

POLICY ON DEVELOPMENT OR FINANCIAL CONTRIBUTIONS

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Definitions

In June 2009 Council made a decision to the effect that the Development Contribution charges of 2008/09 will apply from 1 July 2009 to 30 June 2010. Please note that there are minor variations to the 2008/09 charge - see Table 14a and 14b.

PART A – DISCUSSION

1 Introduction

1.1 Local Government Act and Requirements for a Development Contribution Policy

Section 101(1) of the Local Government Act 2002 (LGA02) requires a local authority to manage its revenues, expenses, assets, liabilities, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

The LGA02 requires Council to prepare and adopt a policy on development contributions and/or financial contributions (section 102(4) (d)) as part of its funding and financial policies, which are required to be included within the Franklin District Long Term Council Community Plan (LTCCP).

Development contributions are provided for under the LGA02 and financial contributions under the Resource Management Act 1991 (RMA).

Development Contributions are a method for collecting revenue from those who cause the need for additional infrastructure as a result of growth. They are a fiscal tool to identify and allocate, fairly and equitably, the cost of growth. A development contribution shifts the burden for providing land or funds for certain infrastructure from the Local Authority (and its ratepayers) to the person who causes the need for that infrastructure.

Council has to determine, as part of its LTCCP, whether it will retain or alter the existing financial contributions (in the Operative District Plan) or introduce new development contributions.

Inclusion of the development contribution provisions in LGA02 recognises the pressures and costs that Councils face from population growth and associated development. The LGA02 specifies a framework for identifying and funding the cost of growth and sets out principles in regards to providing for the foreseeable needs of future generations.

The LGA02 includes a number of principles (s.14) which a local authority must act in accordance with when performing its role, including:

To "...ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district..." (s.14(1)(g)).

In decision making, Council shall take account of "...the interests of future as well as current communities;" (s.14(1)(c)(ii))

In taking a sustainable development approach, Council shall take into account the "...reasonably foreseeable needs of future generations..." (s.14 (1) (h) (iii)).

These principles are in accordance with the overall purpose of local government as specified in section 10(b) of LGA02 – “to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future.”

Given these clear directions, and in particular the obligation to manage growth and the equitable allocation of costs, the Council has adopted a funding policy that incorporates development contributions.

1.2 Development Contributions and Financial Contributions and the Preferred Option

There are differences between the development contributions required under the LGA02 and the financial contributions provided for under the RMA.

1.2.1 Financial Contributions

Financial contributions are those included in the Franklin District Plan, which are taken to off-set any adverse effects arising from subdivision and development.

Financial contributions are primarily concerned with the adverse environmental effects arising from growth or new development.

Financial contributions are currently taken for roading (District wide and local roading impact) and public parking, and are limited to where resource consents (subdivision and new allotments) are required.

1.2.2 Limited Focus and Application

Financial contributions are focused on the purposes and principles of the RMA rather than the broader objective of funding the cost of growth, which is the purpose of development contributions under the LGA02.

A central issue for managing the District's growth is the impact of growth on Council's infrastructure. The provisions for financial contributions under the RMA do not adequately address the true costs of growth to the District and are limited to a narrower range of activities than those for which growth costs are incurred. A further concern is that a significant portion of the present cost of growth clearly falls upon existing ratepayers.

The development contribution methodology adopted recognises the fundamental principle that the cost of growth should fall primarily upon the cost causer, while at the same time acknowledging that significant benefits also accrue to others in the wider community; this aspect is recognised in the methodology.

Development contributions provide a clear means for equitably funding the true cost of growth that is not available through the regime of financial contributions.

It is considered that the financial contributions policies, objectives and rules in the District Plan do not meet Council's funding and financial policy obligations for funding growth-related capital expenditure, as required under the LGA02.

In addition to considering the extent to which developers contribute to the need to undertake each activity, and the distribution of benefits arising from each activity, the Council has also given consideration to the matters contained in section 101(3) of the LGA02, as outlined further in this Policy and in the District Growth Strategy.

1.2.3 Local Financial Contributions

As will be seen from later discussion, the costs of growth have been aggregated on a district-wide basis – (refer to Sections 11 and 12 for the methodology followed). To that extent, development contributions have completely replaced the District Wide financial contributions as described in Part 10 of the District Plan. The identified growth costs summarised herein are more completely described in the LTCCP.

However, particular circumstances can sometimes arise where the impact of a development on the local infrastructure is significant, yet will not have been identified as a specific capital works in the LTCCP.

The District Plan provides under Section 10.2.5:

Where in terms of the policies of the Plan a contribution is required for roading outside but in the vicinity of the land being subdivided or developed (and which is additional to any contribution payable under 10.2.3 . . .) that contribution shall not exceed:

. . . in the case of a land use activity, the total cost of avoiding, remedying or mitigating the identified adverse traffic effects . . .

Local financial contributions under the District Plan may therefore still be levied in special cases, and will be in addition to the development contribution fee.

1.2.4 Regional Growth Obligations

Franklin District Council is located within both the Auckland Regional Council (ARC) and Waikato Regional Council (WRC) territorial authority areas. The ARC have adopted a Regional Growth Strategy and the WRC have yet to prepare such a strategy.

The Auckland Regional Growth Strategy and the associated Southern Sector Agreement set out how growth will be managed in the Auckland Region over the next 20-50 years. These documents identify preferred areas for growth and the increased capacity that each District will be expected to accommodate. The financial contributions approach is insufficient to fund the level of community infrastructure required to support this increased capacity.

Council has undertaken an assessment of the various means of addressing the impact of growth on Council's infrastructure, within which the advantages and disadvantages of financial or development contributions have been considered.

It is considered that the preparation of a development contribution policy more clearly fulfils Council's regional growth management obligations.

1.2.5 Preferred Approach

The Council has, therefore, adopted a development contributions policy in the Franklin Community Plan 2004 -2014 primarily through the application of development contributions under LGA02 for the activities of water supply, waste water collection and treatment, stormwater, transportation, community infrastructure, and open space and reserves. The policy was subsequently amended in 2006/07 which took effect on 1 July 2007 to include a 3 tiered transport rate. The policy has been subsequently reviewed as part of preparing the draft LTCCP 2009-19.

It is considered that development contributions provide a more equitable fiscal tool to fund the cost of growth, while also more clearly fulfilling the Council's regional growth management obligations, obligations under the LGA02, and giving effect to Council's District Growth Strategy.

1.3 Use of Development Contributions and their Maximums

A 'development contribution policy' means a policy included in the Franklin District LTCCP, regarding the funding of capital expenditure expected to be incurred by Council to meet the increased demand for community facilities resulting from growth. The contributions may comprise money or land or physical works or any combination of these.

Development contributions cannot be required for community facilities if they are already funded by other sources e.g. financial contributions, developer or other third parties.

Development contributions are to off-set costs of growth as opposed to operational or maintenance costs for assets. They are not to be used for renewal of existing systems or facilities, or for improvements to the level of services of infrastructure, facilities or services.

Development contributions may be taken for Community Infrastructure, Network Infrastructure or Reserves.

Community Infrastructure means (LGA2002, clause 197)

(a) Land, or utilities or structures built, owned or controlled by the territorial authority to provide public amenities.

e.g. halls, libraries, community centres, aquatic and recreation centres.

Franklin Council deals with land acquired for community Infrastructure purposes under Open Space Amenities activity.

Network Infrastructure means:

- Roading systems
- Water, Wastewater, Stormwater

Reserves means:

- Land owned or managed by Council for open-space parks, reserves, recreation and community facilities

Special purpose reserves such as those required for stormwater works, riparian margins to open drains and access to those drains are not included here

- Development associated with such reserves including sport facilities on them such as stadiums, playing courts and special surfaces, and sports clubrooms.

A development contribution must be used for, or towards, the capital expenditure of reserve, network infrastructure, or community infrastructure for which the contribution was required.

Development contributions for reserves must be used solely for the purchase or development of reserves within the district and may include:

- Development of community or recreational facilities associated with the use of a reserve
- Provision or improvement of recreational facilities at schools established under the Education Act 1989 and used as community recreation facilities under a specific granted licence
- Purchase or interest in conservation land
- Payments to other local authorities or public bodies to enlarge, enhance, or develop certain land for public recreation, cultural or conservation purposes

Contributions may also be used to contribute to reserves or recreational facilities, which benefit the district but which are located outside the district.

The LGA02 specifies different maximum amounts for (a) Network and Community Infrastructure and (b) Reserves.

The maximum amount of contributions for network and community infrastructure must not exceed the amount of capital expenditure for growth expected to be incurred by Council. This growth expenditure is attributed to the number of units of demand assessed for a development or type of development.

The maximum amount for reserves and associated development or facilities shall not exceed the greater of:

- 7.5% of the value of the additional allotments created by the subdivision; and
- the value equivalent of 20 square metres of land for each additional house hold unit created by the development.

2 Population Growth and Impact of Demand

2.1 Population Growth

Franklin District is one of the fastest growing local authorities in New Zealand.

The district in 2006 (2006 Census updated post enumeration survey) had a population of 60,200, and is forecast to have annual growth of around 2.1%, with a slowing of growth over the next 20 years. The population figure was updated in 2007 to 62,200.

Growth, in terms of demand for infrastructure, is a function of:

- Population increase
- Population relocation within a district
- Existing populations fragmenting into more households
- Increases or changes of business activity.

The extent of the assets (and the need for additional infrastructure) and the cost of their maintenance is increasing in line with the growth in the district. The demand for the main infrastructure networks are driven by distinct aspects of this growth as shown by Table 2.1:

Table 2.1

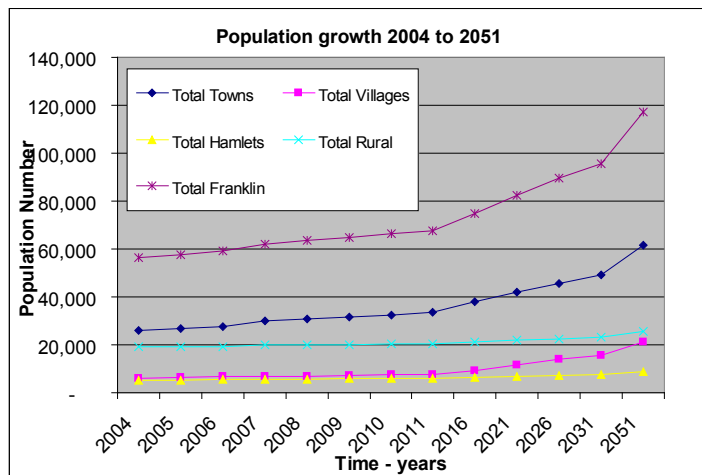
Network	Applies to	Driver
Water Supply	Urban serviced areas	Population
Wastewater	Urban serviced areas	Population
Stormwater	Urban serviced areas	Number of households
Transportation	District wide	Approximately twice as fast as population

Further information explaining the links between these drivers and the required development capital works are given in the Asset Management Plans for each activity.

There is some variation in growth across the district as illustrated in Figure 2.1.

These variations are briefly described as:-

- Faster growing settlements (3% pa or more) which are Pukekohe, Pokeno, Clarks and Waiau Beaches and Patumahoe
- Average growing settlements (at 2.1% pa) comprising Waiuku, Tuakau and other main villages,
- Other slower growing settlements



Growth rate projections are based upon the 2006 census data (refer Table 2.2). The growth rate falls off over the next 20 years (and beyond) reflecting the increasingly aged population and the consequent increasing death rates.

2.2 Impacts of Demand

Other factors and assumptions, which may impact upon demand for infrastructure, include different growth rates for population and households and local growth opportunities or constraints.

The different growth rates for population and households results from the expected change in citizens per household over the forecast period. Over the 20 years to 2029 this ratio is expected to decrease from approximately 2.8 to 2.6.

Table 2.3 – Household Growth

Area	2006 Households	2026 Households	20 yr Growth Households
Serviced towns	13,270	22,840	9,570
Total Franklin District	23,440	35,860	12,420
At persons per household	2.8	2.6	

The higher proportion of growth in serviced towns reflects the intent of the DGS; as such it is a forecast more focussed on Council's vision for the future and reflects the DGS thrust to influence development more strongly towards township focussed growth in the future. This is also reflected in the higher Capex forecasts for infrastructure services.

Figure 2.1

Council has updated its growth forecasts in conjunction with District Growth Strategy (DGS 2007) planning and work by Market Economics in 2008. In summary this forecasts the following population increases:

Table 2.2 – Population Growth

Household Growth 2004 - 2051

	2005	2006	2007	2008	2009	2010	2011	2016	2021	2026	2031	2051
Pukekohe	5,509	5,743	6,227	6,469	6,709	6,949	7,187	8,361	9,507	10,625	11,714	15,790
Waiuku	2,778	2,848	3,017	3,089	3,159	3,229	3,298	3,640	3,966	4,280	4,581	5,650
Tuakau	1,113	1,143	1,361	1,397	1,442	1,507	1,593	1,940	2,169	2,334	2,502	3,083
Total Towns	9,400	9,734	10,605	10,954	11,310	11,686	12,078	13,941	15,643	17,239	18,797	24,523
Total Villages	2,369	2,488	2,516	2,619	2,724	2,835	2,943	3,585	4,419	5,412	6,051	8,445
Total Hamlets	1,986	2,029	2,116	2,162	2,207	2,254	2,298	2,517	2,730	2,935	3,126	3,826
Total Rural	6,697	6,789	7,011	7,102	7,195	7,283	7,373	7,808	8,219	8,612	8,979	10,240
Total Franklin	20,452	21,040	22,248	22,838	23,437	24,057	24,692	27,851	31,011	34,198	36,953	47,034

file G:\A-O\ Asset Mgt plans\ Growth\ LTCCP 2009 growth data -as AMP.xls

3 Funding

Presently, additional infrastructure costs are met by a combination of:

- Rates
- User Charges
- Financial contributions in the District Plan
- Subsidies (Transfund - Roading)
- Development Contributions

The District Growth Strategy (2007) sets out Council's present growth policies and strategic planning for the district.

A key element of the Development or Financial Contributions Policy is that the costs of growth should primarily fall upon the 'cost causer'. As a result, the contributions policy requires the cost of growth to be funded principally through development contributions as opposed to the use of land rates or other means.

This is also in accordance with the Revenue and Financing Policy included in the draft LTCCP 2009-19, which states that growth capital expenditure is to be funded by the cost-causer by way of development contributions.

4 Nature of Council's Assets

In order to determine the costs of growth associated with each activity, it is necessary to understand the nature of the existing Council assets and how these will need to be added to, expanded or rebuilt to accommodate expected growth.

