

MATATĀ SEWERAGE SCHEME OPTIONS COMMUNITY CONSULTATION

*Submissions close
12 April 2013 5:00pm*



WE WANT TO KNOW WHAT YOU THINK

A reticulated sewerage scheme for Matatā has been discussed for many years. To take advantage of a Ministry of Health subsidy available for a sewerage scheme, the Council needs to make a final decision on the best option for Matatā. We have narrowed our options down to three, but we have not yet determined our preference. That is why knowing what you want is important to us. Please read this document carefully, considering the advantages and disadvantages of each option. Remember that the project will have a major impact on the Matatā community, but it also has cost implications for the wider Whakatāne District, because every property already connected to a reticulated Council Sewerage Scheme will help pay for a reticulated scheme for Matatā. Consultation on this proposal takes place between 11 March and 12 April 2013. All submissions must be received by the Council by 5.00pm on Friday, 12 April 2013.

How to let us know your thoughts

If you own a home in the Matatā community, you should receive a postal survey asking you which of the three options you prefer. Please take the time to fill out this survey and tell us which option you would prefer. If you have not received a survey by the end of March please call the Council on 306 0500 and we will send one to you.

We also want to hear from the wider community on this proposal, whether you live in Matatā or not. The outcome of this proposal could have a financial impact on anyone in the District connected to a Council Sewerage Scheme. Before making a submission, read through this statement of proposal to ensure you are aware of the options and implications. We are available to help if you need further assistance with your submission.

Making a submission is easy



In writing

To do this you will need to get a hold of a submission form. These are available from the Council offices, libraries or the Council's website: www.whakatane.govt.nz. Simply fill out the form and post it to us or pop in to one of our offices in Whakatāne or Murupara.



Electronically

You can make a submission online on our website: www.whakatane.govt.nz under the tab 'have your say'. Here you will have access to a submission form that you can complete online... no paper or postage necessary and you can attach documents to support your submission. You can also email your submission to submissions@whakatane.govt.nz.



In person

If you want to present your submission in person, you still need to put in a submission, either in writing or electronically. Make sure that you provide an overview of your topic and tick the box on the form indicating that you would like to be heard. Council staff will then contact you to arrange a time for you to speak.

Do you want to find out more?

This is a 'statement of proposal'. It outlines the issue, the options we are considering and the implications of each option. We will also be distributing information around the Matatā community and throughout the District in the Bay Weekend newspaper, and will provide information on our website.

An information forum will be held in Matatā on 19 March 2013. This will provide an opportunity for you to come and talk to your Councillors and Council staff about the proposal and the different options. We will be happy to answer your questions and provide more detail about the situation.

INFORMATION FORUM

4.30-6.00PM,
Tuesday 19 March, 2013

Matatā Rugby and Football Club, Division Street, Matatā
In conjunction with the Rangitaiki Community Board

THE ISSUE WE ARE TRYING TO ADDRESS

Our objective:

The primary objective of this proposal is to reduce the contamination risk to the community and the environment and enhance the quality of life in Matatā by introducing a modern sewage treatment and disposal system.

We provide sewerage reticulation for most urban communities in the Whakatāne District. Matatā is the largest urban community in our District that still relies on private septic tanks. Septic tanks provide a good localised solution for the disposal of sewage in rural communities, where the cost of infrastructure would make a reticulated system unaffordable. However, septic tanks require on-going maintenance and cleaning and create limitations on property use. In urban areas, they can also lead to concerns about odour, environmental health risk, and environmental contamination.

Concerns have arisen that the high water table in Matatā is reducing the effectiveness of the soakage fields on some properties and creating the potential for contamination of groundwater and waterways. We have had a Public Health Risk Assessment undertaken to assess the risk to the community of the approximately 300 septic tanks currently in Matatā. That assessment indicated that there is no widespread contamination in Matatā, but identified hot spot zones in low lying areas around Arawa Street where contamination was an issue. These can be seen on the map in appendix 1. It was determined that a moderate level of contamination risk currently exists in dry conditions, with the level of contamination expected to increase during the wet season. There is also a possibility that individual septic tanks in other areas may be causing localised contamination.

