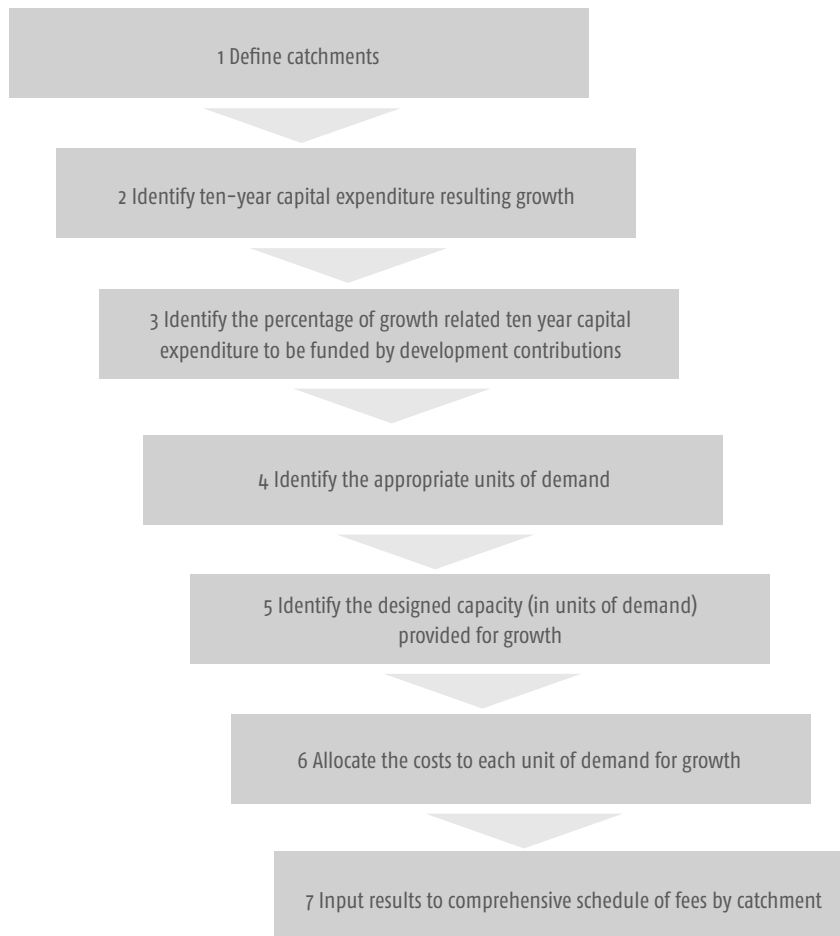


APPENDIX B METHODOLOGY

B1 CALCULATION OF DEVELOPMENT CONTRIBUTION LEVIES BASED ON THE METHODOLOGY

B1.1 INTRODUCTION

B1.1.1 The policy sets out the methodology for calculating development contributions. In summary, the methodology comprises the following seven steps.



B1.1.2 The capital works expenditure and the basis of calculation of development contributions for each of the infrastructure areas is set out below for:

- (a) A citywide catchment for water supply, stormwater and roading;
- (b) Water supply catchments;
- (c) Wastewater catchments;
- (d) Roothing catchments; and
- (e) An inner city catchment for reserves.

B2.1 CITYWIDE

B2.1.1 The capital works expenditure and the basis of calculation of development contributions for citywide water supply, stormwater and roading is set out in the table below. It identifies the capital expenditure in the Council's 2006/07 LTCCP and subsequent amendments, the proportion relating to growth less subsidies received from other parties to arrive at the total net contribution amount. This is divided by the estimated citywide growth in equivalent household units (EHUs) to determine the citywide development contribution payable.

ACTIVITY	TOTAL PLANNED CAPEX	GROSS CONTRIBUTION AMOUNT	LESS SUBSIDY RECEIVABLE	NET CONTRIBUTION AMOUNT	EHUS	CITYWIDE DEVELOPMENT CONTRIBUTION AMOUNT
Water Supply	\$80,684,823	\$2,017,121	\$0	\$2,017,121	6,885	\$293
Stormwater	\$62,809,618	\$1,570,240	\$0	\$1,570,240	9,175	\$171
Wastewater	\$92,579,208	\$2,314,480	\$0	\$2,314,480	9,175	\$252
Traffic and roading	\$113,338,900	\$11,333,890	\$5,603,524	\$5,730,366	9,175	\$625
Reserves	\$61,475,523	\$3,755,759	\$0	\$3,755,759	9,175	\$409
TOTAL	\$410,888,071	\$20,991,490	\$5,603,524	\$15,382,966	\$43,585	\$1,750

B3.1 WATER SUPPLY

B3.1.1 The following table sets out the water supply catchments where capital works incorporate additional capacity to allow for growth. Development contributions recover the cost of having provided that additional capacity for growth. The calculation is based on the capital expenditure relating only to the additional capacity for growth divided by the estimated EHUs available for growth.

