

Annual Plan 2025/26

LTP Year 2 Delivery - 5 December 2024

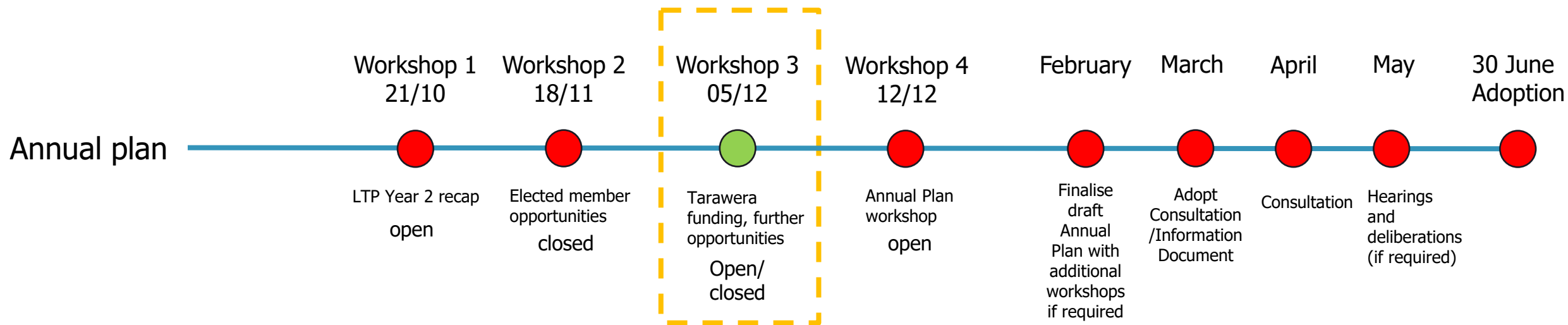
Workshop



Workshop Purpose

- Provide direction on Tarawera Sewerage Scheme funding plan
- Discussion on property development proposals (Confidential)

Annual Plan Timeline



Tarawera Alternative Funding Options

Context & Background to the project

- BOPRC issued the OSET rule. This meant that from 2017 all Tarawera properties would require a resource consent for septic tanks OR install an OSET compliant system
- Based on RLC understanding of the above, 170 out of 450 existing properties would not be able to comply with the OSET rules.
- In 2021 RLC consulted with the public and decided to proceed with the reticulation project for all properties (550 properties)
- BOPRC indicated that once a reticulated scheme was available in the proximity to a property, resource consent for a septic tank system is very unlikely to be granted.

Current Situation

- Budget \$29 m approved in 24 - 34 LTP
- Consultation with community in 2024 stated capital funding plan as per table 1
- Discussions with residents that they are unhappy with the following and hence (some) are presenting impediments to:
 - Uncertainty of final cost
 - Actual final cost (currently estimated at \$31)
- Updated funding plan for project based on BoF decision shown in Table 2
- The uncertainty of the total cost is proving an impediment to efficient delivery.

Table 1	\$
Total estimated project cost	\$29m
External subsidies	\$7.25m
Council contribution	\$825k
Estimated cost by property owners (total)	\$21m
Estimated cost by property owners (for each of the 550 properties)	\$44,000 (incl GST)

Table 2	\$
Total estimated project cost	\$31.6m
External subsidies	\$7.25m
Council contribution	\$1.485m
Diverted BoF	\$2.05m
Estimated cost by property owners (total)	\$20.8m
Estimated cost by property owners (for each of the 550 properties)	\$43,500 (incl GST)

Other Considerations

- Balance of scheme \$20m is funded by connected 550 properties (being the exacerbators and direct beneficiaries)
- Council could explore use of the Lakes Enhancement and Sewerage targeted rate to reduce the financial burden to the property owners. Note, the general ratepayer is not the exacerbator and is already funding \$2,700 subsidy per property
- Council has already consulted on the scheme and the capital funding, a change to the funding will require community consultation

Change of funding options

- For each \$1m cost shifted away from the Tarawera residents, to the wider ratepayers, the following options have been considered:
- \$2.80 p.a. to all payers of the Lakes Enhancement Rate OR
- \$3.40 p.a. to all payers of the Sewerage Targeted Rate

Change in funding		\$ 1,000,000
Funding Source	Ratepayers affected	Impact
Property Owner	550	\$ 1,818.18
Lake Enhancement rate (25 years)	27,312	\$ 2.80
Sewerage Targeted Rate (25 Years)	22,576	\$ 3.40

Proposed options going forward

What does it mean?	Scenario 1A	Scenario 1B	Scenario 2A	Scenario 2B	Supplementary Scenario 3
	Fix capital funding plan as part of AP as per consultation (Table 2 previous slide)		Fix capital funding plan as part of AP with different mix of funding from consultation. - DETAILS REQUIRED		Any of previous + Provide a final date for signup to the scheme, after which connection charges (B) will be paid directly by the resident
	Set rate on completion in 26/27 year (as planned)	Set rate in 25/26 year (ahead of plan)	Set rate on completion in 26/27 year (as planned)	Set rate in 25/26 year (ahead of plan)	
For Tarawera Residents	Provides <i>some</i> certainty Higher cost than preferred Lower subsidy than other schemes	Provides certainty Higher cost than preferred Lower subsidy than other schemes	Provides <i>some</i> certainty Cost concerns alleviated Lower subsidy than other schemes	Provides certainty Cost concerns alleviated Lower subsidy than other schemes	For those who choose to connect before the cut-off date, fixed charge of (A). Those who sign up after the cutoff, pay B
For Rotorua (sewerage rate) ratepayers	Cost as planned and forecast	Cost as planned and forecast			
For Rotorua Lakes Council	Some residents might continue to oppose Cost escalation risks sit with council, but future council may pass these on to Tarawera residents	Cost escalation risk sits with Council & wider ratepayers	Cost escalation risks sit with council, but future council may pass these on to Tarawera residents	Cost escalation risk sits with Council & wider ratepayers	If a small number of people take up the offer, council will carry the risk of additional cost

Proposed methodology for implementation

1. Any increase in funding from the wider ratepayer via AP, as well as funding from BoF, goes towards property owners who sign off locality plans by 1 March 2025.
2. For those who do not sign up by 1 March 2025, the originally consulted capital funding plan will apply. (~\$48,000 per property)
3. For those who do not sign up by 1 July 2025, only the main scheme availability rate will be changed (~\$15k), and RLC will not offer on-site installations and connections. Reticulation will not be provided to these properties.
4. Properties without reticulation, and who do not have an OSET compliant system will be required to apply to BOPRC for a resource consent. RLC will not support any such applications.
5. Should these properties then seek to connect to the RLC sewerage system, they will do so at their own cost via an RLC approved contractor and to RLC approved specifications.

Questions we need direction on

1. Should staff progress with preparing material for public consultation on proposed changes to the capital funding plan as part of the AP?
2. Does RLC intend to set the rate on 1 July 2025 (and doing so, require property owners to pay from 1 July 2025 onwards)?

Questions