The assets of the District fall into the following broad categories, each exhibiting particular characteristics in respect to growth.

- Water Infrastructure – including water, wastewater and stormwater infrastructure systems and treatment facilities
- Transportation – Roading, cycleways and associated infrastructure
- Reserves and Open Space network and associated facilities, such as playgrounds, landscape features, grandstands, changing room facilities and related recreation facilities
- Community infrastructure such as, libraries, halls, swimming pools and other community and recreational buildings and facilities

4.1 Water Infrastructure

Council-owned water infrastructure assets include assets for the collection (or distribution) and treatment of water, waste water and stormwater. Water infrastructures are available in the three main centres (Pukekohe, Waiuku and Tuakau) and to varying degrees in the smaller settlements as summarised in the Table 4.1.

Table 4.1

Location	Infrastructure Systems		
Pukekohe	Water	Sewer	Stormwater
Tuakau	Water	Sewer	Stormwater
Waiuku	Water	Sewer	Stormwater
Clarks, Waiau and Glenbrook Beaches	Water	Sewer	Part Stormwater
Patumahoe	Water	Sewer	Part Stormwater
Pokeno	Water		
Port Waikato	Water		
Onewhero	Water		
Buckland	Water	Sewer	
Bombay	Water		
Kingseat		Sewer	

The above comprise 12 townships (Pukekohe generally including Buckland). The systems are fully described in the appropriate Asset Management Plans (AMP) adopted by Council.

4.1.1 Water assets

Comprise pipes, hydrants, valves and meters along with pumps, and reservoirs to distribute water to serviced areas. The water source is either springs or groundwater accessed through bores with water treatment as required. Twelve townships throughout Franklin District are serviced.

4.1.2 Wastewater assets

Comprise sewer pipes, manholes, and pump stations, which collect and pump sewerage to treatment and discharge plants. The quality of final discharge is controlled by resource consents administered by Regional Councils (Auckland and Waikato).

4.1.3 Stormwater assets

Comprise stormwater pipes, manholes, pump stations, detention ponds and overland flow and flood control facilities and systems. Also included are open drains including riparian margins, associated planting and access pathways required for maintenance.

A significant part of stormwater assets are small scale and relate to solving specific flooding or flow

problems or generations. However, major stormwater works relate to the Pukekohe South Drainage District. The various systems and stormwater catchment management requirements are specified in either existing or proposed Stormwater Catchment Management Plans (SMP's). SMP's are a requirement of discharge consents from either the Auckland Regional Council or the Waikato Regional Council.

4.2 Community and recreation infrastructure

This includes a number of property and equipment assets owned by Council, such as, pensioner housing, community centres, and swimming pools. Council has purchased some strategic assets for some possible future community use which in part may be required to accommodate demands for new residents. These include the former Pukekohe Bowling Club site (adjacent to the Pukekohe War Memorial Town Hall), and vacant land on the corner of George and Liverpool Streets, Tuakau (proposed for a possible information/town development centre).

The capital expenditure and growth costs for specific community and recreation infrastructure will be identified through asset management plan reviews, strategy development and review of the LTCCP.

4.3 Reserves and recreational facilities on reserves

These are described as the Open Space Amenities (OSA) and include the district's parks and reserves, sports grounds, passive open space areas, public toilets, cemeteries and playgrounds. Council's OSA Activity maintains the following assets for the community of Franklin:

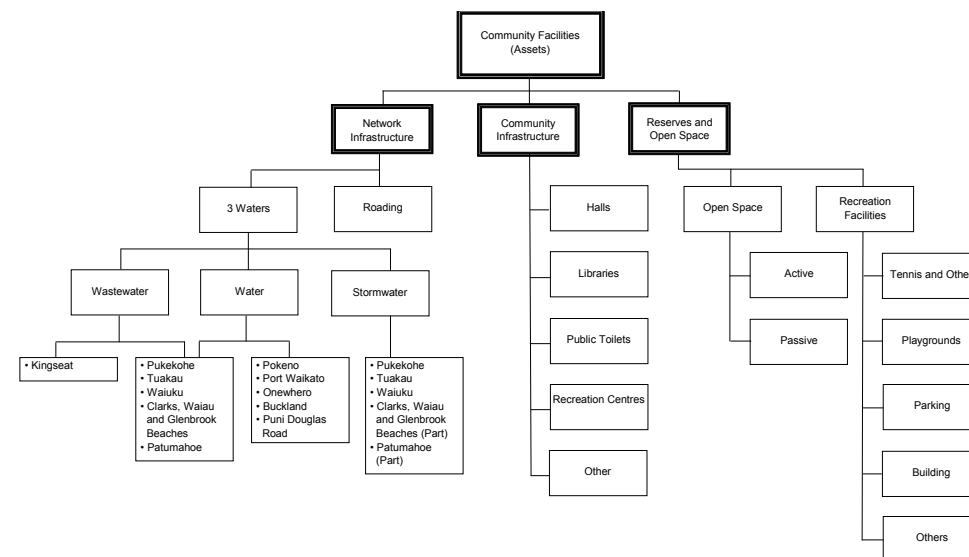
- Parks and reserves – recreation, local purpose, esplanade, scenic, nature and historic reserves.
- Sports grounds – recreation reserves
- Public toilets
- Cemeteries
- Playgrounds

4.4 Transportation Asset

This comprises both collector and distributor roading systems and the local roading network. These networks exclude the state highway network (SH1, SH2 and SH22). The present network contains in excess of 1,624 kms, including 1,388 km sealed, 209 bridges and culverts and 2656 street lights. The 2008 roading valuation (depreciated value, excluding land), was \$575 million.

Off street public carparks are provided under the transportation activity, as are cycleways and pedestrian linkages between roads.

Diagram 4 – Nature of Council's Assets



5 Calculation of the Cost of Growth

5.1 Asset Costs

The asset costs are those related to:

- Renewals – that is the replacement of existing infrastructure
- Level of Service
- Growth

In respect to determining development contributions only growth costs, that is, those costs predicted to be incurred as a result of new growth, are applied to the calculations. Growth costs relating to capital works excludes any asset operating or maintenance costs.

The funding of the cost of growth also excludes subsidies and other sources of income. Capital expenditure is determined by identifying the most likely required capital works over a defined period of time.

5.2 Demand and Reasons for Development Contributions

Growth increases demand for infrastructure to service the needs of the changing community. It creates a need for alternative and/or extended community facilities e.g. new and more sophisticated treatment measures may be required to provide additional capacity while protecting the environment.

LGA 2002, s197 makes clear that by definition 'development' must generate demand for Community Infrastructure, Network Infrastructure or Reserves. In section 12 of this policy the types of development applying to each activity have been more closely defined.

The section 12 definitions meet the requirements of s199 which is that either alone or in combination with other development they require expenditure on infrastructure. In addition all the expenditure proposed are described or summarised in the current Franklin LTCCP, as required in s198(2)

These include demands for:

- Water supply – development of new sources and the supply, treatment and distribution of potable water
- Wastewater - by the provision of more and extended systems for, wastewater reticulation and treatment.
- Stormwater and land drainage
- Access, by the provision of local and district roads, car parking and transport facilities
- Recreation facilities for both open space and amenity, by the provision of reserves, parks and community infrastructure

Council is faced with considerable capital expenditure for new infrastructure to meet new growth throughout the district and in particular those communities presently served by infrastructure. High levels of growth are experienced in both the larger urban settlements (such as Pukekohe and Waiuku) as well as many smaller communities (such as Patumahoe, Pokeno, Clarks Beach) that will require new or substantial expansion of sewerage, water and stormwater systems. Council recognises that it needs to provide for such opportunities to facilitate and maintain the well being of both its existing and future communities. Many existing systems are nearing or at their maximum capacity and will require a totally new system or substantial alteration to the existing systems to provide such services and facilities to new residents.

New populations in both the rural and urban communities will place additional pressure and require additions and extensions to the roading network and public open space amenities of reserves and recreational and community facilities.

Currently, such infrastructure is largely provided by Council and funded through rates or through financial contributions in the District Plan.

Council, as part of its financial management required under the LGA02, must prudently manage its finances and assets in a manner that promotes the current and future interests of the community. It is required to plan for and to provide appropriate funding to meet those new additional capital costs arising

from anticipated growth. This includes giving a high degree of predictability that such cost will be met and the means for doing so.

Council has identified the amounts of capital expenditure required to be spent to meet the increased demand for community facilities (this includes the network infrastructure and reserves as described above) generated by new growth and distinguished these costs from that capital expenditure required for replacement or renewal of existing systems and facilities.

Council (and the community) given the high growth levels evident in the Franklin District, will be faced with such costs. It is accepted that the growth and the expected demand for network, community infrastructure or open space will vary from one locality to the next. However, these local factors have a small impact on costs when considering the overall demand for the district as a whole. In other words, every town will have its day (when its infrastructure will be upgraded).

An important consideration throughout the development of the contributions policy has been to provide equity for all community members. For example - if additional infrastructure capacity is needed as a result of new residents (i.e. growth) and is funded through rates, then some existing residents that do not need the additional service or infrastructure will bear growth costs. This is considered to be an unfair burden on existing ratepayers and is avoided by the development contribution regime. Council therefore adopted a development contributions policy whereby the growth cost will fall upon the new residents and activities.

6 Development Contributions Options

6.1 Explanation

Franklin District has particular characteristics which distinguishes it from other districts within the Auckland Region and requires a particular approach to considering development contributions in particular for the provision of water, waste water and stormwater infrastructure within the individual settlements.

Franklin District comprises the three main urban settlements of Pukekohe, Waiuku and Tuakau, all of which are serviced by network infrastructure, a number of smaller serviced, partially serviced or un-serviced rural and coastal villages and an extensive, largely un-serviced rural area.

As such it is noted that these settlements have varying levels of network infrastructure that directly serve that particular community. There is, however, a considerable interplay between the various settlements and communities, and the services and facilities they provide. For instance, recreation reserves are used by both the immediate community to which they relate and the wider urban and rural communities of the district. Roads are used by the whole district to varying degrees. Even the quality of the environment of the urban settlements, which is maintained through comprehensive infrastructure, benefits the wider

community.

While there are separate 'urban' settlements with separate infrastructure and networks, Council considers that development can be viewed as occurring across the district as a whole.

It can be expected that new works will be required to meet the demand from growth throughout the district rather than being isolated to any one particular settlement. This will impose growth costs at differing times and in different locations.

This ensures a certain level of service such as, potable water supply, or the minimizing of flooding is provided to all serviced communities. New and growing communities will be required to maintain such levels of service. By providing some guarantee of funding for services which enable new growth this policy will allow a greater degree of choice of serviced communities for both new and existing residents.

6.2 Units of Demand and Equivalent Development Units (edu)

'Units of demand' is the general term used in the LGA02 to describe the fundamental basis for distributing the total cost of growth. The preferred terminology used elsewhere in this policy document is 'edu' – an acronym for 'equivalent development unit'.

The two are essentially synonymous, but 'edu' is more precisely associated with specific infrastructure, as illustrated in Part 12. The use of 'edu' allows immediate comparison of outwardly dissimilar forms of development based on their respective demands on infrastructure capacity.

For example, pipe sizes in water reticulation are usually determined by the peak flow that has to be carried. If the peak demand of a typical residential household is assessed at 25 LPM (litres per minute) then we can use this relationship as a means of comparing residential use with commercial peak demand. We can thus say that a demand of 100 LPM is the same as four residential Lots (each requiring 25 LPM) and distribute the total cost of growth for water supply based on that equivalence. One 'edu' is therefore defined as 25 LPM at peak demand.

The definitions for *edu* and for 'development' are more fully described in the section on Methodology (Part 12).

6.3 Options

Taking the above matters into account, the Council has in the preparation of this development contribution policy, considered options regarding the application of development contributions. Council has also considered feedback gained from consultation with key stakeholders regarding such options.

The issues and factors affecting different methods of applying development contributions include:

- Nature of assets – different types of assets

- Location – local and non-local components
- Timing
- Level of service
- Who pays
- Fairness and equity
- Simplicity and administration
- Accuracy of growth-cost identification
- The ready identification of units of demand (residential/commercial)
- The appropriate level of aggregation

Ways in which the policy might be structured to address these matters have been considered including the following:

- The district wide charging approach (aggregated costs for the particular activity)
- The local area based charging approach including
 - Individual independent systems or specific local level
 - Catchments level
 - Town/village/rural
- Residential/commercial/other users
- A combination of local and district

6.3.1 District Contribution

The application of a district contribution comprises the determination of a contribution based on a district wide level (or an aggregated activity level) for each particular activity or service. A separate district contribution could apply for each activity of water, wastewater, stormwater, roading, reserves and recreation facilities, and community infrastructure.

District Contribution Formula (aggregated approach)

$\text{Contribution} = \frac{\text{Aggregated the total growth capital expenditure for activity}}{\text{Aggregated total units of demand for total activity (area of service)}}$
--

The principles applying to a district contribution would include:

- Application equally across all areas – a single district fee for each activity;
- A specified level of service, facility or infrastructure provided across the district – eg:
 - A potable water supply to all serviced Lots, or
 - 4 hectares of reserve land for every 1000 persons.

The advantages of such a district approach include:

- Broader district view which fits district's strategies
- Economies of scale – ability to fund major works in any one location throughout the district
- Flexibility – able to react to changes in demand
- Simple to administer – low administration costs
- Ease of understanding by all

The disadvantages of such a district approach include:

- Perceived temporary cross-subsidies
- No recognition of local differences such as ability to pay

6.3.2 Area Contributions (disaggregated approach)

Area Contributions can be applied at differing levels, locality or area for any particular activity. For instance, a specific contribution for each activity at a:

- System level (for each infrastructure system i.e. a contribution for Clarks Beach sewer)
- Local township level
- Catchment level
- Special area (Pukekohe Hill stormwater)
- Larger urban towns

Area Contribution Formula

$\text{Contribution} = \frac{\text{Total growth capital expenditure of activity for each area}}{\text{No of units of demand in each area or part of system/ catchment}}$
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The principles applying to an area development contribution would include:

- Provision of service at local area level
- Directly related cost incurred to area

- Area bearing full cost of work in that location

The advantages of such an area approach include:

- Clear direct cost/benefit
- Focussed on local issues
- No perception of short term cross subsidies
- Targets specific works and directly relates cost and funding at an area level

The disadvantages of such an area approach include:

- Less coordinated or strategic funding approach
- Works may be delayed by ability to pay
- Higher administration costs
- Less flexibility to address changes in demand or growth or timing
- Large projects may not be affordable at a local level

The potential to apply development contributions at an area level varies depending on the nature of the infrastructure or asset.

