

Water update

Consultation Underway on Water Meters

Last year Council adopted water meters in principle, but said a final decision would not be made until residents had been able to comment on a preferred charging regime and its possible impacts on different users.

The Charging Regime Advisory Group's (CRAG) report is now public. A copy is available on Council's website:

www.kapiticoast.govt.nz

Extracts of the report featured in 'Water Update' in both local newspapers last week. Further extracts appear in this special four page supplement today.

A pamphlet covering the main aspects of the charging regime, meters and the indicative costs that households will incur under this regime, will also appear in your mailbox soon.

Consultation on the charging regime is now running parallel with consultation on the Draft Long Term Plan. Formal consultation began Monday and will run through to May 17 with hearings beginning the week of May 28, 2012. A telephone survey of at least 1,000 representative households will also be undertaken shortly as part of the consultation process.

If you wish to make a submission on the findings of the CRAG Report or any other aspect of the Water Supply Project, including the installation of water meters, then please complete your details on page 20 and send us your submission.

50/50 split recommended for water tariff

The Charging Regime Advisory Group (CRAG) is recommending a 50% fixed charge and a 50% variable tariff structure for water meters, if water meters are introduced across the District.

A fixed charge is the same as the line fee you pay for electricity. A variable charge is what you pay based on the amount of water you use.

CRAG chairman Don Hunn says that "on the basis of all the evidence we considered, the 50/50 approach is in our view the fairest, simplest and most efficient way to go."

CRAG was set up in June last year. It involves representatives for low income households, the Chamber of Commerce, landlords and tenants, Grey Power, Kapiti Coast Older Persons' Council, Te Āti Awa, Ngāti Raukawa, and Council.

CRAG reviewed a considerable amount of material including current and future costs of water

supply and maintenance, Council's water conservation and leak detection work, a range of charging options and their effect on household and commercial users, as well as receiving briefings from staff of the Nelson and Tauranga City Councils.

Options

The various tariff structures looked at included a volume charge with no fixed component; a fixed charge plus a variable charge for consumption; a fixed and variable charge with an initial allocated volume; and a stepped charge, where the rate per unit starts low and increases as more water is consumed, or starts high and decreases as more water is used.

"For example, we looked at a 70% fixed charge with an allocation of 100 cubic metres of water a year and a variable charge for additional usage above the allocation. There had been some talk across the District about this over the years.

"However, on investigation, we quickly found that this would be unfair.

The low water users – the bulk of the smaller households – would be paying for water they did not use. In addition, such a system would be complex to administer."

Impacts on Households

"As we moved through the issues, it became clear that a low fixed charge would suit small households who used small amounts of water. Many older people are in this category. The higher fixed charge would suit tenants as they would only pay the variable amount (as stipulated by Government legislation) and high water users.

"In the end a compromise was accepted because Council provided an assurance that policy measures and monitoring would be put in place to assist ratepayers where necessary."

One of the key pieces of information that came through early in their investigation was the impact of outdoor water use. It was this that separated low and high water users rather than the size of the household.

The CRAG Recommendations

The following is what the Charging Regime Advisory Group recommended to Council:

Adopt a tariff structure of 50% fixed charge and 50% variable charge in the first instance subject to a review after two years of operation;

Manage the introduction of charging for water carefully to assist residents to make the transition by providing:

- for a transition period of six months or two billing periods in which ratepayers can fix leaks and gain experience in measuring water use before they have to pay water bills;
- assistance to ratepayers who are unable to afford to fix leaks, for example, allowing the interest-free water loans scheme to be used for this purpose;

Provide assistance through its Rates Remission – Financial

Hardship Policy for low income residents who qualify under that Policy;

Provide targeted advice to schools and other public institutions to help them find ways of saving water and reducing costs;

Provide targeted advice for businesses to help them find ways of saving water and reducing costs;

Provide targeted advice for landlords and tenants on rebates that might be available and to tenants to help them find ways of saving water and reducing costs;

Provide assistance to ratepayers to deal with leaks on an on-going basis by:

- providing advice to ratepayers on identifying and fixing leaks, and
- allowing a period of one month in which a ratepayer can fix a leak before they have to pay a water bill in situations where a ratepayer has received a high water bill caused by a leak;

Monitor the effects on tenants and low income households on an on-going basis;

Keep under review the effects of the water charging system on economic development within the Kāpiti District;

Continue with its ground-breaking water conservation initiatives, for example, interest free water loans and requiring all new households in reticulated water supply catchments to include on-site systems for non-potable water for toilet flushing and outdoor use (Plan Change 75);

Continue to account for water costs separately and provide regular information to the community on a fully transparent basis; and

Adopt an active communications policy including regular consultation with tāngata whenua and appropriate community groups such as Grey Power and the Chamber of Commerce.