Water Reservoirs and Pumping Station Upgrades and Renewals CX127 and CX336

	COMPLETED PRIOR TO 2003/04	PLANNED CAPITAL EXPENDITURE	PROPORTION RELATING TO GROWTH	GROWTH EBUS	DEVELOPMENT CONTRIBUTIONS PER EBU
Happy Valley and Frobisher	\$613,130		\$60,928	32	\$1,904
Kelburn	\$2,620,000		\$199,056	143	\$1,392
Grenada North High Level	\$580,000		\$152,250	21	\$7,250
Onslow	\$2,120,000		\$139,462	206	\$677
Roseneath		\$2,276,046	\$131,350	74	\$1,775
Messines Road		\$4,373,492	\$465,124	484	\$961
Ngaio West		\$8,335,000	\$2,344,200	600	\$3,907
Johnsonville West		\$1,600,000	\$299,200	352	\$850
Churton–Stebbing		\$1,759,241	\$1,759,241	1,140	\$1,543
Grenada–Lincolnshire		\$1,487,255	\$1,487,255	260	\$5,720
Rossavell Heights		\$100,988	\$100,988	202	\$500
TOTAL	\$5,933,130	\$19,932,022	\$7,139,054		

B4.1 WASTEWATER

B4.1.1 Wellington City utilises three treatment plants. Each plant was built with additional capacity to provide for significant growth. Development contributions recover part of the cost of having provided that additional capacity for growth. The cost per EBU is calculated as follows:

CATCHMENT	COST ⁸	DESIGNED POPULATION CAPACITY	DESIGNED CAPACITY IN EBUS	COST PER EBU
CENTRAL (MOA POINT)	\$136,700,000	300,000	115,385	\$1,185
WESTERN (KARORI)	\$12,200,000	13,000	5,000	\$2,440
NORTHERN (PORIRUA)	\$6,850,000	24,660	9,485	\$722

⁸ The Clearwater (Moa Point and Western) Treatment Plants were built with additional capacity in anticipation of growth. The cost of the additional capacity is the amount that will incur development contributions.

The Council's share of the Porirua Treatment Plant is nearing capacity as a result of growth although the plant has spare capacity available. The Council is negotiating purchase of additional capacity for growth and the cost of this will be included in the LTCCP when agreement is reached with Porirua City Council.

B5.1**ROADING**

B5.1.1

The two traffic and roading catchments for new roads are part of the Northern Growth Management Framework and comprise the following traffic and roading capital expenditure included in capital projects CX311 (including former CX447) in the Council's 2006/07 LTCCP and related amendments. The calculation of development contributions in the following table identified the proportion of the capital expenditure relating to growth divided by the estimated growth EHUs.

CHURTON-STEBBINGS CATCHMENT	PLANNED CAPITAL EXPENDITURE	PROPORTION RELATING TO GROWTH	GROWTH EHUS	DEVELOPMENT CONTRIBUTION PER EHU
Cortina to Ohariu	\$400,000	\$164,000	1,360	\$121
Westchester to Glenside	\$5,650,000	\$2,316,500	1,360	\$1,703
Ohariu to Westchester	\$2,225,000	\$912,250	1,360	\$671
TOTAL	\$8,275,000	\$3,392,750	1,360	\$2,495

GRENADA-LINCOLNSHIRE CATCHMENT	PLANNED CAPITAL EXPENDITURE	PROPORTION RELATING TO GROWTH	GROWTH EHUS	DEVELOPMENT CONTRIBUTION PER EHU
Mark Ave Extension	\$1,000,000	\$710,000	2,489	\$285
Mark Ave to Grenada North	\$2,000,000	\$1,420,000	2,489	\$571
Woodridge to Lincolnshire	\$1,000,000	\$710,000	2,489	\$285
TOTAL	\$4,000,000	\$2,840,000	2,489	\$1,141

