



caring about you & your environment

Report No. 00.149

6 March 2000

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Report to the Utility Services Committee
from Murray Kennedy, Strategy and Asset Manager

Petone Water Supply

1. Purpose

To provide a range of options for funding a non-fluoridated water supply to Petone and Korokoro.

2. Introduction

The Buick Street Pumping Station closed last year. At the same time Hutt City Council (HCC) commissioned its new Rahui Reservoir. As a consequence, fluoridated water from the Waterloo Water Treatment Plant (WTP) is now supplied to the Petone and Korokoro areas. Previously the water from Buick Street was unfluoridated.

The Utility Services Committee has already received several reports on Petone water supply, including 99.729 (considered 3 December 1999), 99.497 (considered 7 September 1999), 99.407 (considered 20 July 1999).

3. Present Situation

A meeting of officers of HCC and the Wellington Regional Council (WRC) in November noted, that by mid December:

- Hutt City Council will have considered the results from the Petone residents' survey on fluoridation.

- Wellington Regional Council will have revised the costs for system changes to enable Petone to be supplied with unfluoridated water.
- The views of the other cities on the funding of the system changes for Petone should be known.

Hutt City Council surveyed Petone and Korokoro residents about the fluoridation issue in the third quarter of 1999. There were 1,000 interviews out of a population of approximately 7,500. Three questions were asked about whether fluoridated water was preferred and whether there was a willingness for each household to pay for a period of 15 years.

The results, as reported to us by HCC, are:

	No Cost	\$2 p.a.	\$25 p.a.
Don't Know	3%	2%	4%
No Preference	8%	7%	6%
Fluoridated	13%	16%	22%
Unfluoridated	76%	75%	66%

Further details are contained in Report 99.729.

With regard to the second bullet point above, a detailed preliminary budget has been completed. The maximum estimated capital cost for system charges to enable an unfluoridated supply is \$410,000. This includes a 15 percent contingency sum. Several other options have been investigated, but all were found to be more expensive, or not practical.

Our other three customers have now expressed a view on funding the charges. Their letters are included as Attachment 1.

A summary of customers' views is:

Porirua City Council

Any additional costs to supply Petone with unfluoridated water should be met by HCC.

Upper Hutt City Council

Will not accept any additional costs being charged to them.

Wellington City Council

Not in favour of any increase in the Bulk Water Levy for any reason.

Hutt City Council had previously advised that it believed the WRC should pay the full cost of system changes if the Petone residents indicated a preference for unfluoridated water.

4. Next Steps

At present there is an understanding from both HCC and WRC taking the stance that the other party should pay the full costs of changes to the system.

A summary of the reasons for these views is as follows:

Hutt City Council's point of view is taken from information they provided to our other customers.

- The Petone community desires unfluoridated water.
- Petone ratepayers have already paid for an unfluoridated supply.
- Buick Street Pumping Station could have been upgraded to meet Petone's needs.
- Closure of Buick Street benefits other cities.
- Petone ratepayers contribute substantially to the wider Region's wholesale water supply.
- Previous direct benefit to Petone from upgrading the regional wholesale water supply system has been minimal.
- Differential pricing of wholesale water should be consistently applied.
- Petone water supply being unfluoridated does not create a precedent.

Wellington Regional Council's point of view, taken from various reports:

- The fluoridation issue for Petone was resolved in 1992 following public consultation and a report by a group of eminent citizens.
- The WRC has a policy of providing fluoridated water. This policy is based on advice from the Public Health Service.
- Petone can have unfluoridated water, contrary to the WRC policy, provided HCC pays the additional cost.
- Uniform water prices to the four cities is stipulated in the Wellington Regional Water Board Act 1972.
- Although water costs less to supply to Petone than some other areas, Petone receives the same level of security of supply.
- The WRC has already spent \$180,000 to ensure Petone could continue to receive aquifer water, whereas a mix of aquifer and treated surface water was available without this expenditure.

The two options to provide Petone with unfluoridated water resulting from these points of view are:

- Option 1 : WRC pays for the system changes
Option 2 : HCC pays for the system changes

A third option (Option 3) is to share the cost and a case for this is outlined below.

