

REPORT ON WINERIES WATER CONNECTIONS

Purpose of Report

To inform Council of work to enable three wineries to access a non-chlorinated water supply and agree what financial contributions should be sought from the wineries.

Recommendations

The Assets and Services Committee recommends that Council:

- 1. Receive the report regarding requests from three wineries for Council to waive water capital contributions.*
- 2. Agree to waive the water capital contributions mandated in the water supply policy and charge the actual connection and modification fees to the three wineries instead.*

1. Executive Summary

As a result of chlorination of Martinborough's water supply, wineries needed to find alternative, non-chlorinated water supplies. Officers arranged for the modification of the pipeline from New York Street West to Princess Street to provide a non-chlorinated water supply to the Nga Waka, Martinborough and Palliser wineries.

Council collects a capital contribution for each new water and wastewater connection or property. These funds are held in reserves to cover the future capital work to upgrade the network or treatment plant when a capacity constraint is identified.

The wineries that connected to the un-chlorinated water main are requesting the waiver of the capital contributions for the new connections as they do not represent additional load on Council's infrastructure. The wineries are happy to pay the actual costs to connect to the non-chlorinated line. This request was taken to the 4 September Assets and Services Committee meeting for consideration.

It is recommended that Council agree to waive the capital contributions as mandated in the water supply policy but charge the actual connection fees including the cost to modify the water supply line. The wineries are to be offered the interest free loan option to help them fund the actual connection fees. This is consistent with the other wineries who have installed additional treatment or storage to enable them to have a chlorine free water supply post chlorination of the Martinborough water supply.

2. Background

Following the E.coli incidents in Martinborough, it was identified that the decision to chlorinate would affect the wineries. Chlorine by-products may react with the microbes in the wine barrels to taint the wine.

Time was given to allow the wineries to install measures to de-chlorinate their supplies.

An alternative was identified to provide unchlorinated water to some wineries. Two parallel pipelines run from the water treatment plant along New York Street west to Princess Street. The vineyards in proximity to the road elected to connect to this main after the council had modified the pipeline to remove any risk of unchlorinated water entering the network.

Three wineries have connected to this pipeline:

- Martinborough
- Nga Waka
- Palliser

The wineries requested new connections for the water and the retention of their existing connections.

- They have agreed to cover the cost of the work for the new connection (using the interest free loan to cover approximately \$2,100 - \$4,300 each),
- In addition, Council incurred a cost of \$10,257.88 to modify the line to enable non-chlorinated water to be supplied to the three wineries. This charge is to be pro-rated based on the size of the connection of each winery.
- The wineries have requested that the policy of collecting a capital contribution for the new connections be waived as they do not represent additional capacity being needed from the water supply network.

The council collects a capital contribution for each new connection or property when the apply. This contribution is held in a reserve to cover the future capital work to upgrade the network or treatment plant when a capacity constraint is identified. This is either a payment for the use of any additional capacity in the network or to cover the cost when an upgrade is required. For example, the new wastewater pipeline in Greytown that is at the capacity limit and needs upgrading to allow the new subdivisions to join. This is currently \$3,249.42 plus GST for a 20mm connection, but this is increased for a larger connection. The wineries received a 32mm connection which is provide 256% larger area with a much higher risk for excess water usage so increased by 2.56 to \$8,318.51 plus GST (3 connections = \$24,995.54 plus GST).

While the wineries say that they will not use anymore water in comparison to the water already taken from their existing connections, there is increased potential for this to happen. Council do charge for excess usage to prevent an increased water usage. This is only after the fact that we will identify the excess usage.

We could request the wineries agree to monitor their own usage and alert Council to any increased usage throughout the year. We can also ensure more regular meter readings for these properties e.g. quarterly or six monthly to monitor their usage.

2.1 Other considerations

In the updated water management plan, it is identified that water conservation measures will be introduced to decrease the impact of the wineries. Other considerations on water usage are:

- Natural Resources Plan – at low flows restricting water usage to ‘life sustaining’.
- Ruamahanga Whaitua process recommendations for a stop to water take during low flow conditions.
- Climate change impact for longer periods of low flow.