6.4 Conclusion

Council considers it appropriate that the cost of growth shall be funded primarily from the cost causer (generally, the developer) and taken at the time of subdivision or development. It is considered that requiring the significant proportion of the cost of growth to be paid through development contributions is fair and reasonable and will not be a significant burden on the rate payers and residents of the district.

The method adopted is the aggregation of the cost of growth at activity level across the district or serviced areas. This method results in a reasonable and affordable development contribution regime that takes into account fairness, equity and efficiency. Generally this method adopts the principal of applying contributions to the most logical aggregated level that addresses demand with a preference for a district or urban wide application, with recognition of local factors where relevant.

It is clear that development creates the need for this capital expenditure and it is, therefore, appropriate that such contributions are collected at the time of subdivision or development.

PART B – DEVELOPMENT CONTRIBUTIONS POLICY - EXPLANATION

7 Principles and Objectives

7.1 Overall Principles

In the development of this contributions policy, Council have taken into account, in addition to those set out in s.14 of LGA02, the following principles to promote equity and fairness:

- a) The costs of growth are primarily funded by the 'cost causer'. The costs of growth comprise that portion of capacity increase for infrastructure which are directly attributable to residential and business growth.
- b) Contributions are used for the reserve, community or network infrastructure purpose for which they were collected.
- c) The level of contributions is applied at the most logical aggregated level attributed to each activity. The principle of aggregation is applied across the district for all activities with the exception of Stormwater.
- d) Interest costs are an integral part of funding infrastructure and are included in the growth costs to be recovered under this policy.
- e) DC fees are taken at the first opportunity, whether at issue of building consent, resource consent or granting of service connection.
- f) Consideration is given to the distribution of benefits between communities as a whole, and identifiable parts of the community and individuals in addition to those set out in s14 and s101(3) of LGA02. (Sometimes known as the Beneficiary Pays principle.)
- g) Land purchased for community infrastructure or reserves will be purchased at a land value which recognises the market value of the land in its undeveloped state but not the value to be added by future plan change or consent process.
- h) Remission of a part of an activity fee may be granted in unusual circumstances where it can be shown that the developer has provided infrastructure greater than that reasonably anticipated by this policy.
 - 1 - For Closed Access Networks comprising the three waters –this principle may be considered.
 - 2 - For Open Access Networks comprising transport, community facilities and open space amenities, remission is extremely unlikely.
- i) The use of development contributions will replace financial contributions as a funding mechanism. i.e. developers will generally be liable for one or the other (depending on the timing of application for

consents) but not both. The use of local roading FC are an exception as noted in section 12.6

- j) The level of service for each activity as described within its Asset Management Plan will be maintained for current and future users as growth is accommodated.

7.2 Objectives

- A more integrated and comprehensive approach to managing and funding the cost of growth
- A more equitable approach to funding the cost of growth, whereby existing ratepayers are not unfairly burdened with the cost of providing additional facilities or infrastructure for new residents
- A clear and transparent regime for determining and applying contributions
- All areas, current and planned serviceable areas, have the opportunity and capacity needed to facilitate growth
- A safe and efficient roading network

8 Summary of Growth Capital Expenditure Incurred (LGA S.106 (2) (a))

Table 8.1 sets out the activities and their capital expenditure funding required from development or financial contributions. The table identifies the total capital expenditure for each activity, revenue required from development or financial contributions, third party contributions and revenue required from rates.

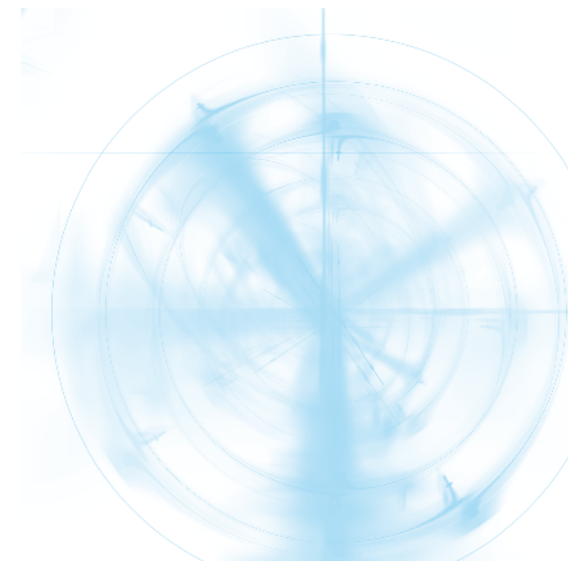


Table 8.1 Summary of Capital Expenditure All in \$ millions, excl GST

Activity Summary	timeframe	Total capex expend	Growth portion	Growth portion incl interest & Bal 09	Revenue req'd from this DC	Revenue req'd from future DC	Revenue req'd from FC	Revenue expected from subsidies	Revenue-general & targeted rates
Water Supply	20yr	54.8	17.2	22.8	19.6	3.2	0	0	38
Wastewater	20yr	71.6	43.0	84.8	63.8	21	0	0	29
Stormwater	20yr	122	38.4	61	55.4	6	0		83
OSA	20yr	86.0	36.8	59.3	44.0	15	0	0	50
Community Infr'	10yr	53.4	5.0	10.4	10.4	0	0	1.0	47
Transport Infr'	20 year	412	83	140	100	37	4.0	133	195
TOTAL		800	224	378	293	82	4	134	442

9 Infrastructure Outcomes

Council have assessed the provision of services based on each activity. The Council has grouped the activities into two main groups; closed access and open access. Closed access networks are water supply, wastewater, and stormwater, which are characterised by a physical connection to the public network. Open access networks being transportation, Community Facilities and Open Space Amenities, which conversely are accessible from many different places and are non-excludable.

The following summary outlines the community/infrastructure outcomes to which each activity relates.

9.1 Water Supply and Treatment

The provision of a reticulated water supply to the various urban and village settlements is to achieve both protection of the community's health and environment, while providing an efficient, cost effective and reliable supply of potable water. It is considered appropriate that the existing systems be expanded or replaced to provide the same level of supply and protection to new residents and activities, primarily within the urban areas.

Council aims to provide the following infrastructure outcomes:

- To protect community health by the provision of safe water supply schemes, appropriate operation, maintenance, renewal and upgrading of reticulation and treatment facilities. This includes the extension or expansion of such systems to provide a continuing potable water supply to serviced communities

- Maximise availability of supply by the provision of adequate reticulation and associated systems and storage facilities
- Minimising cost to consumers by efficiency of operation, reduction of waste and losses

9.2 Wastewater Collection and Treatment

The provision of a reticulated wastewater collection system and treatment facilities safeguards public health, provides protection to the environment and recognises cultural effects. Council recognises the need to provide accessible high quality sewerage collection systems throughout the Network Service Areas. These services should provide appropriate, affordable, efficient and effective treatment and disposal options. It is considered appropriate that the existing systems be expanded or replaced to provide the same level of supply and protection to new residents and activities across the total serviced areas.

Council aims to provide the following infrastructure outcomes:

- The protection of the community's public health and amenities through the ongoing provision of waste disposal systems including treatment facilities and reticulation systems
- The minimisation of environmental and cultural effects, including the protection of receiving waters through the appropriate and ongoing operation, maintenance renewal and upgrading of waste water reticulation and treatment facilities to meet resource consent standards and minimise the possibility of treatment discharge
- The provision for the extension or expansion of such systems to provide a continuing safe

wastewater disposal system to future residents of serviced communities

9.3 Stormwater

The provision of stormwater reticulation, detention and treatment facilities is necessary to minimise the risk of flooding and other damage from uncontrolled and excessive water over flows which pose risk to people, property and structures, key infrastructure and the environment through aspects such as sedimentation.

There are a number of specific issues and concerns that require extensive catchment wide stormwater system works. In addition it is necessary to provide for localised small scale works through the urban areas to minimise potential effects. Such small scale affects will accompany development and intensification through growth and it is necessary to provide stormwater facilities to address these. In addition Council have embarked on a number of comprehensive catchment discharge consents and programs to address existing and anticipated stormwater effects arising from future growth.

Council aims to provide the following infrastructure outcomes:

- Maintain and expand an efficient stormwater system
- Implement effective catchment management programmes to minimise flooding where possible
- Manage environmental impacts of stormwater upon receiving environments

9.4 Reserves and Open Space Amenities

Council maintains an extensive network of reserves and open space amenities including its reserves and recreation facilities. Reserves that have both district and area functions serving the greater district community as well as the local area or community to which they relate. Council will maintain the existing extent and nature of such reserves and open space amenities as well as providing their availability for future residents.

Council aims to provide the following infrastructure outcomes:

- Provide a balanced distribution of open space across the district and throughout the urban communities and rural communities
- To maintain the levels of service in Franklins Reserve Acquisition and Development Plan for each 1000 residents across the district
- To provide for the adequate provision of a variety and scale of reserves to meet the needs of the future community at the level of the existing facilities and open space amenities, and in particular to provide an appropriate level of both district sized reserves and smaller scale community reserves to meet the demand from new residents

9.5 Community Infrastructure

Council maintains, and is expected to provide for, a wide range of Community infrastructure assets to meet the community, recreational and amenity needs of its existing and future populations. Community infrastructure have both district functions, infrastructure such as the Pukekohe swimming complex and Library (and its district services) serve the greater district community, and local functions such as halls, local recreation, community rooms and facilities serve the local area or community to which they relate. Such facilities will need to be extended in order to maintain the existing level of service and meet the demands associated with growth. Council will maintain the existing extent and nature of such community infrastructure as well as providing their availability for future residents.

Council aims to provide the following infrastructure outcomes:

- Provide a balanced distribution of community infrastructure across the district and throughout the urban communities and rural communities
- To provide for the adequate provision of a variety of community infrastructure to meet the needs of the future community to meet the demand from new residents

9.6 Transportation

Council maintains an extensive network of roads throughout the district serving both the urban and rural communities. Roads have both district functions (the district arterials and collector roading network) serving the greater district community, as well as the local area or settlements to which they relate (local roads). Council will maintain the existing extent and nature of such roads as well as providing appropriate capacity for future residents.

Off street public carparks are provided under the transportation activity, as are cycleways and pedestrian linkages between roads.

Council aims to provide the following infrastructure outcomes:

- To provide for a comprehensive roading network, including district arterials, collector and local roads, across the district to serve the transportation and access requirements of the district.
- To provide a safe and efficient roading network throughout the district to meet the needs of the existing and future populations and activities of the district.

10 Benefits, Significant Assumptions and Levels of Uncertainty

10.1 Distribution of Benefits

Council considers it appropriate that development contributions are required from development according to the distribution of benefits in the funding of capital expenditure for growth for water supply and treatment, wastewater collection and treatment, stormwater disposal, transportation, reserves and open space amenities.

Over the district there is a considerable interplay between the various settlements and communities, and the services and facilities they provide. While there are separate urban settlements with separate infrastructure and networks, Council considers that benefit occurs uniformly at the broader activity level. It is expected that new works will be required to meet the demand from growth throughout the district rather than being isolated to any one particular activity or specific location. This will impose growth costs at differing times and in different locations.

This approach enables a specified level of service such as, potable water supply, removal of wastewater or the minimizing of flooding in urban areas to all serviced communities where benefit accrues relatively equally for the specified level of service across the total infrastructure area rather than at its isolated component areas.

Council has assessed the benefits derived from the growth components of the capital expenditure (including additional capacity and interest) of the capital works for water supply and treatment, wastewater collection and treatment, stormwater disposal network activities, district wide reserves and open space amenities.

The distribution of benefit occurs at both district level (or aggregated activity level) and local level dependent upon the nature of the activity as described in the following paragraphs.

Council has allocated the distribution of benefit derived from the new works for additional capacity; recent capacity created and includes interest which accrues from predicted cash flows. The distribution of benefits is only distributed among the units of demand generated by new development.

Council has also considered the relative benefits between existing ratepayers and new residents or businesses. There is a balance to be struck between applying the cost causer principle, wherein the bulk of costs go to the development community and recognising beneficiaries of improvement due to new infrastructure.

The first and most important part of this judgement is undertaken when the ACAM method (for details on this, see section 11.1) is applied to the Capital works to obtain a Growth cost. In this process benefits to existing ratepayers whether resulting from, Renewal, Level of Service improvement or from delayed works (known as backlog) are assigned to funding sources other than growth.

In addition a 'stand back check' (or common sense view) is applied as the last stage of the ACAM method to ensure that all the requirements of LGA s101(3) are met.

The distribution of benefits is just one of the matters which the Council has considered in relation to each activity to be funded by development contributions. The other matters are discussed further in this clause 10.

10.1.1 Water Supply, Wastewater Collection and Treatment systems

Council operates a number of water and wastewater systems that service the centres of Pukekohe, Tuakau and Waiuku and a number of smaller settlements across the district. Growth capital expenditure will generally have benefit limited to those connected to such systems, and though there are overall public health benefits to the wider community it is considered that the benefits primarily fall with the individual (and future) users of such systems.

While both the water and wastewater system comprise of a number of smaller separate systems in different localities they are viewed as a total entity in respect to the provision of the service. Council considers the distribution of benefit is at an activity level whereby users of the system gain the same specified level of service for water or waste water irrespective of location. The distribution of benefits have been assumed to be uniformly distributed throughout the total serviced catchments and supply areas, primarily the serviced urban (town and village) settlements.

It is considered that development contributions should be appropriately applied at an activity level, that is, the benefit occurs equally to all those who are provided with these systems and the expenditure required expanding or replacing such systems to meet the demands of growth across these serviced areas irrespective of the specific location.

10.1.2 Stormwater

Stormwater systems have a somewhat different characteristic from the other water infrastructure in that it is catchment focused and there are some specific areas (namely the two large centres) where significant works are proposed to provide for growth. The stormwater growth expenditure includes major capital works required to manage stormwater catchments that will arise from and impact upon future growth and also minor works that occur throughout the catchments as growth occurs.

Council considers the distribution of benefit occurs primarily at the activity level, at two levels, the larger catchments of Pukekohe and Waiuku and the smaller catchments across the other serviced (stormwater) locations. The distribution of benefits of Council's stormwater activity has been assumed to be uniformly distributed throughout each of these amalgamated catchments.

10.1.3 Reserves and Open Space Amenities

Benefits for Councils reserves and the open space network are spread widely across the district. In 2007 Council completed a comprehensive Reserves Acquisition and Development Plan which sets out Levels of Service and planning guidance for all reserves in the district.

A large number of reserves have a distinct district function despite their particular location and it is considered the benefit for these reserves and open space fall uniformly across the whole district irrespective of location. Smaller reserves often provide for activity within urban centres but these costs are minor compared with main recreational activities. For this reason Council from July 2009 onwards proposes to charge all Reserves and Open Space Amenities on a district wide (one charge for all areas) basis.