B6.1

RESERVES***Inner City Reserves Catchment***

B6.1.1

Inner city reserves are used predominantly by both local inner city residents and those people who work within the city. They are also used on a less frequent basis by all residents and by visitors to the city. To fairly reflect the potential usage of inner city reserves by the residents and workers, development contributions for residential and non residential developments are weighted resulting in different development contributions for each. The calculation of the development contribution for inner city reserves is set out as follows:

- (a) Determine inner city catchment comprising Lambton and Te Aro census area units.
- (b) Determine capital expenditure for inner city reserves as follows:

CK033, CK131 and CK409

RESIDENTIAL	PLANNED CAPITAL EXPENDITURE	RESIDENTIAL SHARE @ 44.77%	RESIDENTIAL EHUS	DEVELOPMENT CONTRIBUTION PER EHU
Waitangi Park	\$5,225,000	\$2,339,233	3,183	\$735
Three Parks in Three Years Initiative	\$3,447,000	\$1,543,222	3,183	\$485
Other Inner City Parks	\$6,250,000	\$2,798,125	3,183	\$879
TOTAL	\$14,922,000	\$6,680,579	3,183	\$2,099

NON RESIDENTIAL	PLANNED CAPITAL EXPENDITURE	NON RESIDENTIAL SHARE @ 55.23%	NON RESIDENTIAL EHUS	DEVELOPMENT CONTRIBUTION PER EHU
Waitangi Park	\$5,225,000	\$2,885,768	31,406	\$92
Three Parks in Three Years Initiative	\$3,447,000	\$1,903,778	31,406	\$61
Other Inner City Parks	\$6,250,000	\$3,451,875	31,406	\$110
TOTAL	\$14,922,000	\$8,241,421	31,406	\$262

(c) Reserves are assumed to benefit both existing residents and newcomers equally. Therefore, the cost is divided by existing and projected EHUs over a ten year period. Total projected EHUs are estimated to be:

- residential EHUs	3,183
- non residential EHUs	<u>31,406</u>
	34,589 EHUs

(d) Residents are considered to have eight hours per day of potential use (100%) whereas workers have 1 hour per day (12.5%). Potential usage by others (residents living outside the central city and visitors) is not considered significant.

(e) Allocating costs results in the following contributions:

Residential = projected capital cost divided by projected residential units weighted by number of projected residential EHUs to total EHUs

= $\$14,922,000 \times 44.77\% / 3183$ or **\$2,099 per residential EHU**

Non residential = projected capital cost divided by projected non residential units weighted by number of projected non residential EHUs to total EHUs

= $\$14,922,000 \times 55.23\% / 31,406$ or **\$262 per non residential EHU**

Greenfield Reserves

- B6.1.2 'Greenfield development' are those that create new residential or rural residential areas as opposed to infill type subdivision where sections within established urban areas are subdivided. New households in greenfield developments have both citywide and local purpose reserve needs.
- B6.1.3 The local purpose contribution is calculated on the following basis:
- Number of allotments per local purpose reserve (A).
 - Minimum size of a local purpose reserve, in m² (B).
 - Cost estimate per m² for city fringe land (C).
 - Quality standards for a local purpose reserve (D).
 - Unit costs to develop land into a local purpose reserve (E).
- B6.1.4 Local Purpose Contribution = $(B * C) + (D * E) / A$.
- B6.1.5 This formula provides a method for defining a minimum standard for a new local purpose reserve which addresses both the quality of the undeveloped land and the quality of facilities to be provided in the reserve for recreational use. It allows a dollar figure, per allotment in a subdivision, to be calculated to fund both the purchase of the land and its physical development.
- B6.1.6 An average development contribution for a greenfield reserve is \$7,510 per EHU.
- B6.1.7 This is based on an estimated average cost where Council purchases and develops a four hectare reserve in a new 110 hectare (1400 lot) subdivision where the reserve comprises a 3000m² play area and passive land reserve of 37,000m². Actual costs will vary according to the size of the specific reserve. In many cases the developer will contribute the land and develop the reserve in accordance with Council's playgrounds and reserves policies. In such a case, no development contribution for local reserves will be charged.