These plans mean that there will be increased pressure on water resources during summer and the wineries should be encouraged to reduce their overall water demand. While there is potentially some provision to keep plants alive, the use of potable water for irrigation is not considered sustainable.

A managed reduction in water demand for the vineyards should be encouraged.

3. Conclusion

It is recommended that Council agree to waive the water capital contributions as mandated in the water supply policy, for the three wineries but charge the actual connection and modification fees and offer for this to be repaid by way of an interest free loan up to a maximum of \$10,000 per vineyard.

The new connection is a replacement of the connection from the chlorinated pipeline that runs parallel to the modified pipeline. The water usage delivered through the new connection is therefore not new and not new capacity in the pipeline. However, the sole beneficiaries of the modified pipeline are the 3 wineries. It is therefore fair to vary the capital contribution policy as though it is technically a new connection it is not new usage that is taking additional capacity from the network. As the sole beneficiaries of the modified pipeline are the 3 wineries it is reasonable to vary the capital contribution policy to recover the costs to council for the costs in modifying the pipeline to supply a non-chlorinated water supply.

4. Appendices

Appendix 1 – Water Treatment Plant to Princess Street

Appendix 2 – Town Water Supply Policy

Appendix 3 – Submission from wineries presented in public participation at A&S Committee 4 September 2019

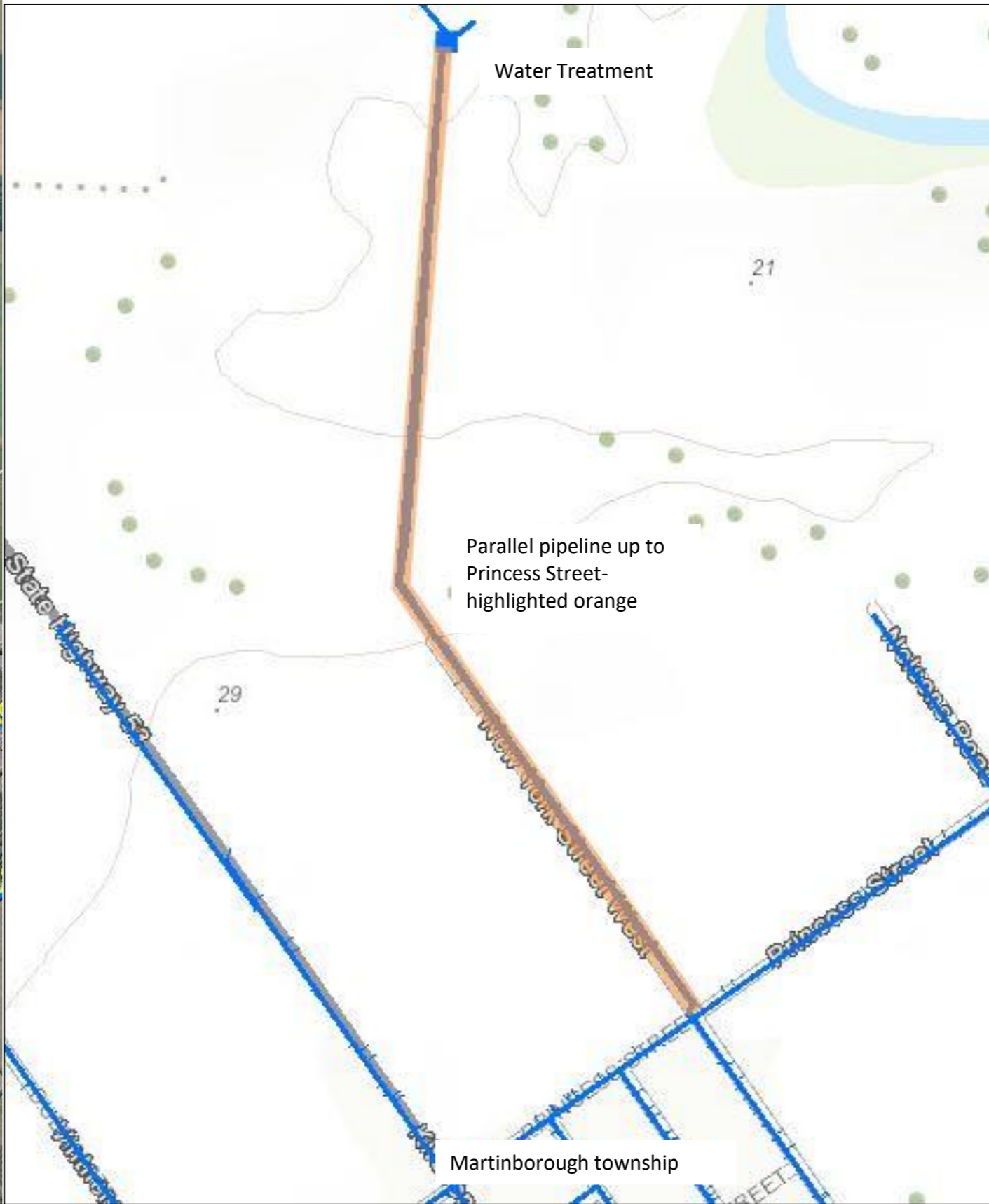
Written by: Lawrence Stephenson, Assets and Operation Manager