10.1.4 Community Infrastructure

Council provides a wide range of community infrastructure assets throughout the existing urban settlements and rural communities. These community infrastructure assets have both district and local functions.

Council will further examine the nature of these assets and where benefits fall as part of the regular, at least three yearly, review of the Franklin LTCCP. Council is proceeding with the provision of the Library and Arts Centre complex in Pukekohe and its benefit is assumed to fall across the whole district.

10.1.5 Transportation

Transportation is considered as a significant infrastructure that has a district wide distribution of benefits.

Growth related capital expenditure generally funds projects across the district and on the main traffic routes. Council considers that the costs of growth should be shared evenly across the district on the basis of the units of demand generated by new development.

10.2 Period of Benefit

Generally a 20 year time frame has been set as the basis of growth cost allocated to the District. It may be expected that the benefits of some capital works identified in the Franklin Community Plan will extend beyond the 20 year time frame relating to the expected life of the particular asset built. Community facilities have a 10 year time frame in recognition of the shorter planning and development timeframe for these community assets.

This 20 year time frame is considered as a rational period where it can be expected that the particular work will remain and is consistent with accepted engineering practice and the Southern Sector Growth agreement period.

The water utilities infrastructure comprises water supply systems, waste water reticulation and treatment facilities and stormwater facilities, all of which are owned, developed and expanded by Council. The identified capital expenditure relating to growth denoted relates to growth capital expenditure calculated over the next 20 Years.

New asset infrastructure has a life of 20 to 80 years. Life is approximately 20 years for plant, mechanical and electrical components, with the longer life for the pipeline, manholes etc which comprise the majority of asset value. In designing new assets it is uneconomic to allow for more than approximately 20 years of future growth for most assets, and planning capital works for a longer period is generally impractical.

10.3 The Extent to which Action-Inaction Contribute

Council is the primary provider of water supply, wastewater collection and treatment, stormwater, reserves, transportation network and open space amenities, throughout the district together with a significant number of other community infrastructure. These actions are required to provide and maintain the necessities and quality of life and well-being of people, and communities in the district.

Water supply, and wastewater collections and treatment, are required to avoid environmental and health effects while enabling the district community to carry out its necessary functions. Stormwater systems are necessary to minimise risk of undue flooding or uncontrolled water damage and effective management of the disposal of stormwater. Roading works are required to provide a safe and efficient management and provision of the roading network to satisfy the current and future growth needs of road users. Reserves and open space amenities are required to meet the increasing recreational needs and amenity requirements of existing and future populations.

These activities are necessary to ensure the sustainable development obligations to the district and the health and well-being of the district's communities. Given the Council's significant role (largely sole provider) for providing and maintaining such community facilities and assets it cannot be expected that in the foreseeable future other individuals, the community, central government or private sector will fulfil this role. There is no evidence to indicate that any other parties would fulfil such a role.

Failure for Council to carry out such a role would result in a significant lowering of service, disruption to the community at large and considerable potential health and environmental effects.

The ongoing expansion of infrastructure (both geographically and in terms of available capacity) is directly caused by development in the community, not by the existing ratepayers. These costs are assessed via ACAM as growth costs and charged to the development community under this policy. The costs caused by the existing community such as Level of Service improvements and renewals are not funded by growth.

The provision of such facilities and infrastructure including the cumulative effect over time necessary

to address the effects and demands of growth and new residents to the district necessitates Council to incur costs. Council therefore requires Development Contributions to meet the capital expenditure costs, including those costs recently incurred, to appropriately provide for new and additional water, wastewater, stormwater, reserves, roading and open space amenities.

10.4 Distinction between Activities

The activities of Water, Wastewater, Stormwater, Transportation, Reserves and Open space Amenities are funded separately to provide for complete transparency.

The collection of and distribution of development contribution for any activity is therefore directed only to the activity for which it is collected and for the stated purpose for which it is collected, being at either a district level (Transportation, Reserves and OSA), or at an aggregated activity level (Wastewater, Stormwater and Water - where such services are available).

Systems and accounting practices are in place to ensure transparency.

10.5 Impact of Revenue Liability

Council considers it appropriate that the total (100%) growth capital expenditure (including recent existing capacity incurred) may be funded by development contributions. Costs of growth are thus transferred principally to cost causers (new residents entering the district, or developers) as opposed to requiring existing ratepayers to meet any part of the costs attributed to growth.

Also noted previously is the fact that the ACAM method used to isolate growth costs has made a sound allocation according to causation and beneficiary principles, so that only clear growth driven costs are being charged on to developers.

One of the advantages of more accurately assigning growth costs where they belong (as FDC believes this policy does) is to discourage economically marginal development and promote sustainability by ensuring that developers fully consider infrastructure costs in their planning. This promotes the broader community goals of economic, social and environmental wellbeing.

Council will be required to fund a total of an estimated \$224 million for growth over the planning period. The funding of this capital expenditure by the rate payer is considered unfair given it is costs that they would not have to bear were there no such growth.

Council considers that growth related capital expenditure for any one service or the cumulative total for all services could be funded by development contributions without creating a significant revenue burden on future residents or developments.

In some cases an economic effect may well have a negative flow on effect at a local level, however, if no

contributions are obtained from development contributions, Council will either not provide the community facilities for new demand, in some cases such as water and wastewater supply or collection, significant environmental and health effects would occur at a far greater expectation of cost, or more revenue will be required from rating. The rating option has been previously canvassed and it is considered this is an unfair burden on the ratepayer who will not be the principal beneficiary.

10.6 The significant assumptions and level of uncertainty

Council has assumed that the anticipated levels of growth and its distribution will occur over the planning period. Growth rates will vary over this 20 year period and will impact upon both the need for works and the desired location.

Cost estimates for projects are updated and their scheduling reviewed at regular intervals. Cost estimates and project timing is nonetheless subject to variation and to some uncertainty.

The level of growth will also determine the level of contribution received at any time and therefore cash flow rates. Assumptions are made as to such cash flow rates in the determination of interest costs. The cost of interest has been estimated at an overall rate of 7.5% with variation for expected cash flows associated with each network infrastructure. There are assumptions made in respect to the cash flow rates determined by when the works are planned to proceed.

The Development Contributions are however a fixed rate and therefore the potential effects, in terms of funding, are unlikely to differ from that predicted by Council unless there is a dramatic change in growth. It is expected that subdivision rates and the level of contributions for reserves will continue to be directly correlated to growth at the predicted levels; however an unknown variable is that of the purchase of the land component. In recent times there has been a considerable fluctuation in land prices, which if continued may have an impact on the ability to provide the required level of reserves and open space at the specified standard. This will require monitoring and review.

The number of new households in the district is closely related to *edu* (and is equivalent in most cases). The population growth figures are the most important in terms of demand for services but household formation differs from population growth depending in the number of persons per household. The contribution figures vary directly with the forecast new households and over the 20 year forecast period to 2026 (refer table 2.3).

It is also assumed that the cost estimates for projects contain the required level of accuracy and timing of when event works will occur.

For major capital works associated with water, stormwater and wastewater it is assumed that the present environmental standards will not rise significantly over the planning period. Such a change however has the potential to impact upon the cost estimates of capital works. These potential effects can be reduced

by review and monitoring as required through the LTCCP review.

An important consideration throughout the development of the contributions policy has been to provide equity for all community members. For example - if additional infrastructure capacity is needed as a result of new residents (i.e. growth) and is funded through rates, then some existing residents will bear costs that do not need the additional service or infrastructure. This is considered to be an unfair burden on existing ratepayers.

11 Methodology for Applying Development Contributions (LGA 106 (2) (e))

The Development Contribution is a development levy or fee that is charged by Franklin District Council at the time any new development is undertaken within Franklin. It is a prerequisite for connection to the public water and wastewater systems.

The income generated is used to fund the upgrading of the infrastructure networks. As the Franklin District continues to grow and to expand, the networks must be upgraded and enlarged to cater for this new growth.

11.1 Capital Expenditure and Demand Units

The Works listed on the capital program are broken down into subcategories of renewal, growth and level of service. The majority are expected to be completed within 10 years and they provide sufficient capacity to meet demand for the 20 year horizon. A formal Avoidable Cost Allocation Methodology (ACAM) is used to assign costs and isolate the growth portion of each project.

Avoidable Cost Allocation Methodology (ACAM)

Any project on the works programme may have more than one driver and the Methodology is used to assign costs between the three categories.

Renewal - when the dominant need is the replacement of existing facilities with assets of equivalent capacity.

Growth - when the dominant need (or driver) is to provide additional capacity for increased future demand.

Level of service (LOS) - when the driver is a decision to improve service.

Generally this will result from a decision to change a service level (e.g. safety reasons) or to provide existing customers with a service level agreed in the past but not yet fully implemented (i.e. deferred works).

For example a \$400,000 project may have:

- 40% = \$160,000 Renewal component
- 30% = \$120,000 Growth component and
- 30% = \$120,000 LOS component

In this example \$120,000 (being the growth portion) would be carried forward to the cost of growth sum for recovery by Development Contributions.

Growth Capital Expenditure and Development Contributions

Growth capital expenditure excludes any cost associated with increasing levels of service, historical upgrades (catch-up) or maintenance. The level of service presently available however is to be maintained when such expansion occurs.

The contributions are applied at district level given that, while the systems comprise of a number of components in various settlements and locations they are aggregated to provide that a guaranteed level of service to those serviced communities will be maintained.

This also spreads out the cost of the required capital expenditure related to the activity itself and the overriding objectives of providing a continued level of service as the growth occurs. Some flexibility is required to enable Councils to target growth required facilities and the expansion of services where growth occurs and where it is required.

A district approach at the activity level proposed is considered to achieve an efficient, fair and reasonable development contribution regime. In spreading costs as widely as possible over the area of benefit the unit cost for the contribution rate is reduced to the lowest average cost. This has the advantages of minimising transaction costs and allowing considerable flexibility in programming of essential infrastructure improvements, for the widest community benefit.

Demand Units or Equivalent Development Units (edu)

Development contributions are based on the growth component only of capital works, and are distributed across the total number of units of demand.

The term *edu* (equivalent development units) is synonymous with the general terminology – demand units, or units of demand – but is used to describe the more definitive comparators used for particular infrastructure.

Care has been taken to define *edu* that are appropriate to the particular infrastructure driver, and to ensure that as far as reasonably possible the costs of growth are distributed equitably across all forms of development.

For water supply, the driver is considered to be peak demand and the *edu* selected is 25 LPM (litres per

minute) representing the peak demand from a single residential household or Lot.

In the case of stormwater, for residential land use (Residential and Rural Residential zones) the *edu* is described in terms of imperviousness related to Lot size. A table is developed that rates a residential Lot of 800 sq.m as equal to 1 x *edu*.

For stormwater in the Business zone, commercial and industrial land use is instead characterised by roof area, where 1 x *edu* is deemed to be equivalent to 400 m²

The Transportation *edu* is defined according to context as one Lot or one dwelling, or in business development as defined square metres of Gross Floor Area, based on category of use.

The respective definitions for stormwater *edu* according to zone and land use are considered to offer the best representation of the relative impacts on the capacity requirements of the stormwater system.

These are more fully illustrated in the section on Methodology in Part 12.

11.2 Cost of Growth Relating to Methods

11.2.1 Water/Wastewater and Stormwater

Capital works costs for water supply, wastewater collection and treatment and stormwater collection and treatment associated with growth are based on the current 20 year works programme prepared as part of the LTCCP 2009-2019.

The cost of growth has three components

(a) Reserve Balance and Current year forecast

The combined outcome of Growth costs carried forward from 2007/08 and expected Growth Capex and Income for the 2008/09 year are collected under the heading "Expected Reserve balance 2008/09".

(b) Capital works programme

The proposed works for each activity over the 20 year period are all summarised on table 8.1. The summaries below show the particular components of costs to be recovered under this policy. The growth portion of the costs make allowance for the extended capacity (beyond 20 years) provided in various projects.

(c) Interest costs

Interest charges have been calculated and are included in the total to be recovered.

The pattern of growth in particular areas cannot be accurately forecast. The flexibility inherent in the Policy approach will however ensure that available resources can be efficiently targeted whilst ensuring

that levels of service are maintained at an optimum level across the District.

11.2.2 Water Supply

(a) Reserve Balance and Current year forecast

The combined outcome of Growth costs carried forward from 2007/08 and expected Growth Capex and Income for the 2008/09 year is \$0.1 million,

(b) Capital works programme

The proposed works for Water Supply over the 20 year period have a total value of \$54.8 million. The growth portion of these costs to be recovered is \$19.6 million. This makes allowance for the extended capacity (beyond 20 years) provided in various projects. It also recognises that increasing charges over the next 20 years means an appropriate portion is paid by *edu* in the later years, so that the Net Present Value (NPV) of all contributions over that period are equivalent

(c) Interest costs

Interest has been calculated to add approximately 39% to the cost of funding future works. The interest costs are thus \$5.5 million.

Total cost of growth

Thus the total cost of growth related capital works for Water Supply is:

All are growth costs in \$millions excl GST

Expected DC Reserve Bal 2008/09	Capex to 2009/29	Interest	Total to recover
\$0.12	\$17.2	\$5.5	\$19.6

The capital works proposed provide future capacity for 20 years of growth consistent with the growth projections outlined in Section 2.1 Population Growth and demand.

The intention is to provide a uniform high level of service for water supply. Levels of service here include (for example) capacity in terms of fire protection, minimum supply pressures and acceptable water quality. Growth in terms of the expected increase in number of users over the 20 year planning period has been estimated at 9613 new *edu*. It is not planned in this LTCCP (2009-19) to provide water supply outside of the existing named townships (see Section 15).

It is also important to note that no allowance has been made for the possible future servicing requirements of rural or coastal villages as discussed in Proposed Plan Change 14.

The Water Supply Development Contribution is calculated at \$2,040 per *edu* (derived from \$19.6m and 9613 new *edu*).

In June 2009 Council made a decision to the effect that the 2008/09 charge of \$2,120 per *edu* shall apply for the year 2009/10. The charge applying from 1 July 2010 will be \$2,040 + 3% (or inflation whichever is higher) i.e. is expected to be \$2,120 per *edu*.

11.2.3 Wastewater

Capital works costs for wastewater associated with growth are based on the current 20 year works programme prepared as part of the LTCCP 2009-2019.

