

4.24. Service Connection Fee Review

(Report prepared by S Rooney/R Coningham)

W400-007-01

Purpose of report

1. To complete a review of service connection fees.

Executive Summary

2. A standard Service Connection Fee increase based on the Primary Producer (construction) Index is proposed, with these fees to be charged from 1 July 2023 for the 12 months.
3. A comparison of fees charged, and Council expenditure will be completed for the 2024-34 Long Term Plan.
4. Refer to the **attached** (as **Attachment 4.24.1**) Proposed Schedule of Service Connection Fees.

RECOMMENDATIONS

1. **That Council agree to increase all services connection fees from 1 July 2023 to meet the actual costs of installation as per Attachment 4.24.1.**
2. **That Council request a comprehensive analysis of the costs to install the services be completed to reset the base line charges for the 2024-34 Long Term Plan.**

Background/Context

5. Service connection fees are the charges to install standard water, sewer and stormwater connections for domestic properties.
6. Service dis-connection fees are also charged to ensure services are adequately capped where a building (residential or commercial) is being demolished. This allows Council to protect disabled service lines from ingress of ground water, and leakage.
7. Standard connections are those provided for a single dwelling, i.e.;
 - a) 100mm diameter pipeline for sewer,
 - b) 100mm diameter pipeline for stormwater, and
 - c) 20mm diameter pipeline and valve for water.
8. Connection requests considered as non-standard are charged at cost.
9. The last services connection fee review was put to Council July 2019. The revised fees were applied 1 August 2019, with further cost adjustments to meet the Producers Price Index changes for the periods July 2020 to July 2022.

Comments

10. The objective of charging Service connection fees is to recover all the costs for design, installation, labour, materials, surface restoration, traffic management, cable locations, locating other utility services, and the Corridor Access Request (CAR) process.
11. The current standard fee is derived from the average cost to install connections over a 2 to 3 year period. This includes a range of lengths and depths of connection so on average the customer pays for a connection from the centre of the road irrespective of where the main might be. The calculation then has all properties paying the same amount for a standard connection irrespective of the position of the service main in relation to their property.

12. Connections are generally installed by Council's Works and Operations team. However, when installation can't meet installation targeted times, contractors are used to assist in meeting acceptable levels of service.
13. The objective in setting connection charges is to recover actual installation costs over a period.
14. An analysis of the costs to install the services, and comparison of the fees charged over the last three years has not been completed. It is proposed to align this process with the Long Term Plan, completing this in 12 months time.
15. In the meantime, it is proposed to use The Producers Price Index (PPI) as published by Statistics New Zealand, and provides the relative movements in material and labour rates, weighted with respect to construction. Typically, the index has raised the cost of construction at a rate of 3% per annum.
16. We propose to use the 2022/23 Connection Fee rates as a base, with a cost adjustment to meet the Producers Price Index changes as a basis to increase the fees for the next 12 months.
17. The PPI increased by 13% from September 2021 to September 2022 (the latest published statistics).