Meters just part of the water story

Council is pursuing two options to secure a dependable supply of good quality water for Waikanae, Paraparaumu and Raumati residents.

The first option is to expand the Waikanae borefield, so bore

water can be used to 'recharge' the Waikanae River in times of drought. This builds on public money already invested in the borefield.

Under this scheme, the borefield can be expanded in stages when demand increases for more water. This means current ratepayers will only pay for the infrastructure they use.

The second option is to buy land for a dam in the hills behind Nikau

Valley. This will provide residents with the option to build a dam in the future when required.

The borefield option provides a 50 year solution. The dam option extends this out by a further 50 years.

Why not build the dam now?

There is no ability to stage the building of a dam to match demand.

The full cost of construction would be borne by current ratepayers. That cost would be sizeable.

Why is Council looking at water meters when it has option one and two underway?

The answer is simple. By introducing water meters, Council expects peak demand to drop by approximately 25%. A further 5% can be saved from leak detection.

Peak demand is the most water the community will use in any one day of the year. It is this figure that drives investment in infrastructure – the size of pipes, fittings, the treatment plant and pumps, etc.

By bringing peak demand down by an estimated 25%, Council can delay spending up to \$36 million on infrastructure for at least 20 years. This is a significant saving for current Kāpiti ratepayers.

Questions and Answers on Water Meters

Will the cost of water rise no matter what we do?

Yes. The cost of water will rise as we invest in more infrastructure as our population and demand for water grows and as the cost of maintaining the system increases. If we build a dam now, the cost of water will rise sharply. If we complete stage 1 of the Waikanae River Re-Charge scheme and introduce water meters (Council's preferred option), then peak water demand will drop substantially resulting in significant savings of \$36 million over 20 years.

Could water meters be the first step towards privatisation?

No. Under existing law, public water supply cannot be privatised. Council has taken additional steps to ensure that direct control of management and operation of water services is maintained. Any recommendation on ownership, management, or the operation of our water must be supported by 75% of our Councillors.

Council MUST then hold a referendum. To change these rules, a 75% majority of Councillors would be required. These are very high hurdles for future Councils to clear.

Are meters just another way for Council to generate revenue?

No. Council will continue to run a 'closed account' on water

revenue. The money earned from water charges can only ever be spent on the water supply.

I live in an apartment. Will I share my meter with other separate apartment owners?

Council will install one meter for the entire apartment block. Most apartments operate under a body corporate. Council will send an invoice to the body corporate which will pay the bill on behalf of all property owners. The body corporate will then split the meter bill amongst the apartment owners in a way they see fit.

My house is on a cross lease and we have one pipe from the boundary. Who will pay for any new pipes and will we have a meter for each household?

Council will install a meter at each house on the cross lease property. This will avoid the need to install new supply pipes from the boundary. The cross lease property owners will still need to maintain the supply pipe. Council will pay for the installation of the meters.

I don't always live in my house, so will I have to pay for water I don't use?

Your bill will be in two parts. One will cover the water you use. The other is a 'fixed charge'. This helps to cover the cost of the water supply infrastructure, just like a 'line charge' for electricity, which you will pay whether you are there or not.

What happens if I find a leak inside my boundary? Will I have to pay to have it fixed?

The water supply bylaw requires all property owners to keep their water pipes and fixtures (toilets, appliances, taps, etc) well maintained. You will be given a period of time to repair your leak before you are charged. If you repair it in time, you won't pay for excessive water use generated by the leak.

What happens if someone uses my water without my permission while I am away?

Council has little control over who uses water on your property. If you are concerned that people may use your water without permission, you can install locks on your outdoor taps.

When will the volume charge by meters begin?

Council is expected to make a final decision on water meters on June 28, 2012. If Council decides to proceed, the installation of water meters will take approximately 15 months. Council will then run a six month period where you will be billed under the old (current) system, but also receive a draft bill based on the volume of water you have used. This will give you a good idea of what your future water bills will look like. It will also give you a chance to repair any leaks inside your boundary, before charging based on consumption begins.

Water Meters and Kāpiti Businesses

At present business units on the Coast are charged the standard flat rate (Universal Annual Charge). They are allocated 350 cubic metres a year (350,000 litres) then charged a unit rate when they go over the allocated amount.

Under the proposed new arrangement, businesses would receive a 50% fixed charge and a 50% variable charge.

CRAG sought a balanced impact on residents and businesses and was concerned that businesses will have certainty as well as the ability to manage costs arising from variable charges. Council will also work with businesses to see how they can save water.

