



Ref: 4/3164F

27 September 2013

Jack Whitehead
Counter Delivery Himatangi Beach Post Centre
Himatangi Beach 4839

Manawatu District Council
135 Manchester Street
Private Bag 10 001
Feilding 4743

Dear Mr Whitehead,

Himatangi Beach Community Sewerage Scheme - Official Information Request re Increased Costs

I refer to your Official Information Act Request regarding increased costs relating to the Himatangi Beach Community Sewerage Scheme.

In 2010 the Council indicated that the cost of joining the scheme would be \$6470 (plus GST) per property. This was based on a number of key assumptions:

1. That the total scheme cost would be \$6,100,000 (excl GST). This was based on an estimate prepared in 2007 by a consortium of local contractors lead by Blackley Construction Ltd.
2. That a 50% subsidy would be available from the Ministry of Health's Sanitary Works Subsidy Scheme.
3. That all properties would be required to connect to the scheme.
4. The estimate did not include a number of non-construction cost items such as land purchase for the wastewater treatment plant and the right to discharge treated wastewater on surrounding land, obtaining easements for pipelines and access, legal fees, project management costs, contract management, on lot drainage surveys and design, obtaining individual building consents for each connecting property and preparing connection agreements.

At this time Council had not yet purchased a site for the wastewater treatment plant or irrigation area and had not commenced the Resource Consenting process for the discharge.

Following a referendum in March 2011 Council decided to proceed with implementing the scheme but because only 59% of respondents voted in favour of going ahead with the scheme decided to make joining the scheme voluntary.

In November 2011 Design and Build tenders were issued to five consortia who had been pre-selected from an Expression of Interest process. Three tenders were received from the Hawkins

Infrastructure, Brian Perry and Blackley Construction lead consortia ranging in price between \$8,112,683 and \$9,576,091 (excl GST).

The three tenderers were then asked to submit revised tenders based on cost saving proposals outlined in their tenders. Two revised tenders were received and following this a contract was let to Hawkins Infrastructure lead consortium for the on lot works, reticulation and the construction of a wastewater treatment pond based on a design by MDC but excluding the process equipment which was to be supplied by others. Based on this a revised project budget of \$8,761,546 (excl GST) was established.

The maximum subsidy availability from the Ministry of Health was capped at \$3,310,000 (excl GST) which equated to an effective subsidy level of 38% compared to the 50% assumed in 2010.

Based on the revised budget an unsubsidised cost of \$21,275 (incl GST) for connecting a single dwelling was established. Property owners who opted to join the scheme before 31 December 2012 were then offered a discount of \$11,500 (incl GST) resulting in a revised capital contribution of \$9,775 (incl GST).

A comparison of the 2010 and 2012 costs for each main constituent of the scheme is tabled below. The scheme involves the collection and transfer of wastewater from existing properties in the Himatangi Beach township to an approved location where it can be treated and discharged to land without causing significant adverse effects to the environment. Each component is essential if the discharge is to comply with the Resource Consent conditions set by the Horizons Regional Council.

Constituent	2010 Cost (\$)	2012 Cost(\$)
On Lot works	2,950,000	3,324,000
Community reticulation and rising main	1,180,000	1,473,000
Wastewater treatment and Irrigation	1,535,000	2,447,000
Non-construction costs	435,000	1,472,000
TOTAL	6,100,000	8,716,000

As you can imagine the volume of documentation around this project is large given the duration and complexity of the project. If there are particular documents you would like to see please let me know and I will arrange for copies of these to be made.

I trust this adequately addresses your request for information around the increase in capital contributions for connecting to the Himatangi Beach Community Sewerage Scheme.

Yours faithfully

Hamish Waugh

Infrastructure Group Manager