

9.7.0

*CITY
SOLUTIONS*

RESPONSIBLE COMMITTEE:	STRATEGY & FINANCE COMMITTEE
BUSINESS GROUP:	CITY SOLUTIONS
ACTIVITY:	BUSINESS GROUP SUMMARY

Overall Objectives

City Solutions' business intent is to enhance the well-being of the people who live, work and play in Christchurch, and any other urban areas of New Zealand, by creating spaces and places:

- that look beautiful and enhance the quality of the urban environment;
- that provide opportunities for fun, sport, recreation, art and culture;
- that make people feel good;
- that are convenient, efficient and effective;
- that give the ratepayers and the local authority business unit managers recognisably good value for their investment;
- that contribute to environmental sustainability and by providing services that no other consultant can offer.

Key Changes

Committed Costs (Operating)

- In 2001/02 City Solutions budgeted to achieve an operating surplus of \$560,939. This historic performance measure has been based on returning a 6% margin on revenue back to council. For the 2002/03 year City Solutions will pass internal charges onto internal clients at no margin. All internal clients have reduced their forward capital and operating budgets to reflect this reduction in internal City Solutions charges. The surplus of \$73,800 for 2002/03 has been calculated on achieving a 12% margin on external work only (external work comprises 8% of City Solutions revenue). \$487,139
- Due to the re-allocation of corporate overhead City Solutions will be allocated \$458,000 less corporate overhead in the 2002/03 year. This has been reflected in the net surplus change of \$487,139.

Increased Costs due to Increased Demand

- FTE's have increased by 12 (137 vs 125) due to an increase in demand over most professional disciplines, both internally and externally. External work has increased from 6% to 8% of total revenue. City Solutions' operation is dependent and reactive to the value of our clients forward capital program for which we are targeted as supplying the professional services for. The increase in FTE's reflects this increased volume of capital work planned by the asset units. \$615,000

RESPONSIBLE COMMITTEE::	STRATEGY & FINANCE COMMITTEE
BUSINESS UNIT:	CITY SOLUTIONS
OUTPUTS:	OUTPUT SUMMARY

		2001/2002 BUDGET	2002/2003 BUDGET
		\$	\$
NET COST SUMMARY			
CONSULTING SERVICES			
City Solutions Consulting Services	Page 9.7.2	(560,938)	(73,800)
TOTAL NET COST CITY SOLUTIONS		(560,938)	(73,800)
OUTPUT EXPENDITURE			
CONSULTING SERVICES			
City Solutions Consulting Services	Page 9.7.2	9,348,976	9,506,318
TOTAL EXPENDITURE		9,348,976	9,506,318
OUTPUT REVENUES & RECOVERIES			
CONSULTING SERVICES			
City Solutions Consulting Services	Page 9.7.2	9,909,914	9,580,118
TOTAL REVENUE & RECOVERIES		9,909,914	9,580,118
NET COST OF OUTPUTS		(560,938)	(73,800)
COST OF CAPITAL EMPLOYED		15,991	9,326
CAPITAL OUTPUTS	Page 9.7.3	122,400	102,500

RESPONSIBLE COMMITTEE:	STRATEGY & FINANCE COMMITTEE
BUSINESS GROUP:	CITY SOLUTIONS
OUTPUT:	CONSULTING SERVICES

OUTPUT : CITY SOLUTIONS OUTPUTS

Description

- Carry out engineering and environmental survey and design including preparation of reports, drawings, specifications and contract documents for a wide range of client work such as buildings, bridges, reservoirs, retaining walls, culverts, frames, roads, traffic management, public and cycle transport, car parks, subdivisions and housing developments, airports, sports facilities, waterway and coastal systems, sewer and stormwater reticulation, pumping stations, retention basins, land boundary definitions, plan and title searches, offsetting and reinstatement of survey works, precise benchmark levelling, civic amenities, urban parks, foreshore developments, ecological areas, restorations schemes, full project management, heating and ventilation, air-conditioning, street lighting, escalators and lifts and the like.
- Carry out contract administration, site supervision, and associated services.
- Update aerial photographs for the City and carry out photo control survey.
- Carry out miscellaneous tasks requested by clients such as feasibility studies, reports, project co-ordination, cost estimates, economic evaluations, maintenance inspections, safety inspections, foundation investigations, provision of producer statements and the like.

Objectives for 2002/03

1. Add value to clients' projects and desired outcomes.
2. Increase external revenue profit by 2%.
3. Excess external revenue after costs to be 18% (\$73,800). All other internally generated revenue is at zero margin.