The cost of water in the future

Currently you are paying about \$330 each year for water supply. The following are estimates of what water will cost in the future. We have listed three scenarios: water meters and staged river recharge; full river recharge and no water meters; and dam and no water meters.

The first scenario, water meters and staged river recharge, is the one preferred by Council.

The costs are indicative only and are based on household water being used in a responsible way.

The assumed water use is listed in the left hand column. The costs include GST and have been adjusted for inflation.

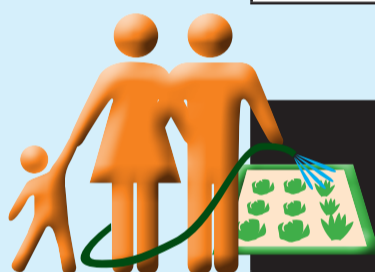
How to read these charts: choose a line that best matches your household situation and compare the costs.

These are examples only and based on CRAG's charging model.

Note: The big difference in costs is between indoor and outdoor water use.

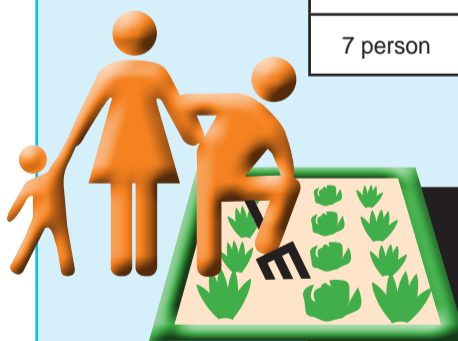


HOUSEHOLD SIZE	ASSUMED WATER CONSUMPTION (M ³ PER YEAR)	INDOOR USE ONLY					
		2015/16			2025/26		
		WATER METERS AND STAGED RIVER RECHARGE	FULL RIVER RECHARGE, NO WATER METERS	DAM AND NO WATER METERS	WATER METERS AND STAGED RIVER RECHARGE	FULL RIVER RECHARGE, NO WATER METERS	DAM AND NO WATER METERS
1 person	65m ³	\$301	\$473	\$555	\$438	\$755	\$824
2 person	110m ³	\$346	\$473	\$555	\$504	\$755	\$824
3 person	150m ³	\$387	\$473	\$555	\$563	\$755	\$824
4 person	180m ³	\$417	\$473	\$555	\$607	\$755	\$824
5 person	200m ³	\$437	\$473	\$555	\$637	\$755	\$824
6 person	220m ³	\$458	\$473	\$555	\$666	\$755	\$824
7 person	235m ³	\$473	\$473	\$555	\$688	\$755	\$824



* assumes an area of shrubs and flower/vegetable garden, mulched and watered over summer period.

HOUSEHOLD SIZE	ASSUMED WATER CONSUMPTION (M ³ PER YEAR)	INDOOR USE AND A SMALL GARDEN (EFFICIENTLY WATERED)*					
		2015/16			2025/26		
		WATER METERS AND STAGED RIVER RECHARGE	FULL RIVER RECHARGE, NO WATER METERS	DAM AND NO WATER METERS	WATER METERS AND STAGED RIVER RECHARGE	FULL RIVER RECHARGE, NO WATER METERS	DAM AND NO WATER METERS
1 person	115m ³	\$351	\$473	\$555	\$512	\$755	\$824
2 person	160m ³	\$397	\$473	\$555	\$578	\$755	\$824
3 person	200m ³	\$437	\$473	\$555	\$637	\$755	\$824
4 person	230m ³	\$468	\$473	\$555	\$681	\$755	\$824
5 person	250m ³	\$488	\$473	\$555	\$710	\$755	\$824
6 person	270m ³	\$508	\$473	\$555	\$739	\$755	\$824
7 person	285m ³	\$523	\$473	\$555	\$761	\$755	\$824



* assumes a standard residential property size, with a flower garden and borders, a vegetable garden, shrubs, trees and lawn area, mulched and watered over summer months

HOUSEHOLD SIZE	ASSUMED WATER CONSUMPTION (M ³ PER YEAR)	INDOOR USE AND A STANDARD GARDEN AND LAWN (EFFICIENTLY WATERED)*					
		2015/16			2025/26		
		WATER METERS AND STAGED RIVER RECHARGE	FULL RIVER RECHARGE, NO WATER METERS	DAM AND NO WATER METERS	WATER METERS AND STAGED RIVER RECHARGE	FULL RIVER RECHARGE, NO WATER METERS	DAM AND NO WATER METERS
1 person	195m ³	\$432	\$473	\$555	\$629	\$755	\$824
2 person	240m ³	\$478	\$473	\$555	\$695	\$755	\$824
3 person	280m ³	\$518	\$473	\$555	\$754	\$755	\$824
4 person	310m ³	\$548	\$473	\$555	\$798	\$755	\$824
5 person	330m ³	\$569	\$473	\$555	\$828	\$755	\$824
6 person	350m ³	\$589	\$473	\$555	\$857	\$755	\$824
7 person	365m ³	\$604	\$473	\$555	\$879	\$755	\$824

Questions and Answers on the Charging Regime Advisory Group

What is CRAG?

