

SOUTH WAIRARAPA DISTRICT COUNCIL

27 AUGUST 2014

AGENDA ITEM D4

NEW WASTE WATER CONNECTION - 25A FITZHERBERT STREET, FEATHERSTON

Purpose of Report

To advise Council of a request received from a Featherston business couple in respect of a new waste water connection and building consent fees associated with the new business premises at 25A Fitzherbert Street Featherston.

Recommendations

Officers recommend that the Council:

1. *Receive the information*
2. *Decline to fund the cost of the new waste water connection to 25A Fitzherbert Street, Featherston unless Council sees fit to vary current policy.*
3. *Decline to refund building consent fees as these reflect the actual cost of the service.*

1. Executive Summary

The business couple (Mr and Mrs Patel) have demolished older premises and provided new premises for a new business in Fitzherbert Street, Featherston. It was established at the time of rebuilding that the earlier premises waste water was connected to the adjoining properties service connection. As this property is a separate title from the adjoining property, Council policy requires separate servicing for both water and waste water. This is to prevent future disputes between owners over the services should problems arise. It also makes it clear should Council be required to undertake any regulatory enforcement in the future; it clearly identifies who the responsible party is.

Mr and Mrs Patel have had to pay certain costs for the new development in relation to a new waste water connection. The extra servicing costs amount to \$13,685 (GST inclusive). In addition they have incurred costs of a connection and a road opening bond deposit of \$578 (GST inclusive).

The Building Consent fees charged for this development has been reviewed. While the cost appears high they were reasonable in these circumstances and are not the result of any in-action or omission on behalf of the Council.

As per the attached letter the Patel's are requesting that Council give consideration to providing financial assistance on the basis that some of the cost they have had to carry was unexpected and could not be reasonably foreseen.

2. Background

Council has in the past considered similar requests for financial assistance toward set up costs for new business initiatives. The most recent request considered by Council in February 2013 was for a new business proposed to be established nearby in Fitzherbert Street. The applicant in this case required a new separate water connection (as per the policy) to service a new boutique cheese manufacturing venture and considered that if Council provided the new connection at its own cost this would be seen as being receptive to and encouraging of new businesses and employment in Featherston.

In this particular case, a capital contribution was payable in addition to physical connection work costs and Council after some consideration decided that capital charge would stand but that Council would waive the costs (cover the costs itself) associated with the new connection.

In the Patel case no such capital contribution was payable as the property was already paying full waste water charges being a serviced property and deemed to have contributed over time towards capital improvements. However, new connection costs as has always been the case has had to be met by the benefiting property owner.

3. Discussion

The discussion revolves around what the Council may have done for others in past times in similar but not necessarily identical circumstances and whether or not precedence applies. Council has previously stated that any decision around the February 2013 request would not constitute a precedent. Hence precedence may not apply in this case.

What does apply is a need to adopt a consistent rationale around any policy exemption around fees and incurred cost that is made. The rationale could include:

- Visible support for new business initiatives
- Support in circumstances where servicing and business establishment costs appear to be unusually high

Non exemption on the other hand preserves Council's policy and funding position for the future and provides isolation from any future event such as a decline or failure in business activity.

The decision in respect of the cheese making venture was as follows:

C6. Commercial Water Supply Connection Featherston

Councillors considered the request noting that any decision made did not constitute a precedent. The following arguments were discussed in support of providing a subsidised connection.

- Would assist to bring new business opportunity to Featherston.
- The proposed venture would pay for ongoing water usage.

The following arguments were discussed in support of declining a subsidised connection.

- The capital contribution is a district plan charge.
- The existing connection could possibly be used with the addition of an extra meter.

COUNCIL RESOLVED (DC2013/15):

1. To receive the information.
(Moved Cr Craig/Seconded Cr Stevens) Carried
2. To approve an additional water connection at 19 Fitzherbert Street, Featherston.
3. To waive the water connection charge, but determined that the capital contribution charge would still be payable.
(Moved Cr Davies/Seconded Cr Riddell) Carried

With respect to the Building Consent costs, the Patel's engaged a Building Company to act as their agent for the purposes of designing the building and obtaining a Building Consent and then to construct the new building (in effect a design and build contract). The Company lodged a Building Consent application on 20/9/2013. On lodgement the Building Consent was reviewed and some 10 building and 8 plumbing and drainage matters were found to be incomplete/inadequately specified. These matters required additional time (cost) to resolve, not all of which was passed onto the Patel's at that time.

In addition because the Patel's agent had proposed a structure which was not a conventional commercial building design (it was an adaption of a much simpler rural type building), the design had to be independently reviewed for structural and fire design elements. This led to the external Peer Review costs which were then charged back to the applicant.