(a) Reserve Balance and Current year forecast

The combined outcome of Growth costs carried forward from 2007/08 and expected Growth Capex and Income for the 2008/09 year is \$6.8 million,

(b) Capital works programme

The proposed works for Wastewater over the 20 year period have a total value of \$71.6 million. The growth portion of these costs to be recovered is \$63.8 million. This makes allowance for the extended capacity (beyond 20 years) provided in various projects. It also recognises that increasing charges over the next 20 years means an appropriate portion is paid by *edu* in the later years, so that the Net Present Value (NPV) of all contributions over that period are equivalent

(c) Interest costs

Interest has been calculated to add to the cost of funding future works. The interest costs are thus \$35.1 million.

Total cost of growth

Thus the total cost of growth related capital works for Wastewater is:

All are growth costs in \$millions excl GST

Expected DC Reserve Bal 2008/09	Capex to 2009/29	Interest	Total to recover
\$6.8	\$42.9	\$35.1	\$63.8

The Wastewater Development Contribution is calculated at \$6,760 per *edu* (derived from \$63.8m and 9424 new *edu*).

In June 2009 Council made a decision to the effect that the 2008/09 charge of \$6,200 per *edu* shall apply for the year 2009/10. The charge applying from 1 July 2010 will be \$6,760 + 3% (or inflation whichever is higher) i.e. is expected to be \$6,960 per *edu*.

11.2.4 Stormwater

Capital works costs for stormwater associated with growth are based on the current 20 year works programme as amended in conjunction with the LTCCP 2009/19 budget process.

The townships attracting development contributions for stormwater are separated into two groups, referred to as Areas A and B (refer to the methodology in Section 12.3). The SWDC rate is different for each Area.

(a) Reserve Balance and Current year forecast

The combined outcome of Growth costs carried forward from 2007/08 and expected Growth Capex and Income for the 2008/09 year is \$2.1 million and \$1.8million for Areas A and B respectively

(b) Capital works programme

The proposed works for stormwater over the 20 year period have a value of \$106 million and \$16million for Areas A and B respectively. The growth portions of these costs to be recovered are \$34.2 million and \$27.2million for Areas A and B respectively. This makes allowance for the extended capacity (beyond 20 years) provided in various projects. It also recognises that increasing charges over the next 20 years means an appropriate portion is paid by *edu* in the later years, so that the Net Present Value (NPV) of all contributions over that period are equivalent

(c) Interest costs

Interest has been calculated to add approximately 50% to the cost of funding future works. The interest costs are thus \$12.7 million and \$6.6million for Areas A and B respectively

Total cost of growth

Thus, the total cost of growth capital works for stormwater is:

All are growth costs in \$millions excl GST

Expected DC Reserve Bal 2008/09	Capex to 2009/29	Interest	Total to recover
\$2.1	\$29.1	\$12.7	\$37.9
\$1.8	\$9.2	\$6.6	\$17.5
\$3.9	\$38.3	\$19.3	\$55.4

Hence DC charges per *edu* are

All amounts in \$millions excl GST

Area	Growth Costs	Expected New Households 20yr	Hence DC Rate
A	\$37.9 m	5037	\$7,520
B	\$17.5 m	3352	\$5,200

In June 2009 Council made a decision to the effect that the 2008/09 charge of \$7,320 and \$4,720 per *edu* (for areas A and B respectively) shall apply for the year 2009/10. The charge applying from 1 July 2010 will be the increased charges above + 3% (or inflation whichever is higher) i.e. is expected to be \$7,760 and \$5,360 per *edu* (for areas A and B respectively).

11.2.5 Reserves / Open Space Amenities

During 2007 Council completed a reserves Acquisition and Development (RAD) plan, which resulted in a new set of Levels of Service. In the same year the District Growth Strategy was completed. The proposed long term capital works for the LTCCP 2009/19 reflects both these documents intentions.

In the RAD plan there is no distinction made between local and district reserves so all reserves DC charges are now made on district wide basis.

Capital works costs for reserves associated with growth are based on the current 20 year works programme prepared as part of the draft LTCCP 2009-2019. This is based on levels of service requirements in the RAD plan which includes for the purchase and development of some 50ha of land for District reserves.

(a) Reserve Balance and Current year forecast

The combined outcome of Growth costs carried forward from 2007/08 and expected Growth Capex and Income for the 2008/09 year is \$3.3 million,

(b) Capital works programme

The proposed works for Reserves / Open Space Amenities over the 20 year period have a total value of \$86 million. The growth portion of these costs to be recovered is \$44 million. This makes allowance for the extended capacity (beyond 20 years) provided in various projects. It also recognises that increasing charges over the next 20 years means an appropriate portion is paid by *edu* in the later years, so that the Net Present Value (NPV) of all contributions over that period are equivalent

(c) Interest costs

Interest has been calculated to add approximately 76% to the cost of funding future works. The interest costs are thus \$19 million.

Total cost of growth

Thus the total cost of growth related capital works for Reserves / Open Space Amenities is:

All amounts in \$millions excl GST

Expected DC Reserve Bal 2008/09	Capex to 2009/29	Interest	Total to recover
\$3.3	\$36.7	\$19.0	\$44.0

The Reserves Development Contribution is calculated at \$3,560 per *edu* (derived from \$44.0m and 12,424 new households).

In June 2009 Council made a decision to the effect that the 2008/09 charge of \$1,600 (district) and \$880 (local) per *edu* shall apply for the year 2009/10. Also confirming that both charges, i.e. \$2,480 per *edu*, shall be applied district wide as provided in the new policy. Therefore the charge applying from 1 July 2010 will be \$3,560 + 3% (or inflation whichever is higher) i.e. is expected to be \$3,640 per *edu*.

11.2.6 Community Infrastructure

The capital works costs associated with growth are based on the current 10 year works programme prepared as part of the draft LTCCP 2009-2019.

The Capex program for Community Infrastructure tends to involve high profile developments with substantial community involvement during the planning stages. Capital works planning for such projects does not extend more than 10 years ahead.

The majority of works in this activity are substantial projects serving a large part of the community. As such they are considered appropriate for district wide funding. The cost of growth included here is that for the Franklin Centre plus other Community centre, Recreation Centre – Pools and Property capital works.

(a) Reserve Balance and Current year forecast

The combined outcome of Growth costs carried forward from 2007/08 and expected Growth Capex and Income for the 2008/09 year is \$4.1 million,

(b) Capital works programme

The proposed works for Community Facilities over the 10 year period have a total value of \$53.4 million. The growth portion of these costs to be recovered is \$10.4 million. This makes allowance for the extended capacity provided in various projects.

(c) Interest costs

Interest has been calculated to add approximately 15% to the cost of funding future works. The interest costs are thus \$1.3 million.

Total cost of growth

Thus, the total cost of growth related capital works for community facilities is:

All amounts in \$millions excl GST

Expected DC Reserve Bal 2008/09	Capex to 2009/29	Interest	Total to recover
\$4.1	\$5.0	\$1.3	\$10.4

The Community Infrastructure Development Contribution is calculated at \$1,640 per *edu* (derived from \$ 10.4m and 6319 new households in 10 years).

In June 2009 Council made a decision to the effect that the 2008/09 charge of \$1,680 per *edu* shall apply for the year 2009/10. The charge applying from 1 July 2010 will be \$1,640 + 3% (or inflation whichever is higher) i.e. is expected to be \$1,680 per *edu*.

11.2.7 Transport Infrastructure

Capital works costs for transportation infrastructure associated with growth are based on the current 20 year works programme prepared as part of the draft LTCCP 2009-2019.

(a) Reserve Balance and Current year forecast

The combined outcome of Growth costs carried forward from 2007/08 and expected Growth Capex and Income for the 2008/09 year is \$11.0 million,

(b) Capital works programme

The proposed works for Wastewater over the 20 year period have a total value of \$412 million. The growth portion of these costs to be recovered is \$100 million. This makes allowance for the extended capacity (beyond 20 years) provided in various projects. It also recognises that increasing charges over the next 20 years means an appropriate portion is paid by *edu* in the later years, so that the Net Present Value (NPV) of all contributions over that period are equivalent

(c) Interest costs

Interest has been calculated to add approximately 75% to the cost of funding future works. The interest costs are thus \$43 million.

Total cost of growth

The total cost of growth related capital works for transportation infrastructure is:

All amounts in \$millions excl GST

Expected DC Reserve Bal 2008/09	Capex to 2009/29	Interest	Total to recover
\$11.0	\$83.0	\$43.0	\$100.0

The capital costs associated with the provision of transport infrastructure increase with the increasing road use arising from population growth and the associated increase in business activity.

For residential situations an equivalent development unit (*edu*) is defined as equivalent to one residential Dwelling. A Dwelling (or typical household) (1 *edu*) generates 10 vehicle movements per day.

For business development an *edu* is defined according to the use category as:

Low	1 <i>edu</i> = 300m ² GFA
Medium	1 <i>edu</i> = 150m ² GFA
High	1 <i>edu</i> = 100m ² GFA

These have been determined on the basis of the new traffic generated by each business use. (Refer section 12.6.)

The total number of transportation *edu* over the 20 year period are estimated to be for residential and business 12424 and 2856 respectively making 15280 in all.

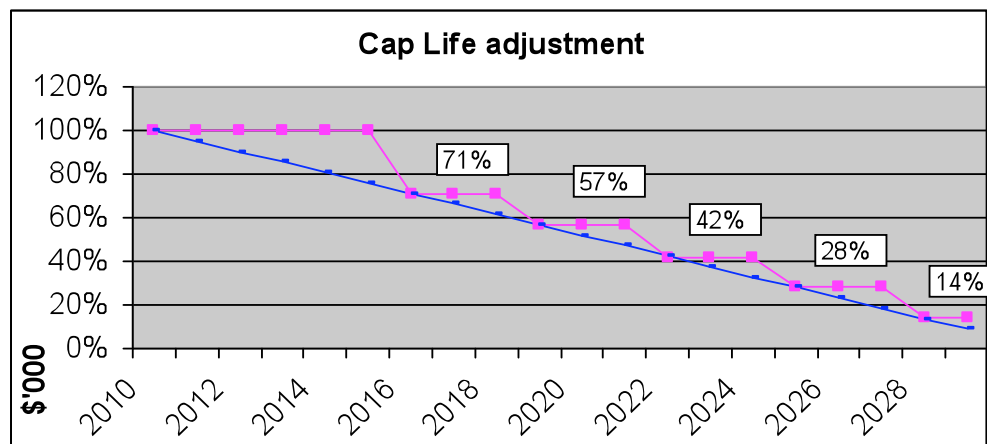
The transportation Development Contribution is calculated at \$6,640 per *edu* (derived from \$100m and 15280 new *edu*).

In June 2009 Council made a decision to the effect that the 2008/09 charge of \$4,160 per *edu* shall apply for the year 2009/10. The charge applying from 1 July 2010 will be \$6,640 + 3% (or inflation whichever is higher) i.e. is expected to be \$6,840 per *edu*.

11.3 Capacity Life Adjustment

Capacity Life Adjustment [CLA] describes an econometric refinement whereby for each project, the portion of its capacity life which applies to this 20 year period is paid for by this '20 year cohort' of new residents. Over the 20 year time period, the costs for infrastructure projects in the programme are recovered based on (a) their full value for the first six years only and (b) thereafter individual project costs are discounted to near zero in the 20th year. This recognises that whereas costs are necessarily incurred in advance of the actual project timing, the impact from later years is reduced substantially for the current fiscal year.

The diagram below shows the percentage of costs to be recovered from later projects over the 20 year timeframe. The CLA is applied across all activities in deriving the charges which are shown in the development contribution schedule – refer: Table 14.



12 Development Contributions Methodology

Under the Local Government Act 2002, a development contribution may be required only in circumstances described in sections (s197), (s198) and (s199) of the Act. The Council will assess each subdivision or development proposal against these requirements, and those set out in clauses 12.1 and 12.6 below, before requiring a development contribution.

The cases of “development” given below generate demand, and Council will determine, as a preliminary point, on a case by case basis, whether a particular project is a “development” as defined in s197.

The Council may require a Development Contribution to be paid when granting -

1. a resource consent under the Resource Management Act 1991 for a development;
2. a building consent under the Building Act 1991
3. an authorisation for a service connection

12.1 Water

Definition of development

For the purposes of the Water Supply Development Contribution (WSDC) development is defined to include:

- Any form of subdivision of land giving rise to additional entitlement to construct a dwelling or

- Construction of a second or subsequent residential dwelling on a single title whether or not future subdivision is contemplated or
- Commercial/industrial development where the water demand requirement exceeds that equivalent to a single residential Lot or
- Any Rural Residential or Rural zoned land for which a water connection is required

The WSDC is not payable

- in the case of any change in the tenure of an existing title where no additional entitlement to construct a dwelling is created; or
- on an existing allotment (single title) within Franklin District, or for an existing metered supply, except as provided below

Application of Development Contributions – Water

Development Contributions for Water shall apply to Network Service Areas (refer definitions) and to developments outside those areas where connection to the public system is sought.

How the charge is calculated

The Water Supply Development Contribution is based on the following:

R = \$Rate per *edu* = \$2,120 plus GST (as at 1 July 2009)

N = total number of Lots

Nu = total number of separate residential units

No = initial number of separate residential units

O = original number of Lots

Q = peak demand in litres per minute (LPM)

edu = equivalent development unit = one residential Lot = 25 LPM

(a) Subdivision of land - Residential or Commercial/Industrial (Business Zone)

$$WSDC = R \times (N - O)$$

The charge is based on the additional number of Lots created by the subdivision.

(b) Multiple residential units on a single Lot

$$WSDC = R \times (Nu - No)$$

Multiple residential units are treated as if they were each located on a separate fee simple title. No additional fee is payable on later subdivision.

Multiple units served by a single meter will be determined as described in e) below

(c) Rural Residential subdivision

$$WSDC = R \times N$$

The charge is payable for each Lot making a new connection to the public water supply system.

Water supply to Rural Residential zoned land is subject to availability.

(d) Rural zoned land

$$WSDC = R \times N \quad \text{or}$$

$$WSDC = R \times Q / 25 \quad \text{where peak demand is greater than 25 LPM}$$

Supply to Rural land is subject to the availability of supply. An individual water supply agreement may be required, and an additional local development contribution will be levied as appropriate.

(e) Commercial / Industrial premises

$$WSDC = R \times (Q / 25 - 1) \quad \text{where peak demand requirement is greater than 25 LPM}$$

The WSDC must be paid before any new or additional water meter connections will be installed.

The cost of a meter water connection is not included in the charges above. A flow control valve (FCV) may be installed to protect the water meter installation if required by the Water Supply Asset Manager, at an additional cost to the applicant.