Attachment

Attachment 4.24.1: Proposed Schedule of Service Connection Fees

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Attachment 4.24.1

Schedule of Service Connection Fees' Table History							
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Disconnections							
Cap Service at property boundary							
Water	\$ 100	\$ 103	\$ 107	\$ 111	\$ 114	\$ 130	\$ 147
Sewer	\$ 380	\$ 392	\$ 406	\$ 421	\$ 432	\$ 493	\$ 557
Stormwater	\$ 380	\$ 392	\$ 406	\$ 421	\$ 432	\$ 493	\$ 557
Wastewater Connections							
100mm Std Connection to Main							
Blenheim	\$ 4,120	\$ 4,250	\$ 4,402	\$ 4,563	\$ 4,686	\$ 5,346	\$ 6,040
Havelock	\$ 4,120	\$ 4,250	\$ 4,402	\$ 4,563	\$ 4,686	\$ 5,346	\$ 6,040
Picton	\$ 4,120	\$ 4,250	\$ 4,402	\$ 4,563	\$ 4,686	\$ 5,346	\$ 6,040
Renwick	\$ 4,120	\$ 4,250	\$ 4,402	\$ 4,563	\$ 4,686	\$ 5,346	\$ 6,040
Riverlands	\$ 4,120	\$ 4,250	\$ 4,402	\$ 4,563	\$ 4,686	\$ 5,346	\$ 6,040
Seddon	\$ 4,120	\$ 4,250	\$ 4,402	\$ 4,563	\$ 4,686	\$ 5,346	\$ 6,040
Springcreek	\$ 4,120	\$ 4,250	\$ 4,402	\$ 4,563	\$ 4,686	\$ 5,346	\$ 6,040
40mm Connection to Pump Main							
David St	\$ 2,940	\$ 3,033	\$ 3,141	\$ 3,256	\$ 3,344	\$ 3,815	\$ 4,310
Grovetown	\$ 2,940	\$ 3,033	\$ 3,141	\$ 3,256	\$ 3,344	\$ 3,815	\$ 4,310
Stormwater Connections							
100mm Std Connection to Main							
Blenheim	\$ 3,630	\$ 3,745	\$ 3,878	\$ 4,021	\$ 4,129	\$ 4,710	\$ 5,322
Havelock	\$ 3,630	\$ 3,745	\$ 3,878	\$ 4,021	\$ 4,129	\$ 4,710	\$ 5,322
Picton	\$ 3,630	\$ 3,745	\$ 3,878	\$ 4,021	\$ 4,129	\$ 4,710	\$ 5,322
Renwick	\$ 3,630	\$ 3,745	\$ 3,878	\$ 4,021	\$ 4,129	\$ 4,710	\$ 5,322
Riverlands	\$ 3,630	\$ 3,745	\$ 3,878	\$ 4,021	\$ 4,129	\$ 4,710	\$ 5,322
Seddon	\$ 3,630	\$ 3,745	\$ 3,878	\$ 4,021	\$ 4,129	\$ 4,710	\$ 5,322
Springcreek	\$ 3,630	\$ 3,745	\$ 3,878	\$ 4,021	\$ 4,129	\$ 4,710	\$ 5,322
100mm Kerb Connection							
Blenheim	\$ 1,360	\$ 1,403	\$ 1,453	\$ 1,506	\$ 1,547	\$ 1,765	\$ 1,995
Havelock	\$ 1,360	\$ 1,403	\$ 1,453	\$ 1,506	\$ 1,547	\$ 1,765	\$ 1,995
Picton	\$ 1,360	\$ 1,403	\$ 1,453	\$ 1,506	\$ 1,547	\$ 1,765	\$ 1,995
Renwick	\$ 1,360	\$ 1,403	\$ 1,453	\$ 1,506	\$ 1,547	\$ 1,765	\$ 1,995
Riverlands	\$ 1,360	\$ 1,403	\$ 1,453	\$ 1,506	\$ 1,547	\$ 1,765	\$ 1,995
Seddon	\$ 1,360	\$ 1,403	\$ 1,453	\$ 1,506	\$ 1,547	\$ 1,765	\$ 1,995
Springcreek	\$ 1,360	\$ 1,403	\$ 1,453	\$ 1,506	\$ 1,547	\$ 1,765	\$ 1,995

History Continued							
	2016/17	2017/18	2018/19	2019/20	2020/2021	2021/22	2022/23
Water Connections							
20mm ID Std Connection							
Blenheim	\$ 2,000	\$ 2,063	\$ 2,137	\$ 2,215	\$ 2,275	\$ 2,595	\$ 2,932
Picton	\$ 2,000	\$ 2,063	\$ 2,137	\$ 2,215	\$ 2,275	\$ 2,595	\$ 2,932
Havelock	\$ 2,000	\$ 2,063	\$ 2,137	\$ 2,215	\$ 2,275	\$ 2,595	\$ 2,932
Renwick	\$ 2,000	\$ 2,063	\$ 2,137	\$ 2,215	\$ 2,275	\$ 2,595	\$ 2,932
20mm ID Connection with Meter							
Awatere	\$ 2,150	\$ 2,218	\$ 2,297	\$ 2,381	\$ 2,445	\$ 2,790	\$ 3,153
Havelock					\$ 2,505	\$ 2,860	\$ 3,232
Renwick					\$ 2,505	\$ 2,860	\$ 3,232
Seddon	\$ 2,150	\$ 2,218	\$ 2,297	\$ 2,381	\$ 2,445	\$ 2,790	\$ 3,153
Wairau Valley	\$ 2,150	\$ 2,218	\$ 2,297	\$ 2,381	\$ 2,445	\$ 2,790	\$ 3,153