Last year Council appointed representatives with a range of interests to a 'Charging Regime Advisory Group' (CRAG) to investigate charging options for residential and commercial meters.

Who are the members of CRAG?

CRAG has eleven members. They are:

- Jean Chamberlain representing community interests and low income households from the north of the District;
- Don Richards representing community interests and low income households from the south of the District;
- Ross Leggett representing the Chamber of Commerce;
- Bernard Parker representing landlord and tenant interests;
- Charles Lloyd representing Grey Power;
- Jill Stansfield representing the Kapiti Coast Older Persons' Council;
- Manaahi Baker for Te Āti Awa;
- Caleb Royal for Ngāti Raukawa;

- Councillors' Tony Lester and Mike Cardiff representing Council; and
- The group is chaired by former State Services Commissioner Don Hunn.

What was their measurement of success?

CRAG said the tariff structure would need to:

- be affordable as possible for low income households;
- ensure that water for essential use was affordable;
- result in a meaningful and effective reduction of water use;
- be fair; be transparent and easily understood;
- be easy to use and operate; and
- be future-proofed so that it was flexible and able to adjust as circumstances changed over time; provide a stable revenue base.

How many options did CRAG consider?

CRAG initially considered seven different charging models, or 'scenarios' that were tested against a range of household sizes and non-residential users.

What options were discarded and why?

Amongst the discarded options were:

- A fixed charge for supply, combined with a set allocation of water and a variable charge for water used on top of this allocation. This was viewed as unfair on low water users and too complex to administer;
- A charge based wholly on volume of water used. This was considered to be unfair on high water users, while also lacking revenue stability; and
- A fixed charge for supply, with stepped charges for usage. This was discarded for not being simple enough, and too difficult and costly to administer.

What were CRAG's findings?

CRAG found that a tariff structure of 50% fixed charge and 50% variable charge would provide the most fair and equitable outcomes while encouraging reduced demand and more sustainable use of water, and encouraging more efficient use of infrastructure.

What is a fixed charge and a variable charge?

A fixed charge is like the line fee you pay for electricity. A variable charge is what you pay based on the amount of water you use.

CRAG says the charging model may need to be 'recalibrated'. How far in the future will this happen?

The charging model is to be recalibrated in two years, in line with the CRAG recommendations.

CRAG says the proposed Council Rates Remission - Financial Hardship Policy in the Draft 2012-32 Long Term Plan can address affordability issues for large households. How can this help?

Council will make available a rates' rebate of up to \$300 per rateable property for those ratepayers/applicants who meet a specified criteria. This ceiling could change if the budget of \$100,000 per year is adjusted via the Long Term Plan process.

SUBMISSION FORM

Have your say on this important issue

If you wish to make a submission on the 12 recommendations from the Charging Regime Advisory Group and/or on the issue of water meters please complete this submission form, attaching your comments (preferably on A4 paper) and send to:

Post to: Submissions on Water Kāpiti Coast District Council Private Bag 60 601 PARAPARAUMU 5245	Deliver to: Paraparamu Customer Service Centre, Kāpiti Lights Complex, Paraparamu Waikanae Service Centre, Mahara Place, Waikanae Ōtaki Service Centre, Main Street, Ōtaki
Fax: 04 296 4830	Email: submissions@kapiticoast.govt.nz

Don't forget! Submission deadline is **5PM THURSDAY 17 MAY 2012**

Please note: All submissions (including names and contact details) will be made publicly available at Council offices and public libraries. A summary of submissions including the name of the submitter may also be made publicly available and posted on the Kāpiti Coast District Council website. Personal information will also be used for administration relating to the subject matter of the submissions, including notifying submitters of subsequent steps and decisions. All information will be held by the Kāpiti Coast District Council, with submitters having the right to access and correct personal information.

Title (circle)	Mr	Mrs	Ms	Miss	Dr
Name:					
Address:					
Phone Day:					
Phone Night:					
Mobile:					
Email:					
Fax:					

Do you want to speak to the Council in support of your submission?

Please circle Yes No

Public hearings will be held in the week beginning 28 May 2012. You will be contacted regarding the timing of the hearings.

DATE RECEIVED

SUBMISSION NUMBER