

Report No:	RESC12-06-03
File No:	
Date:	24 May 2012
<b>Decision Required</b>	

## REPORT SUMMARY

**Report to:** Engineering Services Committee  
**Meeting Date:** 7 June 2012  
**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, RESC12-06-03; and**

**THAT the Engineering Services Committee approves the transfer of funding to offset unscheduled capital works as detailed in Appendix 1 in the report, RESC12-06-03.**

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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.
- 2.2 Solid waste capital works will be reported at the next meeting of the Committee.

## **3. Present Situation/Matters to be Considered**

- 3.1 Appendix 1 shows the work that has been carried out and the proposed funding method.
- 3.2 Appendix 1 also shows the work where funding will not be fully spent.

## **4. Financial/Budgetary Considerations**

### **4.1 Pohara Water Improvements**

Since the December 2011 flood event extensive work has been undertaken on the Pohara water supply.

- 4.2 It is proposed to reallocate funding of \$232,000 from the Richmond water main renewals project to provide additional water storage and valves for the Pohara water supply project.

#### **4.3 Poole Street Water Main, Motueka**

This project was to be undertaken in conjunction with the proposed extension of stormwater reticulation in Poole Street. The stormwater project has been completed up to the intersection with High Street. The next stage of that project has been placed on hold. The funding for the water main has not been allocated and is thus unspent.

#### **4.4 Poole Street Stormwater Improvements, Motueka**

This work has now been completed up to the intersection with High Street. The remaining funding of \$120,000 has been reallocated to the other stormwater issues at Motueka and Ruby Bay.

4.5 The Little Kaiteriteri stormwater project is under budget and remaining funds are unspent.

4.6 The Patons Rock stormwater project is under budget and the remaining funds are unspent.

#### **4.7 High Street/Lowe Street Wastewater Renewals, Motueka**

Some of the funding for this project has been reallocated to other sewer renewals projects in Ruby Bay and Puketutu (lower end of Thorp Street, Motueka). The remaining \$52,000 is unspent.

4.8 During the year a number of wastewater projects were carried out in Murchison. To ensure the works could be completed funding was transferred from some of the Takaka and Tapawera sewer renewal programmes. The total funding transferred to Murchison wastewater projects was \$335,000.

4.9 The Pohara Pumping Station Upgrade project was under-spent by \$25,000.

### **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 adopts Option 1.

## **8. Significance**

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

## **9. Recommendation**

- 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, RESC12-06-03; and**

**11.2 THAT the Engineering Services Committee approves the transfer of funding to offset unscheduled capital works as detailed in Appendix 1 in the report, RESC12-06-03.**

## **Appendices**

Appendix 1 – Budget Changes spreadsheet