In November 1999 HCC and our other customers were supplied by the WRC with information on the financial impact of closing the Buick Street Pumping Station. The saving to the WRC is \$33,000 a year. If the system is changed so that Petone is supplied with unfluoridated water, the annual cost is \$22,000. Hence, the net saving to the WRC from the closure would be \$11,000 a year if Petone continues to receive unfluoridated water. If this sum is capitalised at 7 percent discount rate, it comes to \$157,000.

Provision has been made in the 2000/01 operating budget for a \$50,000 contribution to an artesian water supply feature in central Petone. HCC is to construct the feature and the WRC contribution is dependent on receiving a request from the City. Once the new feature is operating, the WRC will remove its artesian tap at the Gear Island Pumping Station. Residents from throughout the metropolitan area take water from the existing tap.

If HCC does not request a contribution to the water feature, then up to \$207,000 can be justified towards an unfluoridated supply to Petone without impacting on wholesale water charges.

In summary, Option 3 involves the WRC contributing up to \$207,000 towards the cost of system changes, so that Petone residents can receive an unfluoridated water supply. Paying such an amount does not appear to be contrary to the views of our other three customers. Petone residents have indicated they prefer unfluoridated water and are prepared to pay for it. HCC could recover its share through the rating system.

Provision has been made in the Utility Services 2000/01 operational budget for a contribution to the water feature. No provision has been made in the capital works budget for system changes to provide unfluoridated water to Petone. However, the capital works budget can be adjusted following the Annual Plan consultation phase.

5. Environmental Issues

The Water Group is progressing with ISO 14001 accreditation. One of the requirements is to formally consider environmental issues for all projects.

These issues will be considered in more detail at the design stage. However, water from the Gear Island wellfield was previously fluoridated. Adverse effects from a new fluoridation plant at Gear Island are expected to be minimal. This plant would fluoridate water usually supplied to Wellington City.

6. Communications

There has been considerable public interest in the issue of fluoridating the Petone water supply. Releasing a media statement once the issue has been considered by WRC and HCC would seem appropriate.

7. Conclusions

There are a number of issues to be considered in deciding who should pay for system changes so Petone and Korokoro residents can receive an unfluoridated water supply. In the end though, it is a judgement call and therefore a political decision.

8. Recommendation

- (1) *That the Utility Services Committee recommends to the Policy and Finance Committee that:*
 - (a) *An unfluoridated water supply for the Petone and Korokoro area can be provided if the HCC pays the full cost of system alterations, estimated at \$410,000.*

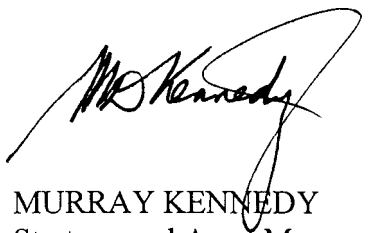
or;

 - (b) *The WRC should pay the full cost of system changes for an unfluoridated supply.*

or;

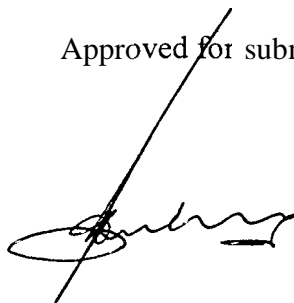
 - (c) *The WRC offers to pay up to \$207,000 to provide an unfluoridated supply provided the HCC pays the remainder based on an agreed arrangement.*
- (2) *That a media statement be released after the Policy and Finance Committee has considered the issue.*

Report prepared by:



MURRAY KENNEDY
Strategy and Asset Manager

Approved for submission:



DAVID BENHAM
Divisional Manager, Utility Services



03 MAR 2000

In reply please quote: EN5/1:AD9/2
For enquires please contact: T M Davin
Extension: 8469:TA
Direct Dial: 04 237 1412

FILE No.	8/5/2/1		Address
			correspondence to:
TO NOTE	INIT	DATE	The Chief Executive
D. Benham	[Signature]		Porirua City Council
M. Kennedy			PO Box 50218
			Porirua City
			New Zealand
			Phone 64 4 237 5089
			Fax 64 4 237 6384
			Administration Bldg
			Cobham Court
TO ACTION			Porirua City