Reviewed by: Jennie Mitchell, Group Manager Corporate Support

Appendix 1 – Water Treatment Plant to Princess Street



Aerial of Water treatment plant to Princess St



Pictorial of Water treatment plant to Princess St

Appendix 2 – Town Water Supply Policy

Town Water Supply Policy

1.0 RATIONALE:

Water supply to urban areas requires a significant investment by Council to meet ratepayer's expectations. This policy is to protect Council's investment by setting standards for connections to the system and identifying where the costs of connection lie. Council water supply systems have capacity limitations and requests for new connections, sub divisional development will be considered in the context of system capacity.

2.0 PURPOSE:

To set out the conditions and cost responsibilities relating to Council owned water supply schemes in the District.

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 has been approved 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 from the water mains to the road boundary and any other associated costs are met by the applicant.
- 3.1.4 Connection work referred to above may include (but is not limited to) pipe work, testing and disinfection, manifold (back flow preventer) service box (toby), water meter, flow control system (if required), attendance by the Council's contractor at the time of connection to the water 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 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 cost of attendance to Council's contractor, direct.

- 3.1.7 Costs of extending the water mains where required are met by applicants.
- 3.1.8 For connections to new subdivision lots and other properties, applicants pay capital contributions to join the existing system at a rate set by the Council from time to time.
- 3.1.9 Council owns the asset relating to new connection work up to and including the service box (toby) located near the road boundary including water meter and will be responsible for its future maintenance. To meet maintenance requirements, Council requires applicants to use Accuflow manifolds (backflow preventers) and service boxes (Code SM905 double check valve) or equivalent with prior approval of the Group Manager Infrastructure & Services.
- 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 capital contribution referred to above and subsequent capital contributions for each separate connection.
- 3.1.11 New connections will not be approved for irrigation purposes and Council will review existing irrigation connections from time to time to ensure the efficient use of water resources.
- 3.1.12 All water supply users are required to comply with Council's other policies such as all year round alternate day water supply conservation measures and any other conservation measures applied from time to time.
- 3.1.13 Non-compliance with Council's policies or non-payment of water charges may result in disconnection or reduced flow and non-pressure water supply. For a reconnection, applicants pay an administration charge and other charges.
- 3.1.14 Council's role in providing town water supply is in reference to Masterton District Council and South Wairarapa District Council Consolidated Bylaw operative at the time, Part Five: Water Supply. Council's goal, strategies and policies are made public through the Annual Plan process each year and LTP every three years.
- 3.1.15 As from 1 July 2009, properties have been metered. An annual water usage threshold will apply for each connection and will be subject to review from time to time. Additional usage over the threshold will be charged based on a per cubic metre rate set by the Council each year. Monitoring of water usage is the property owner's responsibility.
- 3.1.16 Users requiring higher quality of water as compared to that normally available from council town water supply to suit to their particular needs shall install their own treatment / filtration system at their own cost.
- 3.1.17 It is the responsibility of individual users to regularly clean their appliances (for example: washing machine filters and plumbing fittings) clear of any suspended material within their premises.

3.1.18 Connecting booster pumps to Council reticulation system and plumbing fittings within the properties are not permitted. Any existing booster appliances must be disconnected.

