9 July 2021	Letter sent to properties advising of the connection and that further consultation was to happen.
1 July 2022	Scheme holders commence paying the balance of the upgrade costs of \$345,000 including GST.

Estimated Scheme Cost

The current total estimated cost for the Ripponvale Water Upgrade is \$690,000 including GST. Funding for the upgrade will be shared 50% council funding and 50% by the properties within the Ripponvale Community Water Scheme supply.

	Cost per Household Unit Equivalent (HUE)	Estimated Cost
Ratepayer funded (either lump sum or a targeted rate)	\$4,726	\$345,000
Council Funded		\$345,000
Total incl. GST		\$690,000

The estimated cost includes:

Component	Cost (incl. GST)
Upgrade Kawarau Gorge Road	\$274,808
Critical spares	\$6,739
Telemetry upgrade	\$15,140
Reticulation upgrades across Ripponvale Network	\$393,313
Total	\$690,000

Capital Contributions

The cost per existing property (Household Unit Equivalent) is \$4,726 (incl. GST) for the capital contribution to the network. This is based on 73 properties, included in the Ripponvale Water Upgrade Scheme map as detailed on page 183 of the 2022-23 Annual Plan, and also on the Council website under Property and Rates quick links.

No recalculation of the capital contribution will be made. If project costs differ from the above estimates these changes will not be imposed on the Ripponvale Scheme ratepayers.

Payment Options

The Ripponvale Community Water Scheme ratepayers will have the choice of paying the \$4,726 contribution by the following options:

1. Single lump sum payment of \$4,726 in the 2022-23 year (July 2023-June 2024), invoiced separately to the rates invoice, with payment due in August 2022.
2. Four payments of the lump sum contribution of \$1,181.50 paid quarterly, commencing July 2023 and ending 30 June 2024, also invoiced separately to the rates invoice.
3. Targeted rate payments of \$602.57 each year for either a ten-year period **or** \$1,087 each year for a five-year period, depending on Council's decision once they have considered the Ripponvale Community Water Scheme ratepayers feedback from the March 2022 consultation.

The targeted rate will be invoiced as part of the total rates annual invoice starting in the 2022/23 financial year.

The term of the targeted rate will depend on the outcome of the March 2022 consultation process. The ten-year and five-year individual annual payment has been calculated with 5% interest and amounts to a total of \$6,025.70 over ten years or \$5,435 over five years per ratepayer. Those that elect to pay either option 1 or option 2 will only pay \$4,726 in total and will not incur any interest costs.

The default option is to pay via a targeted rate over whichever term is agreed by Council once they have considered the Ripponvale Community Water Scheme ratepayer's feedback.

As part of the consultation process, the 73 impacted ratepayers will be formally invited to opt-in to pay by lump sum (single or quarterly) in early June 2022 and must respond to Council's consultation and formal invite by **20 June 2022** if they would like to pay by lump sum.

This is the only opportunity to pay by lump sum. If ratepayers do not want to pay by lump sum, they do not have to accept the offer and will automatically pay the Council imposed targeted rate over the five or ten year period.

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

Option	Proposed payment due dates			
One-off	18/08/2022			
Quarterly	18/08/2022	17/11/2022	16/02/2023	17/05/2023

Ratepayers who opt to pay by lump sum contribution will not be liable for a targeted rate for the water scheme upgrade.

Subdivision and Development

If property owners sell their property, then:

- If they have chosen to make pay their 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 05 June 2022
- Ratepayers to agree to make a lump sum contribution 20 June 2022

Expected payment date for ratepayers making a one-off lump sum contribution:

- Final payment for one-off lump sum payment 22 August 2022

Expected payment dates for ratepayers making quarterly lump sum contributions:

- First instalment 22 August 2022
- Second instalment 21 November 2022
- Third instalment 21 February 2023
- Fourth and final instalment 22 May 2023

Construction dates:

- Construction commenced November 2021
- Construction scheduled to be completed 30 June 2022

Funding Plan Expiry Date

This funding plan will expire once the 10-year or five-year period of targeted rate contributions has ended, expected to be no later than 30 June 2032.

Consultation Process

The costs for this project were included in the 2021-31 Long-term Plan, which was consulted on from 26 March – 25 April 2021.

The Ripponvale Community Water Scheme ratepayers received notification in a letter dated 9 July 2021 that the upgrade would commence and that they would be contributing to the upgrade.

Consultation on how they elect to pay for the Ripponvale Community Water Scheme upgrade began on 15 March 2022 and ended on 2 April 2022.

The affected ratepayers will be notified no later than 30 June 2022 of Council's decision regarding the term of the targeted rate.

Frequently Asked Questions (FAQs)

Ripponvale Water Upgrade Scheme Capital Funding Plan

Is the lump sum compulsory?

No. This is each ratepayer's choice. If you do not elect to pay the lump sum, you will continue to pay the targeted capital rate over either a five or 10 year plan, depending on Council's decision following feedback from the affected ratepayers.

If I don't choose the lump sum option this year, can I pay a lump sum in the future?

No. This year will be the only opportunity to make a lump sum payment. Those who don't elect this option will pay the targeted rate, plus 5% interest over five or 10 years.

Could the lump sum contribution be recalculated?

No, this is a fixed price and not subject to change.

What happens if I sell or subdivide my property?

If you sell or subdivide your property, then:

- if you have chosen the lump sum option, any future ratepayers would be liable for any outstanding payments.
- if you have not chosen the lump sum option, any future ratepayers would pay the relevant targeted rate.

What happens if the number of contributing ratepayers/properties change?

It is not expected that there will be any change to the lump sum contribution and the targeted rate. The capital plan will be adopted by Council as part of adopting the 2022-23 Annual Plan.

What happens if the overall project costs change?

There will be no change to the contribution the Ripponvale Community Water Scheme ratepayers will have to pay. The \$345,000 is a fixed price.

Are there late payment penalties for the lump sum option?

Yes. If you choose the lump sum option, standard late payment penalties will apply if you do not pay on time. In addition, Council may choose to cancel your election to pay by lump sum, and instead require you to pay the targeted rate. If you would like more information on this process, please see section 117N of the Local Government (Rating) Act 2002 (<http://legislation.govt.nz/act/public/2002/0006/latest/DLM133161.html>).

If I choose the lump sum option, do I still have to pay any additional rates?

All standard Council rates will still apply. However, those who pay the lump sum contribution will not have to pay the targeted rate referred to in this documentation.