Bulk Water Meter

No reduction in water supply or wastewater development contributions is permitted for multiple dwelling units serviced by means of a bulk water supply meter, such as for a retirement village or similar.

Fire Mains

There is no development contribution payable on private fire mains or fire sprinkler mains.

Provision of Reticulation

In adopting this methodology the Council also proposes to rationalise the rules associated with the provision of water reticulation by developers within the Residential and Business zoned areas only. These are provided for as follows:

- (a) The developer is responsible for the provision of all reticulation within the subdivision site or property, and for meeting the costs of making connection to the public reticulation.

- (b) The Council will meet the costs of reticulation on existing fully formed public roads, including the frontage of the development on such roads. This will however not apply where existing unformed roads are required to be constructed by the developer; such will be treated as part of the subdivision works unless otherwise determined by the Council.

- (c) Where mains are required to service other lands beyond the development, Council may agree to meet the additional construction costs of water mains within the development for pipe sizes greater than 150mm. However where a 200mm main is dictated for fire protection, the developer will be required to meet the full cost of at least the 200mm mains.

- (d) Council will accept such charge on condition the developer formally notifies Council prior to the submission of engineering plans for the development. This notice shall include estimates the total costs and level of costs expected to be covered by council.

The Council will confirm acceptance of the charges, only after agreement has been reached as to the value of the works. The amount to be paid will become due only after all construction works within the development have been fully accepted by Council as complete and a 224C certificate issued. The agreed amount may be offset against any other fees due to the Council for the development.

Rural and Rural Residential zoned lands, unless they are included in an approved Structure Plan as quasi-Residential zone, are excluded from the above (quasi-residential zones occur when existing rural land is subdivided and serviced in an urban manner.) In such cases, the developer will generally be required to meet the total cost of infrastructure provision. Developments approved by Consent Order in the Environment Court will also require special consideration.

12.2 Wastewater

The Wastewater Development Contribution (WWDC) is based on a correlation with water supply demand. Where water is privately supplied, the Council may require that a water meter be installed or that wastewater discharge be monitored via a separate trade's waste consent.

Definition of development

For the purposes of the WWDC development is defined to include:

- Any form of subdivision of land giving rise to additional entitlement to construct a dwelling or
- Construction of a second or subsequent residential dwelling on a single title whether or not future subdivision is contemplated or
- Commercial/industrial construction where the water demand requirement exceeds that equivalent to a single residential Lot or
- Any Rural Residential or Rural zoned land for which a wastewater connection is required

The WWDC is not payable

- in the case of any change in the tenure of an existing title where no additional entitlement to construct a dwelling is created; or
- on an existing allotment (single title) within Franklin District, or for an existing connection to the public sewer, except as provided below.

Application of Development Contributions – Wastewater

Development Contributions for Wastewater shall apply to those areas as defined in Network Service Areas (refer appendix).

How the charge is calculated

The Wastewater Development Contribution is based on the following:

R = \$Rate per *edu* = \$6,200 plus GST (as at 1 July 2009)

N = total number of Lots

Nu = total number of separate residential units

No = initial number of separate residential units

O = original number of Lots

Q = peak water supply demand in litres per minute (LPM)

edu = equivalent development unit = one residential Lot = 25 LPM (wastewater discharge is correlated with water supply peak demand)

(a) Subdivision of land – Residential or Commercial/Industrial (Business Zone)

$WWDC = R \times (N - O)$

The charge is based on the additional number of Lots created by the subdivision.

(b) Multiple residential units on a single Lot

$WWDC = R \times (Nu - No)$

Multiple residential units are treated as if they were each located on a separate fee simple title. No additional fee is payable on later subdivision.

(c) Rural Residential subdivision

$WWDC = R \times N$

The charge is payable for each Lot making a new connection to the public sanitary sewerage system. An additional local charge may be levied, as circumstances require.

(d) Rural zoned land

$WWDC = R \times N$ or $WWDC = R \times Q / 25$ for peak demand greater than 25 LPM

Wastewater disposal via public reticulation is ordinarily not available to rural zoned land. Where a connection is however allowed the property will become subject to land rates for drainage. An additional local development contribution fee may also be levied.

(e) Commercial / Industrial premises and apartment buildings

$WWDC = R \times (Q / 25 - 1)$ where peak water supply demand requirement is greater than 25 LPM

The Wastewater Development Contribution is based on a correlation with water supply demand. Where water is privately supplied, the Council may require that a water meter be installed or that wastewater discharge be monitored via a separate trade waste consent. The cost of a meter water connection (if required) or a trade waste consent is not included in the charges above.

The WWDC must be paid before any new or additional wastewater connections may be installed.

Bulk Water Meter

No reduction in water supply or wastewater development contributions is permitted for multiple dwelling units serviced by means of a bulk water supply meter, such as for a retirement village or similar.

In adopting this methodology the Council also proposes to rationalise the rules associated with the provision of wastewater reticulation by developers within the Residential and Business zoned areas only. These are provided for as follows:

- The developer is responsible for the provision of all reticulation within the subdivision site or property, and for meeting the costs of making connection to the public reticulation, for a distance of up to 60m outside the development property. The Council may agree to meet a share of the cost beyond this distance, but subject to the provisions of (c) below.
- The Council may agree to meet the additional costs of wastewater reticulation within the subdivision or development where, in order to service other land beyond the development, the pipe size required will be greater than Dn 200mm or the increase in normal design depth will be greater than 500mm.
- Council will only accept such charges on condition that the developer (prior to the submission of engineering plans for the development) notifies Council of the following:
 - The request for cost sharing by the Council, and an estimate of the level of costs involved;
 - Whether there is any requirement for wastewater pumping.

The Council will confirm acceptance of the charges, only after agreement has been reached as to the value of the works.

The amount to be paid will become due only after all construction works within the development have been fully accepted by Council as complete and a 224C certificate issued. The agreed amount may be offset against any other fees due to the Council for the development.

Rural and Rural Residential zoned lands, unless they are included in an approved Structure Plan as quasi-Residential zone, are excluded from the above. In such cases, the developer will generally be required to meet the total cost of infrastructure provision. Developments approved by Consent Order in the Environment Court will also require special consideration.

12.3 Stormwater

Definition of development

For the purposes of the Stormwater Development Contribution (SWDC) development is defined to include:

- Any form of subdivision of land giving rise to additional entitlement to construct a dwelling within the Residential, Rural Residential or Business zone
- Construction of a second or subsequent residential dwelling on a single title whether or not future subdivision is contemplated.
- The construction of new buildings or extensions to existing buildings, in the business zone where the resulting roof area exceeds 200 m2.
- Commercial or industrial buildings constructed within the Rural Residential zone

The SWDC is not payable

- in the case of any change in the tenure of an existing title where no additional entitlement to construct a dwelling is created; or
- on an existing allotment (single title) within Franklin District, except as provided below; or
- on the roof area for existing commercial or industrial buildings; or
- for commercial or industrial buildings located within the Rural zone.

Application of Development Contributions – Stormwater

Development Contributions for Stormwater shall apply to those areas serviced by stormwater infrastructure. The areas are separated into two groups referred to as areas A & B, each with a separate SWDC \$Rate R1 and R2.

How the charge is calculated

The Stormwater Development Contribution is based on the following:

- R = R1, R2 = \$Rate per *edu*, as per Table 12.1 below
- N = total number of Lots
- Nu = total number of separate residential units
- No = initial number of separate residential units
- O = original number of Lots
- A = total area of multi unit housing Lot
- An = area of notional Lot = A / Nu

For commercial or industrial buildings (Business zone)

- Ar = total roof area (m2) (measured over external wall line)
- Ao = the existing roof area, or 200 m2, whichever is greater
- edu*(n) = *edu* value for an individual notional Lot of size A/Nu
- edu*(A) = *edu* value for Lot area A (total area of multi unit housing Lot).
- edu* (equivalent development unit) for stormwater is defined separately according to land use zones, as follows:

- Residential and Rural Residential zones (refer Table 12.2) *edu* are described by Lot area and imperviousness and

$$\text{net change in } edu = \sum edu(N) - \sum edu(O)$$
- Business zone (commercial or industrial buildings) *edu* are described by roof area (refer Table 12.2) where $1 \times edu = 400 \text{ m}^2$

Table 12.1 FDC stormwater areas

Area	Town	Charge GST excl
area A	Pukekohe including Buckland, and Waiuku	R1 = \$7,320
area B	Tuakau, Clarks Beach, Waiuku Beach, Glenbrook Beach, Patumahoe, Pokeno, Bombay, Port Waikato, Kingseat, Kaiaua, Hunua, Waiuku Pa	R2 = \$4,720

Edu Lot Size Ratios

Table 12.2 *edu* based on Lot sizes

Lot size m ² range	Residential Dwellings number of <i>edu</i>	Roof size m ² range	Business Zone number of <i>edu</i>
0 – 299	0.66	200	0.5
300 – 499	0.74	400	1.0
500 – 699	0.88	600	1.5
700 – 899	1.00	800	2.0
900 – 1099	1.10	1000	2.5
1100 – 1299	1.19	1200	3.0
1300 – 1499	1.27	1400	3.5
1500 – 1999	1.40	1600	4.0
2000 – 2499	1.56	1800	4.5
2500 – 2999	1.70	2000	5.0
3000 – 4999	2.00	2200	5.5
> 5000	2.20	2400	6.0

Note: For implementation purposes a version of this table is used with 50m² increments for Lot size.

(a) Subdivision of land – Residential and Rural Residential land

$$SWDC = R \times [\sum edu(N) - \sum edu(O)]$$

The charge is based on the value of changed *edu* – calculated as the sum (Σ) of the *edu* of all the new Lots, less the sum (Σ) of the *edu* for all the initial Lots (thus representing the change in imperviousness).

(b) Multiple residential units on a single Lot

$$SWDC = R \times (Nu \times edu(n) - edu(A))$$

Multiple residential units are treated as if they were each located on a separate fee simple title, each with a notional Lot of size A / Nu. The net increase in the number of *edu* is found by summing the *edu* for each notional Lot, and then subtracting the number of *edu* represented by the original Lot of size A.

It is identical to (a) above for a subdivision of a single Lot (A) into Nu notional Lots of size A / Nu. No additional fee is payable on later subdivision.

(c) Subdivision of land in Business Zone

The charge is based on the number of additional Lots created, each with a base entitlement of 200m² in roof area (equivalent to 0.5 *edu*), irrespective of Lot size.

$$SWDC = (R / 2) \times (N - O)$$

(d) Commercial / Industrial building construction in Business Zone

The charge is applied to new construction where the total roof area for building(s) or building extensions within a single Lot exceed 200m² in total. There is no charge for existing roof area.

$$SWDC = R \times (Ar - Ao) / 400$$

(e) Rural zoned land

Rural zoned land that is subject to subdivision for urban purposes is judged to have an initial *edu* of zero. Ordinary subdivision of rural zoned land does not otherwise attract the SWDC.

$$SWDC = R \times [\sum edu(N)] \text{ only when treated as "Residential" or as "Rural Residential" development.}$$

Provision of Stormwater Reticulation

In adopting this methodology the Council also proposes to rationalise the rules associated with the provision of stormwater by developers within Residential zoned areas. These are provided for as follows:

- (a) The developer is responsible for the provision of all reticulation within the subdivision site or property, and for meeting the costs of making connection to the public reticulation, for a distance of up to 60m outside the development property. The Council may agree to meet a share of the cost beyond this distance, but subject to the provisions of (e) below.
- (b) The Council may agree to meet the additional costs of stormwater reticulation within the subdivision for the difference in pipe sizes greater than 600mm or where the increase in normal design depth is greater than 500mm, and where the reticulation is required to service other lands beyond the development. Such cost share arrangements will apply only to subdivision of land within areas zoned Residential.

- (c) Infrastructure such as treatment ponds, dams, and floodways may be the subject of a cost share agreement where the scale of infrastructure is significantly increased by the need to serve catchments other than the subdivision site.
- (d) Council will not ordinarily accept a share of the costs for stormwater works within Rural Residential or Business zone or where the development is deemed to be of a commercial or industrial nature except as may be specifically determined by the Council on merit.
- (e) Council will accept such charge on condition the developer formally notifies Council prior to the submission of engineering plans for the development. This notice shall include estimates of the total costs and the level of costs expected to be covered by Council.

The Council will confirm acceptance of the charges, after agreement has been reached as to the value of the works. The amount to be paid will become due after all construction works within the development have been fully accepted by Council as complete and a 224c certificate issued. The agreed amount may be offset against any other fees due to the Council for the development.

12.4 Reserves and Open Space Amenities

12.4.1 Definition of development

For the purposes of the Reserves Land Development Contribution (RLDC) development is defined to include:

- Any form of subdivision of land giving rise to additional entitlement to construct a dwelling
- Construction of a second or subsequent residential dwelling on a single title whether or not future subdivision is contemplated.
- Construction of a dwelling within the business zone.

The RLDC is not payable

- in the case of any change in the tenure of an existing title where no additional entitlement to construct a dwelling is created; or
- on an existing allotment (single title) within Franklin District, except as provided below.

12.4.2 How the charge is calculated

The Reserves Development Contribution is based on the following:

R = \$Rate per Lot, or per *edu* = \$2,480 plus GST (as at 1 July 2009)

N = total number of Lots

Nu = total number of separate residential units

No = initial number of separate residential units

O = original number of Lots

Where an *edu* = single residential household unit

- (a) Subdivision of land – all zones except business

$$RLDC = R \times (N - O)$$

- (b) Multiple residential units on a single Lot within

Residential and Rural Residential zones

$$RLDC = R \times (Nu - No)$$

for the townships specified under (a) above

- (c) Additional dwellings on a single Lot in the Rural zone

$$RLDC = R \times (Nu - No)$$

- (d) Dwelling units within Business zone.

$$RLDC = (R) \text{ per dwelling unit}$$

Residential development in a business zone will attract RLDC at the time of either resource consent or building consent.

- (e) Commercial / industrial subdivision (business zone)

There is no RLDC for business zone subdivision, except as provided for under (d) above.

12.4.3 Provision of Infrastructure

Purchase of Land for Reserve

The following types of Reserve Land resulting from subdivision consent will be acquired by Council by purchase, and will be valued using the Valuation Methodology described below.

- a) Local reserves not exceeding 5000 m2
- b) Reserves identified in an approved Structure Plan (no size limitation)
- c) Esplanade reserves not identified as proposed Esplanades on FDC Operative District Plan planning maps.

Note that cycleways and pedestrian linkages between roads and other public spaces are provided for under the transportation activity.