3.1.19 Applicants are required to provide as-built plans of water connections on completion for Council records.

3.1.20 This amended policy will come into force from 01 May 2017 and will be reviewed from time to time.

3.2 URBAN AREAS

3.2.1 Urban boundaries are those defined in the Combined District Plan Maps.

3.2.2 In urban areas, new water supply connections are 20mm nominal diameter (internal). Financial contributions set by the Council year to year referred to in 3.1.8 above are for standard 20mm connections as stated on the application form. For bigger diameter connections if and where permitted shall be on a pro-rata basis based upon capacity, e.g. for 32mm diameter pipe connection, financial contributions will be 2.56 times that of 20mm diameter connection financial contributions.

3.2.3 If as a result of a change in the urban boundary, former rural properties may request an on-demand supply. The property owner will pay the cost for this change.

3.3 RURAL AREAS

3.3.1 Rural areas are those areas defined in the Combined District Plan Maps.

3.3.2 New water supply connections are for domestic use only, and to meet that demand, supply is limited to 1500 litres per twenty-four hours. At officer discretion only, an on demand supply may be offered to urban size property in the rural area. An urban size property is deemed to be 1000 square meters or less.

To supplement town water supply, applicants are encouraged to provide a conventional roof water collection system.

3.3.3 The relevant conditions for new connection in the urban zones shall apply equally to new connections in the rural zone.

3.3.4 Applicants may use a 20mm connection pipe from the mains and provide a Council approved restricted flow control system to regulate the flow to the extent mentioned above.

3.3.5 Despite clauses 3.3.1 to 3.3.3 above, Council may provide a new connection of any specification to a rural property provided that the connection is for a Council deemed significant commercial use and it promotes the social, economic, environmental and/or cultural well-being of the community. Any connection provided under this clause will be at

Council's absolute discretion. For the avoidance of doubt, no connection will be provided under this clause for any agricultural use or a residential subdivision.

Appendix 3 – Submission from wineries presented in public participation at A&S Committee 4 September 2019

**Request to waive capital contributions for non-chlorinated winery water connections
for Nga Waka, Palliser and Martinborough Vineyard**

Background

The e.coli contamination of the Martinborough water supply and subsequent chlorination have presented wineries with significant challenges and cost. Chlorinated water is not suitable for use in wineries as it provides a substrate for the formation of TCA (tri-chloro anisole) which is devastating to wine quality at very low levels (parts per billion). Wineries were faced with finding alternative non-chlorinated water sources or installing de-chlorination systems.

For those wineries with close enough access to the 200mm water main SWDC provided the option of connecting to this source and for it to be separated from the main supply network and remain non-chlorinated. We were advised that this was possible as there is more than enough capacity for the main network via the primary 300mm water main and the 200mm main is not required and simply provides back-up capacity to the 300mm main which replaced it.

We were advised by Lawrence Stephenson that although we were diverting existing water use rather than increasing total water use, because the connections were “new” it was beyond his authority to waive the capital contribution and we would have to apply directly to Council to waive the charge.

Just to clarify, it is only the capital contribution that we will be seeking to have waived not the connection fee. Given the significant on-property expenses we have incurred (trenching, pipe and storage tank, pump installation, we’re not entirely happy about the connection fee but at least that will be for actual work that has been carried out.

Reading the town water supply policy, the intent of the capital contribution is to cover the costs of increased demand on the network resulting from “new subdivisions and other properties” i.e. where increased demand will arise from the new connections. Equally clearly, this is not the case in respect of our non-chlorinated connections to the 200mm main. While we have retained our original connections for vineyard irrigation (chlorinated water not being an issue for vines and the substantial extra tank storage that would be required for irrigation being prohibitively expensive) there is no “new subdivision or property” and there will be no increase in actual or potential water use as a result of the new connections which simply divert existing water use from one connection to another on the same properties to resolve a problem not of our making and for which we are already incurring significant costs (~\$40,000 across the three wineries to date).

On this basis, we respectfully request that the Council exercises its discretion to waive the capital contribution for the three non-chlorinated connections to the 200mm water main to supply the wineries of Nga Waka, Palliser and Martinborough Vineyards.

Roger Parkinson – Nga Waka

On behalf of Nga Waka, Palliser, Martinborough Vineyard