The Bay of Plenty Regional Council has proposed the introduction of an On-site Effluent Treatment (OSET) Maintenance Zone for the whole of Matatā. This zone will impose requirements on the community with regards to the standard and on-going maintenance and cleaning of septic tanks and soakage fields. It is likely that some onsite systems in Matatā will require substantial upgrades. In the hot spot zones, standard soakage fields do not work effectively because of the high water table, and more advanced solutions may therefore be required by the Regional Council. More information on the OSET Plan can be found on the Regional Council's website: www.boprc.govt.nz.

HOW THIS PROJECT FITS WITH THE COUNCIL'S WIDER STRATEGIC DIRECTION

Community Outcomes

We have a series of Community Outcomes that provide a high-level set of desired goals that we aim to achieve. The following Community Outcomes would be promoted through the introduction of a reticulation scheme in Matatā, including;



Reliable and Affordable Infrastructure
meeting current and future needs



Valuing our Environment
sustaining for future generations

Long Term Plan

In 2012 we adopted a Long Term Plan 2012-22 (LTP) based on 3 key principles of Affordability, Sustainability and Responsibility. The focus of the plan was on doing the basics right. Providing sewerage reticulation in Matatā was one of the few major projects contained in the LTP as part of our work schedule for the next ten years. It was included because we consider that sewerage reticulation in urban areas is a core infrastructure for the sustainable development of our District. It is also considered a more affordable option, as a result of the high level of subsidy available for this project. The Council is also investigating options for improving the reliability of water supply in the Matatā community. This includes both increasing reservoir storage capacity to ensure at least 24 hours of supply, and investigating alternative water sources.

Our current rating system requires that all sewerage schemes across the District are amalgamated for rating purposes, rather than each scheme paying its own costs. This means that everyone receiving a similar sewerage reticulation service pays the same charge, regardless of the costs related to each individual scheme. Note that Murupara is excluded from this amalgamation. If a sewerage scheme is introduced in Matatā as a result of this proposal, the construction and onsite connection costs would be covered by all ratepayers connected to a Council Sewerage Scheme. However, it will also mean that future upgrades or works required for other schemes in the future will be contributed to by the Matatā Sewerage Scheme. More information about the Council's current rating policy and system can be found in the 'All About Rates' section of our Long Term Plan (LTP). Through the development of the 2015-25 LTP the Council will review its rating philosophy and system. This could lead to future changes in how sewerage schemes are funded.

The LTP also contains our Financial Strategy for the next ten years which sets limits on a number of financial indicators such as rates increases, and debt levels. Depending on the outcome of the consultation process, the selected approach may affect the limits contained in the Financial Strategy. If full reticulation is chosen, then this may mean future breaches of the average rates increase cap; of the interest as a percentage of total rates income limit; and the debt limit cap. However, it is not anticipated that the rates impact of this option will apply until 2015/16, at which point we will have had the opportunity to review all expenditure in the development of the 2015-25 LTP.

Annual Plan 2013/14

Through the development of our Annual Plan this year, we have taken the opportunity to revisit the Matatā sewerage project. Concerns exist with regard to the affordability of this project for the Matatā Community. The draft Annual Plan 2013/14 already proposes rates increases for Matatā as a result of previous stormwater projects. We are therefore taking this opportunity to discuss a range of options to address the sewage issues with the community, including some that may be considered more affordable.

The Public Health Risk Assessment undertaken last year concluded that there was not a compelling case for a fully reticulated scheme based solely on the risk to human health. However the assessment did confirm the existence of hot spot zones where sewage contamination was found in waterways and groundwater. This has led to a proposal for a partial reticulation scheme being developed, as an option to address the hot spot zone issues in a way that would minimise the additional costs for the wider community.

The draft Annual Plan is currently open for consultation alongside this proposal. It includes a provisional budget of \$1.5million for a partial reticulation option, but it does not include any rating impact from this project for 2013/14. As indicated in this proposal, the project estimate for a partial reticulation project is now \$1.8million. However this is subject to community feedback on this proposal. The result of this consultation process will be reflected in the final Annual Plan 2013/14.

Ministry of Health Subsidy

Plans for the construction of a fully reticulated sewerage system in Matatā date back to 2004, when the Ministry of Health (MoH) approved subsidy funding under the Sanitary Works Subsidy Scheme. At that time, the project cost was estimated at \$4 million, with \$3.5 million to be funded by the MoH subsidy.

The project was placed on hold after the debris and flooding disaster of 2005 and since it was revived in 2008, the proposal has gone through a number of revisions to address community concerns about how treated effluent would be disposed of. This saw the estimated cost in 2011 increase to close to \$11 million, including all onsite connection costs, with the MoH subsidy available capped at a maximum of \$6.7 million.