Valuation Methodology

For lands to be purchased by Council as determined by this Policy, the valuation methodology is as follows:

Council will engage a registered valuer and an assessment will then be made of the value of the land as at the date of the release by Council of the section 224(c) certificate (Resource Management Act 1991).

The value will be based on the bare undeveloped land recognising the rights and configuration given to the land by the consent being considered.

In the event of dispute, the developer may obtain a second valuation by a registered valuer using the same methodology. If the matter cannot then be resolved between the developer and Council, the matter will be referred to a person to be appointed by the President of the New Zealand Institute of Valuers for adjudication, whose decision shall be final.

12.5 Community Infrastructure

Definition of development

For the purposes of the Community Facilities Development Contributions (CFDC) development is defined to include:

- Any form of subdivision of land giving rise to additional entitlement to construct a dwelling
- Construction of a second or subsequent residential dwelling on a single title whether or not future subdivision is contemplated.
- Construction of a dwelling within the business zone.

The CFDC is not payable

- in the case of any change in the tenure of an existing title where no additional entitlement to construct a dwelling is created; or
- on an existing allotment (single title) within Franklin District, except as provided below.

How the charge is calculated

The Community Facilities Development Contribution is based on the following:

R = \$Rate per *edu* = \$1,680 plus GST (as at 1 July 2009)

N = total number of Lots

Nu = total number of separate residential units

No = initial number of separate residential units

O = original number of Lots

Where an *edu* = single residential household unit

(a) Subdivision of land – all zones except business

CFDC = R x (N - O)

(b) Additional dwellings (including multi unit dwellings) in all zones

CFDC = R x (Nu - No)

Residential development in a business zone will attract CFDC at the time of either resource consent or building consent.

(c) Commercial / industrial subdivision (business zone)

There is no CFDC for business zone subdivision. Charges are incurred if residential dwellings are built, as provided for under (b) above.

12.6 Transport Infrastructure

12.6.1 Definition of development

For the purposes of assessing the Transportation Development Contributions (TRDC) development is defined to include:

- Any form of subdivision of land giving rise to additional entitlement to construct a dwelling
- Construction of a second or subsequent residential dwelling on a single title whether or not future subdivision is contemplated.
- In the business zone, the construction of new building(s) or building extensions within a single Lot.
- Commercial or industrial buildings constructed within any other zone (treated as quasi business zone).
- Land use changes where no significant buildings are involved, but increased traffic including heavy vehicles is expected.

In assessing the charges for:

- Change of use: If the business activity within a building changes, then the DC may be re-evaluated as part of building consent processing.
- Code of acceptance: A building consent issued for works undertaken will be assessed for DC contribution under the policy applying at the time of consent.

- Mixed business activity: Buildings having more than one tenancy will be evaluated for each separate business activity using table 12.3.

The TRDC is not payable

- In the case of any change in the tenure of an existing title where no additional entitlement to construct a dwelling is created; or
- On the existing GFA for commercial or industrial buildings.
- On any part of a building Floor Area dedicated to car parking. (That is car parking for staff or customer use, not the storage of cars or other automotive materials) A TRDC may later be applied in the event of a change in land use, wherein dedicated car parking area within the building is converted to another use.

12.6.2 How the charge is calculated

The TRDC is based on the following:

R = \$Rate per *edu*, = \$4,160 plus GST

N = total number of Lots

O = original number of Lots

Nu = total number of separate residential units

No = initial number of separate residential units

An = total GFA (Gross Floor Area) of premises in m²

Ao = existing GFA, or 100m², whichever is the greater.

vpd = vehicles per day, are traffic trip figures based on annual average daily traffic (aadt)

edu = (equivalent development unit) according to context is defined as follows:

- For residential dwellings
1 *edu* = one Lot or one dwelling.
- For commercial or industrial buildings

The number of *edu* is calculated on the basis of floor area as a function of land use and traffic generation. Three categories of land use activity are described under table 12.3 below.

The Transportation *edu* for each category is defined as

- Low 1 *edu* = 300m² GFA
- Medium 1 *edu* = 150m² GFA
- High 1 *edu* = 100m² GFA

- For land use activities resulting in increased traffic [deemed unrelated to building activity]

The number of *edu* is calculated on the basis of the traffic generated by heavy vehicles. For the purposes of this Policy, a truck is considered to be equivalent to two cars in terms of *edu*.

V_n = proposed vpd for (cars + heavy vehicles x 2) in vpd

V_o = existing vpd for (cars + heavy vehicles x 2) or 10 vpd, whichever is the greater.

1 *edu* = (car vpd + heavy vehicle vpd x 2) / 10

Table 12.3 – Business uses and vpd

Category	Activity	vpd per (100m ²)GFA
Low	Industrial, low volume commercial etc	Less than 16
Medium	Range of commercial, retail and entertainment activities	16 - 45
High	High level Retail etc	Greater than 45

Traffic trip figures in vpd are based on annual average daily traffic (aadt) figures taken from the following sources:

- ITE: Institute of Transportation Engineers, 7th Edition, 2003, Trip Generation
- RTA: Roads and Transport Authority of New South Wales, Oct. 2002, Guide to Traffic Generating Developments v2.2
- NZTPDB: NZ Trips & Parking Database Bureau Inc, Aug. 2006, Trips and Parking Database
- In cases of where the land use activity definition may be unclear, an applicant may submit evidence on expected traffic generated by the proposed activity by a report compiled by a Chartered Professional Engineer experienced in traffic engineering.

a) Subdivision of land

Residential subdivision

$$TRDC = R \times (N - O)$$

The charge is based on the number of additional Lots created by the subdivision.

Business zone

$$TRDC = R \times (N - O) / 3$$

Subdivision of land within the Business Zone assumes an initial Land Use category = Low

(b) Additional dwellings on a single Lot

$$TRDC = R \times (N_u - N_o)$$

Multi-unit Housing on a single Lot is treated as if each units located on a separate fee simple title. No additional fee is payable on later subdivision.

(c) Construction in Business Zone

$$TRDC = R \times (A_n - A_o) / 100 \quad \text{for High category}$$

$$TRDC = R \times (A_n - A_o) / 150 \quad \text{for Medium category}$$

$$TRDC = R \times (A_n - A_o) / 300 \quad \text{for Low category}$$

The charge is applied to new construction where the GFA for building(s) or building extensions within a single Lot exceed 100m² in total. There is no charge for existing floor area.

(d) Construction in Business Zone combined with Change of Land-use

There are three cases which may apply

$$TRDC = R \times (A_n / 150 - A_o / 300) \quad \text{for Low changing to Medium category}$$

$$TRDC = R \times (A_n / 100 - A_o / 150) \quad \text{for Medium changing to High category}$$

$$TRDC = R \times (A_n / 100 - A_o / 300) \quad \text{for Low changing to High category}$$

(e) Change of Land-use

The greater of the GFA based calculation under (c) or (d) above or

$$TRDC = R \times (V_n - V_o) / 10$$

This applies where GFA development is low but there is significant traffic generation expected.

12.6.3 Provision of Transportation Infrastructure

The cost share provisions of section 12.7 apply.

(a) Development in Residential or Business Zone

The developer is responsible for any necessary road upgrading along the full length of their property frontage and for up to 30m beyond the frontage.

The extent of road upgrading required may include the carrying out of road carriageway widening and/or reconstruction to a maximum of 6m from the road centreline. The extent of works may

include reshaping of the berm, the provision of kerb and channel and associated drainage works, footpath, streetlighting, road marking, traffic signage and the undergrounding of existing overhead power cables. The relocation of existing underground services made necessary by the road upgrading works will be at the developer's cost.

Responsibilities may also include the extension of transport networks such as walking and cycle ways in the vicinity of the development.

(b) Development in Rural Residential Zone

Road upgrading requirements for the Rural Residential zone are the same as for Residential zone, unless the Council agrees that the underlying purpose of the zone is to provide a buffer to adjacent rural zoned land. In such cases, a lesser standard of road upgrading works may be agreed.

(c) Development in Rural Zone

The same responsibilities as in residential and Business Zones apply, except the standard of upgrade required will be less than that for urban zoned areas. Council will determine the standard to be applied as appropriate for each situation.

(d) Development in particular circumstances

At Council's discretion it may agree to meet part of the additional costs of roadway development within the subdivision, development or roadway where the design requirement exceeds that for a standard local road.

12.6.4 Transport Infrastructure and Local Financial contributions

Council is retaining the provision under the District Plan to require the payment of a local roading financial contribution for the purpose of carrying out works to mitigate significant adverse traffic effects on the local network and not otherwise included within the Capex programme. The payment of a local roading financial contribution, if appropriate, shall be in addition to the development contribution assessed under this policy.

Situations where the payment of a local roading financial contribution may be applied will be determined in accordance with the District Plan and may include (but is not limited to) high traffic generating activities such as :

- Hospital and Medical Centres
- Supermarkets
- Shopping Centres

The Local Roding financial contribution if appropriate will be assessed at the time of resource or building consent to address the local impact of traffic on the roading network.

12.7 Special Activities

This section deals with special categories of use and other matters. It applies to all activities covered in this policy.

Subsidiary Dwellings

Under Council policy 6.9.2 a discount of up to 50% of the development contribution fee may be granted at the time of building consent application for a subsidiary or second dwelling in Rural or Rural Residential zone only and complying in all respects with any resource consent requirements. The full amount of the balance amount will immediately become due at current rates in the event that the activity status of the dwelling is altered to no longer comply with Policy 6.9.2. Retrospective applications for remission will not be considered.

Dwellings in Business Zone

A dwelling unit constructed within a business zone, including units located above commercial or industrial premises, will attract a full development contribution as for an additional dwelling in a residential zone.

Removal or Demolition of existing Buildings

In the assessment of any development contribution due at the time of building consent, allowance may be made for buildings removed or demolished within the previous five years as appropriate, and where there is sufficient evidence available as to the previous land use category, the dimensions of the pre-existing buildings and previous connections to infrastructure.

Pack House Construction

In assessment of the transportation fee relating to a Pack House in the Rural Zone [as defined in the District Plan] officers have discretion to waive the fee for small roofed areas not intended to be closed in with more than one wall, where satisfactory evidence is provided that show vehicle generation rates will not be increased within the site. Such relief may be conditional on entering into a written agreement requiring the fee become due immediately and at then current rates should the structure later be closed in.

Marae and Churches

The Transportation development contribution for Marae and Churches is assessed on the basis of the floor area for the main auditorium or hall only. Areas of the building that provide an ancillary purpose, such as store rooms, meeting rooms, kitchens and ablution areas are not included in the assessment.

All other development contribution fees apply as for business; there is no assessment for community facilities or open space amenity. Dwelling units associated with the above will however attract standard development contributions

Camping Grounds

The development assessment for transient accommodation such as Camping Grounds is assessed on the basis of the most probable peak demand for water supply derived from the number and type of water appliances proposed, using AS/NZS 3500.

The relationship of 1 Lot = 3 persons = 25 LPM is used where required to establish the number of *edu* to be applied in formulae.

Permanent accommodation will be separately evaluated on the basis of each independent living unit or site being equivalent to one residential dwelling.

Private Development Agreements

Council may enter into an Agreement with developers, such as MOU (or other structure plan) partners, for the provision and/or funding of infrastructure. Council's intent will be to promote the wellbeing of the community, to ensure the efficient provision of infrastructure, and to ensure equitable charging, consistent with the principles of this Policy.

Motel Units

Motel units or travellers' accommodation units are each viewed as separate residential dwellings. The resulting number of *edu* is further modified by a percentage reduction factor as per the following table.

Thus the number of *edu* is modified by the percentage multiplier shown:

Water	n/a see below	OSA (District & Local)	60% of full charge
Wastewater	n/a see below	Community Facilities	60% of full charge
Stormwater	n/a see below	Transportation	60% of full charge

Stormwater *edu* is assessed on the basis of roof area in the same manner as for commercial property in Business Zone. As water supply is customarily supplied via a single bulk meter, the flow capacity of the meter is used in calculating the number of *edu* to be applied for both water supply and wastewater.

13.0 Remissions/Refunds and GST

13.1 Remissions/Refunds

(a) Where Council has required development contributions on a resource consent application and either:

- No development is undertaken on the site within ten years, or
- The resource consent lapses

Then the original development contribution amount will be refunded (less administration fee and any taxes paid (including GST), which are not refundable, to the owner of the site at the time the refund becomes due.

When a development contribution has been taken at the time of building consent and the consent lapses or expires, Council will refund the contribution.

A remission of the Transportation infrastructure charge may be available to Pack House construction under prescribed circumstances. This is detailed under Part 12.7 Special Activities.

(b) Extraordinary circumstances

The Council may agree to remit a portion of an infrastructure activity fee in extreme and unusual circumstances where it is satisfied:

the costs incurred by a developer in the provision of that infrastructure are judged to be unduly onerous, (ii) they exceed that reasonably anticipated under the policy provisions, and (iii) such would create inequity when measured against costs ordinarily incurred by developers.

Such relief will only be considered where the overall scope and size of the development is atypical and where it is proposed the developer will provide an inordinate share of the total activity infrastructure required for the community or township. Remission will not be considered in conjunction with any cost share agreement for that same activity infrastructure.

13.2 Statement on Goods and Services Tax (GST)

Development Contributions required in the form of money have been calculated on a net basis and so all figures in this policy are stated as "exclusive of GST". GST is due on Development Contributions and so will be added to these contributions when payable.

Schedule of Development Contributions Payable and Timing of Collection

14.0 Development Contributions Payable

The schedule of charges shown in Table 14(a) is to be applied as from 1 July 2009 to 30 June 2010.

Summary Schedule								all amounts exclude GST
Area	Transport	Water Supply	Wastewater	Stormwater	Open Space Amenity	Community Infrastruct'	Total Devel. Contrib. per edu	
Pukekohe (Sth SW catchment)	4,160	2,120	6,200	7,320	2,480	1,680	23,960	
Pukekohe (Nth SW catchment)	4,160	2,120	6,200	7,320	2,480	1,680	23,960	
Buckland	4,160	2,120	6,200	7,320	2,480	1,680	23,960	
Waiuku	4,160	2,120	6,200	7,320	2,480	1,680	23,960	
Tuakau	4,160	2,120	6,200	4,720	2,480	1,680	21,360	
Clarks Beach	4,160	2,120	6,200	4,720	2,480	1,680	21,360	
Waiuu Beach	4,160	2,120	6,200	4,720	2,480	1,680	21,360	
Glenbrook Beach	4,160	2,120	6,200	4,720	2,480	1,680	21,360	
Patumahoe	4,160	2,120	6,200	4,720	2,480	1,680	21,360	
Kingseat	4,160	n/a	6,200	4,720	2,480	1,680	19,240	
Pokeno	4,160	2,120	n/a	4,720	2,480	1,680	15,160	
Bombay, Waiuu Pa, Hunua	4,160	n/a	n/a	4,720	2,480	1,680	13,040	
Port Waikato, Kaiaua	4,160	n/a	n/a	4,720	2,480	1,680	13,040	
Paerata	4,160	2,120	n/a	n/a	2,480	1,680	10,440	
all other - rural & unserved	4,160	n/a	n/a	n/a	2,480	1,680	8,320	

Table 14(a) – Development Contributions Payable per *edu* effective 1 July 2009 to 30 June 2010.