1 March 2000

Wellington Regional Council
PO Box 11 646
WELLINGTON

Attn:

Dear Sir

RE BULK WATER LEVY FOR 2000/2001 & THE WELLINGTON REGIONAL COUNCIL LONG TERM STRATEGY & PETONE WATER SUPPLY

In response to recent requests from the Wellington Regional Council for this Council's views, at the Council meeting of the 1st March 2000 the Porirua City Council resolved:

regarding the Bulk Water Levy:

- (a) *the Wellington Regional Council be advised that Porirua City Council believes that the assumptions on their financial model relating to population projections, and the non-inclusion of inflation, result in their analysis being conservative:*
- (a) *based on this information Porirua City Council believes that the Wellington Regional Council should reduce the bulk water levy for the 2000/2001 year by 4% and in the subsequent 2 years that the levy net of the current proposed 4% reduction not be increased.*

They also resolved, regarding the Petone Water Supply:

That Council advise Wellington Regional Council that if changes are required to the regional water network to retain an unfluoridated water supply to Petone then those additional costs should be met by the Hutt City Council.

I have previously forwarded the policy reports that form the background to Councils views on these matters. We look forward to the Regional Councils favourable consideration of these matters.

Yours faithfully

T M Davin
GROUP MANAGER UTILITIES POLICY
For CHIEF EXECUTIVE

OFFICE OF THE MAYOR

PO Box 2199, First Floor, Town Hall, Wakefield Street, Wellington, New Zealand
Ph 64-4-801 3102, Fax 64-4-801 3033.**WELLINGTON**
Tūmeka Pōneke
Wellington City Council

3 February 2000

Stuart Macaskill
Chairman
Wellington-Regional Council
POBox11646
WELLINGTON

Dear Stuart

Petone Water Supply

Further to my letter to you dated, 22 November 1999, I have now had time to reflect on your letter dated 28 October.

I was pleased to receive the information on Fluoridation attached to your letter. I have also received information from Hutt City on the issues from their point of view, and the matters raised provided a useful background to the issues concerned.

It seems to me, however, that the issue may not be solely one of whether a non-fluoridated supply is provided, but whether this should be at the cost of the other Territorial Local Authorities supplied with Bulk Water by the Wellington Regional Council. The short answer to this is that Wellington City would not be in favour of any increase in the Bulk Water Levy for any reason, and would prefer to negotiate instead a further reduction to any levy imposed.

In this respect, we note your proposal to reduce the current levy by a further 4% for the year 2000/01. I would welcome further discussion on this point; as I am advised by Garry Poole; that further reductions are possible by reducing the level of surpluses provided for in the provisional budgets and increasing the time allowed for debt repayment to 2022. I am also sure that there are opportunities for further decreases in the levy based on projected effects of efficiencies within the organisation. As a Council, we are keen to reduce our operational expenditure considerably, and the area of Bulk Water has been identified as one area where significant savings could be made.

Yours sincerely


Mark Blumsky
MAYOR



WELLINGTON REGIONAL COUNCIL
COPY
20 DEC 1999

Mr S Macaskill
The Chairman
Wellington Regional Council
PO Box 1 1-646
WELLINGTON

FILE NO	301/60/11	
TO NOTE	INT.	DATE
H-Stone		21/12
D-Benham		
TO ACTION		

File: 301/60/11
MH:LO
LO/MSO/Mtgs/ Cncl15.12.99 ltrs

Contact:
Marilla Hood

16 December 1999

Dear Mr Macaskill

PETONE WATER SUPPLY

I refer to the report which was forwarded to you on 10 December 1999.

Council, at its meeting last evening, agreed to advise the Wellington Regional Council that it would not support any arrangement with the Hutt City Council to supply **Petone** with unfluoridated water, which would result in additional costs being charged to Upper Hutt City Council.

Yours sincerely

Marilla Hood
MANAGEMENT **SERVICES** OFFICER

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