The MoH Sanitary Works Subsidy Scheme was a 10 year programme that ran from 1 July 2003 to 30 June 2013. As the construction of a sewerage reticulation system in Matatā would now fall outside of this timeframe, the MoH has granted special exemption for the Matatā Community to enable the project to continue. As a result, a new deadline has been set by the MoH for utilising the subsidy available. This means that the community and the Council have a final opportunity to decide to implement a sewerage system using Government funding assistance. To qualify for funding, the Council must:

- Confirm a decision on which option is to be implemented by 30 May 2013;
- Seek tenders for the construction of the scheme proposed (if any) by 31 December 2013; and
- Confirm construction of a full scheme is underway by 30 June 2014, **OR**
- Confirm that construction of a partial scheme has been completed by 1 December 2014.

THE THREE OPTIONS

We have now decided to carry out community consultation on three possible options. The details, costs and consequences of each option are set out below.

Implications	Option 1 – No Reticulation	Option 2 – Partial Reticulation	Option 3 – Full Reticulation
Cost to Matatā residents	Maintenance Zone costs \$500/3-6 years Upgrade of OSET – possibly up to \$25,000.	\$283 per annum for hot spot properties. As per option one for non-hot spot Matatā properties.	\$312 per annum for all connected properties.
Savings for Matatā residents due to no longer having to own and maintain an OSET system	Nil	Roughly \$100 per annum for hot spot properties	Roughly \$100 per annum for all connected properties
Cost for wider Whakatāne community connected to a Council Sewerage System	Nil	\$12 per annum	\$45 per annum
Utilisation of MoH subsidy	Nil	Partly utilised - \$1.44 million	Fully utilised - \$6.70 million
Increased flexibility for property owners to use their land	Nil	Increased for hot spot properties	Increased for all connected properties in Matatā
Effectiveness at reducing contamination risk	Low	Medium	High
Meeting the needs of future generations	Low	Medium	High

OPTION 1 – NO RETICULATION

Proposal - No action is taken to install a sewerage reticulation system in Matatā.

Individual property owners will be responsible for bringing their On-Site Effluent Treatment (OSET) systems (septic tanks and soakage fields) to an appropriate working order, ensuring no contamination of ground and surface waters. The Bay of Plenty Regional Council will most probably impose an OSET Maintenance Zone in Matatā, which will require all systems to meet required standards. The District and Regional Councils might be able to provide guidance and assistance in finding appropriate solutions to individual problems, but in general costs of necessary upgrades will rest with property owners.

Cost of option 1 – The cost to the Council of this option would be small. The cost of this option for homeowners will vary significantly, depending on the upgrades required under the OSET Maintenance Zone, but potentially the cost could be up to \$25,000. It will cost homeowners approximately \$500 every 3-6 years for tanks to be cleaned and inspected, including a \$50 administration charge by the Regional Council.

Funding of option 1 – Homeowners would meet the costs for upgrading and maintaining their private septic tanks, which could range from \$0 to \$20,000-plus, depending on the scale of the improvements required. There would be no rate funding under this option.

Advantages of option 1

- No impact on rates for the Matatā community or the wider community;
- Responsibility for rectifying problem with their systems sits with specific homeowners;
- Homeowners will have more control over their spending on sewage treatment and disposal;
- This is a user-pays approach. The cost of sewage treatment and disposal will sit with the respective home owner;
- The environmental health impacts will be managed through regular monitoring of the performance of septic tanks, and upgrades will be needed on only those that need it.

Disadvantages of option 1

- No subsidy will be available from the MoH, however there will still be significant costs incurred by the Matatā community to upgrade their OSET systems.
- Some individual properties in Matatā may incur significant costs to upgrade their OSET systems, especially in areas where high ground water levels prevent standard septic tanks and soakage fields operating effectively. As a result, highly technical systems may be required, which would be expensive to purchase and require high levels of maintenance;
- With the probable inclusion of Matatā in an OSET Maintenance Zone all properties with septic tanks and soakage fields would be required to have regular inspections, including a septic tank pump-out, at a likely cost of \$500 every 3-6 years to the homeowner;
- With the probable inclusion of Matatā in an OSET Maintenance Zone, any property owner with an ineffective onsite system would be required to carry out improvements. Depending on the extent of the work required, this could involve a substantial cost to the homeowner;
- The Matatā community will continue to rely on septic tanks for sewage treatment and disposal;
- Subdivision development options within Matatā will continue to be constrained.