Summary Schedule								all amounts exclude GST
Area	Transport	Water Supply	Wastewater	Stormwater	Open Space Amenity	Community Infrastruct'	Total Devel. Contrib. per edu	
Pukekohe (Sth SW catchment)	6,840	2,120	6,960	7,760	3,640	1,680	29,000	
Pukekohe (Nth SW catchment)	6,840	2,120	6,960	7,760	3,640	1,680	29,000	
Buckland	6,840	2,120	6,960	7,760	3,640	1,680	29,000	
Waiuku	6,840	2,120	6,960	7,760	3,640	1,680	29,000	
Tuakau	6,840	2,120	6,960	5,360	3,640	1,680	26,600	
Clarks Beach	6,840	2,120	6,960	5,360	3,640	1,680	26,600	
Waiuu Beach	6,840	2,120	6,960	5,360	3,640	1,680	26,600	
Glenbrook Beach	6,840	2,120	6,960	5,360	3,640	1,680	26,600	
Patumahoe	6,840	2,120	6,960	5,360	3,640	1,680	26,600	
Kingseat	6,840	n/a	6,960	5,360	3,640	1,680	24,480	
Pokeno	6,840	2,120	n/a	5,360	3,640	1,680	19,640	
Bombay, Waiuu Pa, Hunua	6,840	n/a	n/a	5,360	3,640	1,680	17,520	
Port Waikato, Kaiaua	6,840	n/a	n/a	5,360	3,640	1,680	17,520	
Paerata	6,840	2,120	n/a	n/a	3,640	1,680	14,280	
all other - rural & unserved	6,840	n/a	n/a	n/a	3,640	1,680	12,160	

Table 14(b) – Development Contributions Payable per *edu* effective 1 July 2010.

14.2 Adjustments to the Cost per *edu*

Adjustments to the Cost per *edu* for development contributions made under this policy are ordinarily undertaken by Council when adopting the LTCCP (Long Term Council Community Plan). In intervening years, automatic adjustments to the cost per *edu* are made annually at 1 July on the basis of the Construction Cost Index as published by Statistics New Zealand, or an equivalent price index, as given for the prior 12 month period ending 30 June. The figure to be used is the maximum of the index or 3% pa.

15 Requirement for and Timing of Development Contributions

Council's Development or Financial Contributions Policy and Schedule applies from 1 July 2004, and the specific provisions of the LTCCP 2009-19 Policy apply after 1 July 2009.

This Policy does not apply to applications received before 1 July 2004. For transportation only, contributions shall apply only for applications lodged after 1 July 2006.

15.1 Timing of Development Contributions

Development contributions shall be required for the capital expenditure associated with growth for transportation, water, wastewater, stormwater, open space amenity and community infrastructure activities, and shall be required to be paid at the earliest of:

1. in the case of a contribution required when granting a resource (land use) consent, on the issue of the consent;
2. in the case of a contribution required when granting a subdivision consent, on the issue of the section 224(c) certificate;
3. in the case of a contribution required when granting a building consent, on the uplifting of the consent;
4. in the case of a contribution required when granting an authorisation for a service connection, immediately.

Development is defined in Part 12 of this Policy.

Contributions become due as set out in the schedule under Part 14 and are required as a prerequisite for connection to the stated infrastructure. Payment becomes due at the first opportunity in situations where there may be more than one avenue for joining or connecting to the infrastructure.

For example, the water supply contribution may become due at any one of the following points in time: at the time of uplifting a building consent, on submitting an application for water meter installation, or on completion of a land use consent or subdivision consent – whichever of these comes first. The contribution is payable only once however.

15.2 Amount to be Paid, Early Payment

The amount of the contribution payable shall be calculated by the Council in accordance with the Policy in effect as at the date that payment is made. To provide sufficient certainty to developers, a development contribution may be paid at any time from the date of assessment up to the date when the development contribution is required to be paid (in accordance with this clause). In the event of non payment of a development contribution, the Council may exercise its powers under s208 of the LGA 02.

Partial payments will not be accepted as meeting the above requirement; conversely, early payments are accepted when the amount of the payment is in full and in accord with the assessment or the invoice provided for the purpose.

15.3 Deferral of Development Contribution Charges

Council may, at its sole discretion, allow delayed payment of charges beyond subdivision consent (224c) or Building Consent approvals. A deferral shall apply for a specified time period and may cover the deferral of some or all of the activity charges for a specific time, or until other conditions specified by Council are met.

Such arrangements may, at Council's sole discretion, include security arrangements such as encumbrances, or statutory land charges and provision for the payment of interest or fees. Such a facility will be made available only under special circumstances, as the Council may agree to from time to time.

The Council may require developers to pay the Council's reasonable legal costs in entering into deferral arrangements.

Developers will retain the right to pay DC charges at any earlier time at their discretion.

Any deferral of DC charges will be administered in accordance with the rules established by Council at the time that the deferral is in effect.

16 Cost Share Arrangements

16.1 Infrastructure Cost Share

Circumstances whereby a Council cost share may arise are outlined in section 12 under each activity.

'Point' infrastructure refers to single major infrastructure items, such as stormwater attenuation dams, pumping stations, trunk sewers, and major culverts or bridges.

The Council may agree to meet part of the additional costs for significant 'point' infrastructure required for a subdivision to proceed where it is agreed that additional design capacity is required to serve other lands beyond the site. A cost share will only be accepted if a request is made no later than at the time of engineering plan approval, and if a reasonably accurate cost estimate is provided at the time.

Council may insist on a process of competitive tendering and on being consulted on the selection of the successful tenderer.

The Council will confirm acceptance of the charges, only after agreement has been reached as to the value of the works.

As a general rule, the Council may not agree to accept a share exceeding 50% of the total cost of the works, and then with an upper limit of \$300,000 excluding GST. Under some circumstances, the Council may determine it will not participate in any cost share agreement until two or more developers agree to jointly share in the project costs, thus reducing the amount of the cost share to be borne by Council.

The amount to be paid will become due only after all construction works within the development have been fully accepted by Council as complete and a 224C certificate issued. The agreed amount may be offset against any other fees due to the Council for the development.

16.2 Sequencing of Development

Sequencing refers to the logical extension of development within a catchment or network area, avoiding long dead runs through intervening undeveloped land or the construction of new infrastructure well beyond the development land. The preferred pattern of growth generally follows a systematic and progressive path, building on existing infrastructure wherever possible and making efficient use of the new asset created. Council may incur additional costs where this cannot be achieved, detrimentally affecting funding available for other growth related projects. This therefore must be considered in any cost share arrangement to be entered into.

Factors to be considered include:

- Scale of the infrastructure investment required (its cost)
- Distance to reach a point of connection to existing infrastructure
- Logical extension of infrastructure outwards (avoiding dead runs)
- Agreed timetable or schedule for major capital works in the LTCCP

Problems can arise therefore where significant capital investment is required on the Council's part, the works may not be programmed in the LTCCP, or the early timing may be adjudged an inefficient use of Council funds.

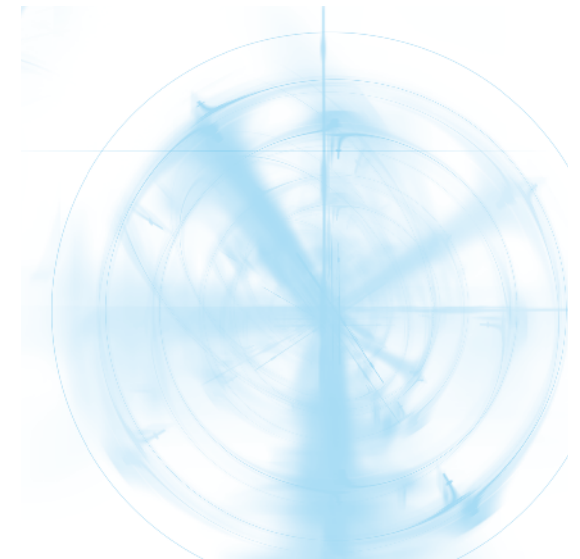
Such issues may arise where the logical pattern of extension (outwards from the centre towards the periphery) is not taken into account, resulting in initial 'dead running' of the infrastructure asset. An example is where a developer at the top end of a catchment wishes to proceed before intervening lands can be developed.

A one-off local contribution towards the additional costs incurred by Council (in addition to the standard development contribution) may be levied before the Council agrees to the development proceeding.

Alternatively, the Council may require the developer to meet the full cost of connection to infrastructure, without recompense and in addition to any local contribution that may be assessed, together with the full amount of development contributions.

The Council contribution (if any) is not payable until completion of the development, taken to be the date of issue of the Section 224c certificate (RMA) in the case of subdivision.

The Council may resolve (at its sole discretion) to defer any financial commitment on its part for up to two years after the date of completion. This means that the applicant will meet the full costs of the provision of infrastructure during this period.



APPENDIX

Definitions

Equivalent Development Unit: (edu)

The term *edu* is used to describe the units of demand assessed for particular infrastructure.

It is derived from the general equation:

$$\text{\$Rate} = \text{Total Cost of Capex (Growth)} / \text{Total units of demand}$$

Capex = capital works programme.

Gross Floor Area: (GFA)

Is the sum of the total area of all floors of all buildings. The GFA shall be measured from the exterior faces of exterior walls or from the centreline of common walls separating buildings, and includes basements and mezzanine floors.

Network Service Area

The area of the district to where development contributions apply, as described in the following Table 15.0.

Table 15.0 –Network Service Areas

Water Supply	
Pukekohe, Waiuku, Tuakau	All urban areas, residential, business not rural residential zones
Patumahoe, Pokeno, Onewhero, Bombay, Port Waikato	All urban areas, residential, business not rural residential zones
Clarks, Waiiau and Glenbrook Beaches, Buckland	All urban areas, residential, business not rural residential zones but including Glenbrook Bch and Buckland growth areas Note: “special” zones not included

Wastewater	
Pukekohe, Waiuku, Tuakau	All urban areas, residential, and business zones – not rural residential zones.
Patumahoe, Kingseat	All urban areas, residential, and business zones – not rural residential zones.

Clarks, Waiiau and Glenbrook Beaches, Buckland	All urban areas, residential, and business zones not rural residential zones but including Glenbrook Bch and Buckland growth areas
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Stormwater	
Pukekohe (including Buckland), Waiuku, Tuakau	All urban areas, residential, business and rural residential zones.
Clarks, Waiiau and Glenbrook Beaches	All urban areas, residential, business and rural residential zones.
Patumahoe, Port Waikato, Kingseat	All urban areas, residential, business and rural residential zones.
Pokeno, Bombay	All urban areas, residential, business and rural residential zones.

Community Facilities

Means reserves, network infrastructure. Or community infrastructure for which development contributions may be required in accordance with section 199.

Quasi-urban

Means land subdivided in an urban manner (medium-high density & serviced) but non-complying in terms of the current zoning.

(quasi-residential and quasi-business have similar meanings)

In these cases the sequencing rules will generally apply and the developer will be required to provide the total infrastructure to the development. The number of existing *edu* will generally be taken to equal nil in the case of water supply, wastewater and stormwater.

Community Infrastructure

Community infrastructure is defined in the Local Government Act 2002 as - utilities or structures built, owned or controlled by the territorial authority to provide public amenities.

e.g. halls, libraries, community centres

Franklin Council deals with land acquired for community Infrastructure purposes under Open Space Amenities activity.

Development Contribution

Means a contribution –

- (a) provided for in a development contribution included in the long-term council community plan of a territorial authority; and
- (b) calculated in accordance with the methodology; and
- (c) comprising –
 - (i) money; or
 - (ii) land, including a reserve or esplanade reserve other than in relation to a subdivision consent), but excluding Maori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise; or
 - (iii) both
- (d) a contribution taken by a territorial authority to provide for reserves and infrastructure necessary to support growth.

Development Contributions policy

Means the policy on development contributions included in the long-term council community plan of the territorial authority under LGA section 102(4) (d).

Network Infrastructure

Means the provision of roads and other transport, water, wastewater, and stormwater collection and management, reticulation, treatment and disposal facilities, and structures appurtenant to.

Schedule of Development Contributions

Means, the schedule to the council's development contributions policy required by LGA section 201 and setting out the information required by LGA section 202, namely

- The contributions payable in each district in respect of reserves, network infrastructure and community infrastructure
- The events giving rise to the requirement for a development contribution
- Specified by district and by activity

Service Connection

Means a physical connection to a service provided by, or on behalf of, a territorial authority.

"Connection" has the same meaning.

Structure Plan Areas

Where any new residential, rural village zones, coastal village zone or business zones are introduced through a structure plan and/or a plan change process, the application of development contributions will be determined at that time and incorporated into the development contributions policy in accordance with the Local Government Act 2002 as necessary prior to or in conjunction with any such plan changes.

Dwelling

DWELLING HOUSE means a detached or semi-detached residential building designed for, or occupied exclusively by one HOUSEHOLD. More than one dwelling unit may exist on a single Lot or site.

A sleep-out being a building used primarily as an additional bedroom unit and not having facilities for the preparation or storage of food is deemed to be part of the main building comprising the DWELLING.

HOUSEHOLD means a self-contained housekeeping unit, of one or more persons occupying and using a building for normal domestic residential or housekeeping activities.

Residential dwelling has the same meaning as DWELLING.

The following two definitions are used to distinguish two types of multi-unit housing where the main distinction is that Residential units are occupied medium to long term while accommodation is temporary (i.e. occupied by travellers).

MULTI-UNIT HOUSING means any residential development, whether of attached or detached structures or a combination thereof, which provides for the existence or establishment of more than one HOUSEHOLD on a site, and does not include MOTEL and HOTEL units or CAMPING GROUND.

Multi (or Multiple) Residential unit has the same meaning

SEMI-DETACHED UNIT refers to each unit of a development of two or more attached RESIDENTIAL BUILDINGS, whether of one or more storeys, which is, or will be by way of freehold subdivision, the only RESIDENTIAL BUILDING or UNIT on its site but which shares a common (freehold) boundary with the UNIT/S to which it is attached.