The Council charges levied (\$5113) were inclusive of the required inspections for such a structure (16), although some 18 inspections have resulted with the additional two not being charged (\$268). In addition this fee includes a \$1000 refundable deposit and a BRANZ Levy of \$150 (Government charge) and a Building Levy of \$301.50 (Government charge). The net BC fee (including inspections) is therefore \$3661.50.

The value of the structure was notated on the Building Consent as being \$150,000. If the design from the start had been up to standard, for what is in effect a relatively simple commercial building, a number of the consenting costs may have been avoided. This is not something that Council can control, it is the applicant's responsibility (just as it is for other consents

and licences) to ensure that the design is appropriate before lodgement of a Building Consent, that is, the proposed structure is fit for purpose.

If the fees for this consent were reduced as requested the deficit would have to be made up from rates, as the actual cost to Council does not change. This would mean the ratepayer would pay for part of the cost of obtaining this Building Consent, when those costs essentially arose because of an incomplete Building Consent application being lodged.

3.1 Financial Considerations

A full or partial waiver will need to be funded by way of internal transfer from Council's operating accounts.

4. Supporting Information

4.1 Existing Policy

Relevant Extracts from the current waste water supply policy are:

3.0 GUIDELINES:

3.1 GENERAL

- 3.1.1 *All new connections are charged an administration fee set by the Council each financial year.*
- 3.1.2 *Work shall not commence until an application and administration fee has been paid by the applicant and the Group Manager Infrastructure & Services (or his representative) has approved the specifications for the connection work in writing and a permit to connect issued.*
- 3.1.3 *The cost of connection work (lateral) from the sewer mains to the road boundary and any other associated costs are met by applicants.*
- 3.1.4 *Connection work referred to above may include (but is not limited to) pipe work, attendance by the Council's contractor at the time of connection to the sewer mains, a New Zealand Transport Agency permit for trenching (if required), a Corridor Access Request for reinstatement of the road and other disturbed infrastructure, relocation of any other services, and any other related work.*
- 3.1.5 *Applicants have a choice of engaging either Council's contractor or other contractors acceptable to the Council to carry out the connection work(s) referred to. Applicants pay all the costs direct to the contractor.*
- 3.1.6 *If applicants engage a contractor other than Council's contractor, that contractor does the connection to the mains in the presence*

of Council's contractor. Applicants pay the necessary cost of attendance to Council's contractor, direct.

- 3.1.7 Costs of extending the sewer mains where required are met by applicants.*
- 3.1.8 For connections to new subdivision lots and other properties (where serviceable rates have not been paid) and buildings including multi-dwellings and occupancies, applicants pay capital contributions to join the existing system at a rate set by the Council from time to time.*
- 3.1.9 All users own the asset relating to laterals including the actual connection with the sewer main, and are responsible for the maintenance and replacement in future of that asset. Sewer laterals are to be maintained in leak-proof condition.*
- 3.1.10 Each property receives only one connection. Additional connections may be available at Council's discretion where the Council permits more than one house, a commercial building or any other building in a section. In such cases, applicants pay the initial capital contribution referred to above and subsequently contributions for each separate additional connection.*

For connections to new subdivision lots and other properties, applicants pay financial contributions to join the existing system at a rate set by the Council from time to time. Each property receives only one connection. Additional connections may be available at Council's discretion where the Council permits more than one house, a commercial building or any other building in a section. In such cases, applicants pay the initial contribution referred to above and subsequently water charges for each separate connection.

5. Appendices

Appendix 1 – Letter from Patel', 25a Fitzherbert Street, Featherston.

Contact Officer: Bill Sloan, Asset Manager, Infrastructure Services

Reviewed By: Mark Allingham Group Manager, Infrastructure Services

**Appendix 1 – Letter from Patel,
25a Fitzherbert Street,
Featherston**

The Mayor and Councillors
South Wairarapa District Council
19 Kitchener St
Martinborough

Re: 25a Fitzherbert St Featherston

We purchased a building at the above address for the purpose of re-developing the site into a convenience store.

The scope of the project consisted of the demolition of the existing structure and the erection of a new building utilising the infrastructural facilities that were already servicing the site. During this process we have incurred charges that South Wairarapa District Council has levied against us some of these were expected and others not, to date we have paid the following fees;

- Demolition permit \$521
- Building permit \$5113.50
- Peer review \$2632.78
- Fire engineering review \$898.15
- Amendment \$252.00
- Service connection fees these costs are pending at time of writing

In addition to these costs we have incurred a further burden of having to lay a new lateral for the sanitary sewer across State Highway 2, this resulted in us having to pay fees to Land Transport Safety Authority, traffic management plan and action as well as pavement re-instatement to the carriageway, this was not budgeted for and were only advised that a new lateral was required during construction this additional financial burden was \$13685.00.

We respectfully ask if the Council will look at contributing towards the additional expenditure we have had to bare by not being able to us the pre-existing asset.

Your consideration and assistance in this matter would be appreciated.

Many Thanks

H & NH Patel
21 Fitzherbert St
Featherston