OPTION 2 – PARTIAL RETICULATION

Proposal - A partial reticulation scheme could be constructed to take, treat and dispose of the sewage from approximately 58 properties in the hot spot zones identified adjacent to Arawa Street (see appendix 1). This would involve pumping sewage to a package treatment plant and the disposal of treated effluent via a 1.0 hectare community soakage field located in a suitable area within, or near the township. The system would have a design capacity for 75 properties, allowing more properties to be connected if required. The wider Matatā community will probably still be affected by the Regional Council's OSET Maintenance Zone.

Cost of option 2 - The estimated cost of the partial reticulation scheme (including a contingency allowance) is \$1.8 million, of which \$1.44 million would be covered by the MoH subsidy; this includes all onsite connection costs. The cost to the wider Matatā community outside of the hot spot zone will be the cost of compliance with requirements of the OSET Maintenance Zone, including a charge of \$500 per inspection and any required upgrade and maintenance costs.

Funding of option 2 - The ratepayer's cost share of \$360,000 would be funded according to the Council's current rating system for funding sewerage and 'equalised' across all Council Sewerage Schemes in the District (excluding Murupara which is not part of the amalgamated scheme). This would add \$283 to the rates of all connected properties in 2015/16. Individual homeowners in Matatā not connected to the scheme will continue to fund their private OSET costs.

Advantages of option 2:

- The subsidy available from MoH, means that the total cost to ratepayers (\$360,000) is relatively small for a significant improvement in the level of service provided for those landowners with properties located within the hot spot area;
- The full onsite costs to connect houses to the system will be covered as part of the project. An on-going cost of running the onsite pump will add roughly \$20 per annum to the homeowner's electricity bill;
- As the Matatā Sewerage Scheme would be amalgamated with the Council's other schemes, ratepayers from around the District will be helping to fund the introduction of the Matatā scheme. Every ratepayer currently connected to a Council Sewerage Scheme would pay approximately \$12 (including GST) more for their proposed sewerage rate from 2015/16 onwards. Effectively, this would mean a \$12 rate increase on top of any other rating impacts which may apply from 2015/16 onwards;
- However this will also mean that any significant upgrades required in another schemes in the future would be subsidised by Matatā residents who are connected to a partial sewerage scheme;
- The current localised waterway and groundwater contamination issues and potential future issues should be resolved;
- Those properties that connect to the scheme will no longer have the cost or inconvenience of maintaining or upgrading their own private septic tanks;
- Due to the removal of a septic tank, those properties connected to the scheme would have greater flexibility on their property, including the placement of physical structures and landscaping. There may also be potential for future subdivision or intensification of housing or other land uses, subject to planning and building requirements. These requirements may be affected by the Council's District Plan review and a landslide management project, both of which will involve further community consultation.

Disadvantages of option 2:

- Those properties not connected to the new scheme will continue to have costs associated with on-going pumping and maintenance of their septic tanks. These may include OSET Maintenance Zone costs if it is imposed;
- Matatā ratepayers connected to the partial scheme would pay approximately \$283 (including GST and calculated in 2013/14 dollars) a year from 2015/16 onwards. Effectively, this would mean a \$283 rate increase on top of any other rating impacts which may apply from 2015/16 onwards;
- Matatā ratepayers of properties in defined hot spot zones, once the scheme is completed, will pay \$142 availability rate until they connect to the scheme;
- For other properties outside the defined hot spot zones, restrictions on potential land use options will continue to exist.

OPTION 3 – FULL RETICULATION

Proposal - A full reticulation system similar to the original design concept could be constructed to serve 370 Matatā properties, including approximately 300 current properties. Again, this would involve treatment and disposal of effluent via a 4.0 hectare community soakage field located within, or in close proximity to the township. The system would be designed to allow for additional connections resulting from future development. There would be no need for Matatā to be included as a Regional Council OSET Maintenance Zone.

Cost of option 3 - The estimated project cost would be \$10.4 million, of which \$6.7 million would be funded by the MoH subsidy; this includes all onsite connection costs.

Funding of option 3 - The ratepayer cost share of \$3.7 million would be funded according to the Council's current rating system for funding sewerage and 'equalised' across all Council Sewerage Schemes in the District (excluding Murupara).

