

Report No:	RESC11-06-08
File No:	
Date:	15 June 2011
<b>Decision Required</b>	

## REPORT SUMMARY

**Report to:** Engineering Services Committee  
**Meeting Date:** 23 June 2011  
**Report Author:** Jeff Cuthbertson, Utilities Asset Manager  
**Subject:** **BUDGET REALLOCATION – UTILITIES**

### EXECUTIVE SUMMARY

Throughout the year unscheduled capital works arise. This report seeks approval for the reallocation of some capital expenditure and the raising of extra loans to cover this unscheduled expenditure.

### RECOMMENDATION/S

That the report be received.

### DRAFT RESOLUTION

**THAT the Engineering Services Committee receives the Budget Reallocation, Utilities Report, RESC11-06-08; and**

**THAT the Engineering Services Committee approves the transfer of funding to offset unscheduled capital works as noted in the report, RESC11-06-08; and**

**THAT the Engineering Services Committee approves the raising of loans to cover the expenditure of:**

- a) Pohara sewerage carbon filters at \$70,000; and
- b) Pohara water supply new sand filter at \$55,000

**as noted in the report, RESC11-06-08.**

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**Subject:** **BUDGET REALLOCATION – UTILITIES**

## 1. Purpose

- 1.1 The purpose of this report is to seek approval from the Engineering Services Committee to reallocate capital budgets to where physical works actually occurred.

## 2. Background

- 2.1 During the year works that are unscheduled and without capital budgets do occur. This report shows where the unscheduled works were and how the funding was moved to cover the unscheduled works.

## 3. Present Situation/Matters to be Considered

- 3.1 The attached spreadsheet shows the work that has been carried out and the proposed method of funding that work.

## 4. Financial/Budgetary Considerations

- 4.1 **Motueka Water** – The Motueka town water supply and the Coastal Tasman District Council pipeline have a combined approved budget in 2010/22 of \$1,307,036. However this budget could not be totally expended as part of the budget reflected the cost of planning to fully reticulate Motueka township. As it was not finally approved to reticulate Motueka the need to fund the Motueka subsidy application needed to be funded from the available smaller budget of \$456,200. The total expenditure within this combined budget was \$801,200 resulting in an over expenditure of \$345,000. This is a multiple year project and should be funded in the total loan proposed for the entire project.

- 4.2 Takaka Fire Fighting Reticulation** – The Takaka Firefighting Reticulation project had an approved budget of \$974,200. The final costs relating to this project now reflect an over-expenditure. The Takaka bores have been drilled as agreed to one day provide a greater benefit to the community than is provided by the existing fire reticulation. The benefit was that the fire reticulation could be extended or that the bores may be allowed to be used for a public water source. For this reason it is proposed that the Urban Water Club pay for the extra cost in the bore drilling and installation. The drilling at the Takaka Fire Station site also includes a monitoring ore. This monitoring bore will provide data that will be essential if Council was to need to obtain a water extraction consent. It is proposed therefore to fund the work relating to the drilling of bores by the Urban Water Club to the value of \$96,000.
- 4.3 Pohara Water Supply** – Following several flood events in Winter Creek and prior to the 2010 holiday season influx of people there was a need to replace the Pohara water supply sand filter which had failed. Council had no budget to undertake this work but it was essential to provide a continual water supply. The work could be funded form Council’s water maintenance account with no effect on rates. However it will mean that the Urban Water Club has paid for work that should only be funded form the Pohara Water Supply closed account (refer to report RESC11-06-06 regarding the recommendation to include the Pohara Water Supply account in the Urban Water Club).
- 4.4 Pohara Sewerage Scheme** – Council has an odour problem with the Pohara sewage pumping network. Prior to Christmas 2010 the problem had escalated to the extent that regular complaints were received from neighbouring residents near the Sunbelt and Burnside Pumping Stations. Council staff decided to test several methods of odour control to evaluate their performance. In late December it was decided to install carbon filter at both pumping stations. The carbon filters have virtually eliminated all odour from the sites and there have been no more complaints from residents. At the time staff believed the costs could be added to the Delaney’s pumpstation work. However this pumpstation was on budget and the extra \$70,000 cost could not be accommodated. It is proposed that this work be loan-funded on the basis that other capital works are underspent. There should be no effect on rates.
- 4.5 Headingly Pumping Station** – This project is now substantially complete. The project will reflect an unspent budget of \$255,000.
- 4.6 Rabbit Island Pumping Main** – This project is now substantially complete. The project will reflect an unspent budget of \$325,000.

## **5. Options**

- 5.1 Option 1 – Rearrange existing budgets and introduce new capital loans to pay for the unscheduled capital works required during the year.
- 5.2 Option 2 – These works could be charged against Council’s Operations & Maintenance budget. However this would result in this budget being overspent.

## **6. Pros and Cons of Options**

- 6.1 Council needs to provide a continuous service throughout the year. It is not possible to predict or forward plan unscheduled works that may be required. In some examples, eg odour issues, complaints from neighbouring properties can result in a breach of Council’s resource consent.
- 6.2 It could be expected that if an unscheduled issue was to arise, staff could seek approval for the expenditure from Council through the 6-weekly meeting cycle before commencing the works. The delay in this timing could jeopardise infrastructure operations and Council’s levels of services.

## **7. Evaluation of Options**

- 7.1 Staff recommend the committee adopt Option 1.

## **8. Significance**

- 8.1 This is/is not a significant decision according to the Council’s Significance Policy.

## **9. Recommendation/s**

- 9.1 THAT the report be received.

## **10. Timeline/Next Steps**

- 10.1 The funding allocations need to be approved to ensure the end of year financial accounts are correct.

**11. Draft Resolution**

**11.1 THAT the Engineering Services Committee receives the Budget Reallocation, Utilities Report, RESC11-06-08; and**

**11.2 THAT the Engineering Services Committee approves the transfer of funding to offset unscheduled capital works as noted in the report, RESC11-06-08; and**

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