Advantages of option 3

- Maximum utilisation of the MoH subsidy currently available. It is unlikely that a similar level of subsidy will be available in the future;
- The large subsidy available from MoH, means that the investment from ratepayers (\$3.7 million) will provide a much greater return by way of a significant improvement in the level of service;
- The full onsite costs to connect houses to the system will be covered as part of the project. An on-going cost of running the onsite pump will add roughly \$20 per annum to the homeowner's electricity bill;
- Funding the project in-line with the Council's current rating system means that the cost is spread across all ratepayers who pay a sewerage rate, preventing any individual ratepayer receiving a significant cost increase;
- As the Matatā Sewerage Scheme would be amalgamated with the Council's other schemes, ratepayers from around the District will subsidise the introduction of the Matatā scheme. However this will also mean that any significant upgrades required in other schemes in the future would be subsidised by Matatā residents. By 2022, this could potentially mean an increase in the equalised sewerage rate from \$317 per annum to \$349 per annum based on works proposed through the current LTP;
- The current waterway and groundwater contamination issues should be resolved;
- Those properties that connect to the scheme will no-longer have the cost or inconvenience of maintaining or upgrading their own private septic tanks;
- Due to the removal of a septic tank, those properties connected to the scheme would have greater flexibility on their property, including the placement of physical structures and landscaping. There may also be potential for future subdivision or intensification of housing or other land uses, subject to planning and building requirements. These requirements may be affected by the Council's District Plan review and a landslide management project, both of which will involve further community consultation;
- A reticulated sewerage scheme has the potential to promote development in Matatā;
- The costs associated with an OSET Maintenance Zone will no longer be necessary.

Disadvantages of option 3

- Every ratepayer currently connected to a Council Sewerage Scheme would pay approximately \$45 (including GST) more for their proposed sewerage rate from 2015/16 onwards. Effectively, this would mean a \$45 rate increase on top of any other rating impacts which may apply from 2015/16 onwards;

- The non-Matatā ratepayers that are currently connected to a Council Sewerage Scheme will collectively be paying approximately \$439,000 per annum (from 2015/16 onwards) towards funding the Matatā scheme, representing 85% of the rates requirement for Matatā Scheme. This also represents a 1.17% increase on the total rate requirement;
- Matatā ratepayers would pay approximately \$317 (including GST and calculated in 2013/14 dollars) a year from 2015/16 onwards. Effectively, this would mean a \$317 annual rate increase on top of any other rating impacts which may apply from 2015/16 onwards;
- Once the scheme is completed, Matatā ratepayers not connected to the scheme would pay an \$158 availability rate.

WHERE TO FROM HERE

We have a very important decision to make on behalf of the community and as such we are keen to hear your views on this issue to ensure we can make the best decision. This is our final opportunity to consider a reticulated scheme for Matatā, as this development would be unaffordable without the MoH subsidy. Once we have received all of your submissions and surveys, Councillors and staff will read through all of your comments. There will also be a hearings process where you are invited to come and speak to us at a Council meeting if you wish. Once the Council has heard all of the community's views, a preferred option will be chosen. This will be our final decision and will be communicated back to the MoH by 30 May 2013. The outcome will also be included in our final Annual Plan 2013/14. If you have provided us with a submission, we will let you know the outcome of our deliberations. If we choose either option 2 or 3, the next step in the process will be an application for resource consent.

The resource consent process

The MoH subsidy is subject to strictly limited timeframe conditions. It is therefore essential that whichever option the Council selects has the greatest possible endorsement from the Matatā community and that the funding approach is supported by the wider District.

The community has previously voiced concerns over the original project related to the proposed disposal of treated effluent. If either option 2 or 3 is selected, a range of options for the disposal of treated effluent will be considered, including disposal to land, dunes or sea.

Timeframes for construction if options 2 or 3 are chosen

If we decide to adopt either option 2 or 3, we have tight timeframes imposed on us by the MoH. We will also be keen to action the decision that we have made, so works will start soon after a decision is made, subject to an uncontested resource consent process. This is a project that requires full community support for it to proceed. If option 2, partial reticulation, is chosen then construction should be completed by December 2014. If option 3, full reticulation, is chosen then construction will begin by 30 June 2014 with the intention of having the project completed by 30 June 2015.

Appendix 1

Matatā Hot Spot Zones as determined through a Public Health Risk Assessment