Performance Indicators

	2001/02	2002/03
1. Satisfied clients	Achieved	> 99%
2. Increase in gross external revenue	47%	15%
3. Profit on external revenue	16%	18%

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MONITORING COMMITTEE:	STRATEGY & FINANCE COMMITTEE
BUSINESS UNIT:	CITY SOLUTIONS
OUTPUT CLASS:	CONSULTING SERVICES

	2001/2002 BUDGET \$	2002/2003 BUDGET \$
OUTPUT : CITY SOLUTIONS CONSULTING SERVICES		
OUTPUT COSTS		
Allocated Holding Account	9,348,976	9,497,330
Alloc O/Head - Output Corporate Overheads Cost Centre	0	8,988

TOTAL COST	9,348,976	9,506,318

REVENUE		
External Revenue	345,000	410,000
Internal Recoveries	9,564,914	9,170,118

NET COST - CITY SOLUTIONS OUTPUTS	(560,938)	(73,800)
	=====	
Cost of Capital Employed		

RESPONSIBLE COMMITTEE:	STRATEGY & FINANCE COMMITTEE
BUSINESS UNIT:	CITY SOLUTIONS
OUTPUT CLASS:	CONSULTING SERVICES

OUTPUT: CITY SOLUTIONS CONSULTING SERVICES

Description Provision of design, contract, and project management services to Council on a competitive basis.

Benefits Council is able to access the wide range of services required through teams focused on our unique needs.

Strategic Objectives F1 to 7 *CCC Policy*

Allocation of Costs of Benefits Pursuant to Section 122E(1)(a)

General Benefits (Section 112F(b))

Nature and Distribution of General Benefits

Direct Benefits (Section 112F(c))

The clients of the services are the direct beneficiaries

Control Negative Effects (Section 112F(d))

Modifications Pursuant to Section 12

Funding of Expenditure Needs Pursuant to Section 122E(1)(c)

General Benefits

Direct Benefits

Direct benefits shall be funded by clients. Any shortfall will be covered by net surpluses arising from other internal service providers.

Control Negative Effects

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RESPONSIBLE COMMITTEE:	STRATEGY & FINANCE COMMITTEE
BUSINESS UNIT:	CITY SOLUTIONS
OUTPUT CLASS:	CONSULTING SERVICES

OUTPUT : CITY SOLUTIONS CONSULTING SERVICES

	<i>Customer</i>	<i>Residential</i>	<i>Commercial</i>	<i>Rural</i>	<i>Institutions</i>	<i>Grants</i>	<i>Total Method</i>
Costs and Modifications							
<i>Costs</i>							
0.00% General Benefits	-	-	-	-	-	-	- 0
100.00% Direct Benefits	9,506,318	-	-	-	-	-	9,506,318 TableC
0.00% Negative Effects	-	-	-	-	-	-	- 0
<i>Total Costs</i>	9,506,318	-	-	-	-	-	9,506,318
<i>Modifications</i>							
Transfer User Costs to Rating	73,800	(53,494)	(14,799)	(1,945)	(3,563)	-	- CapValAll
Non-Rateable	-	(2,714)	(751)	(99)	3,563	-	- CapValGen
<i>Total Modifications</i>	73,800	(56,207)	(15,550)	(2,043)	-	-	-
Total Costs and Modifications	9,580,118	(56,207)	(15,550)	(2,043)	-	-	9,506,318

Funded By

100.78% User Charges	9,580,118						9,580,118
0.00% Grants and Subsidies		-	-	-	-		- 0
0.00% Net Corporate Revenues		-	-	-	-		- 0
-0.78% Capital Value Rating	-	(56,207)	(15,550)	(2,043)	-	-	(73,800)
0.00% Uniform Annual Charge		-	-	-			-
Total Funded By	9,580,118	(56,207)	(15,550)	(2,043)	-	-	9,506,318

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RESPONSIBLE COMMITTEE:	STRATEGY & FINANCE COMMITTEE
BUSINESS UNIT:	CITY SOLUTIONS
OUTPUT CLASS:	CAPITAL OUTPUTS

	2001/2002 BUDGET \$	2002/2003 BUDGET \$
OUTPUT : RENEWALS & REPLACEMENTS		
Computing Upgrades		
CAD Software	3,060	12,500
Pen Plotter (upgrade)	20,400	0
Printer Replacements	15,300	0
Unspecified	31,620	8,000
Office Furniture	0	12,000
Field Equipment Upgrades		
Total Station	0	0
GPS	0	70,000
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	70,380	102,500
OUTPUT : ASSET IMPROVEMENTS		
	-----	-----
	0	0
OUTPUT : NEW ASSETS		
Unspecified	52,020	0
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	52,020	0
TOTAL CAPITAL ASSETS		
	-----	-----
	122,400	102,500
	=====	=====

RESPONSIBLE COMMITTEE:	STRATEGY & FINANCE COMMITTEE				
BUSINESS UNIT:	CITY SOLUTIONS				
OUTPUT CLASS:	CAPITAL OUTPUTS				
Description	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
RENEWALS & REPLACEMENTS					
Computing Upgrades					
Business Software	12,500	40,000	12,500	40,000	12,500
Survey Equipment Upgrades					
Total Station			17,500		
GPS	70,000				
Unspecified	20,000	20,000	20,000	20,000	20,000
TOTAL RENEWALS & REPLACEMENTS	102,500	60,000	50,000	60,000	32,500
ASSET IMPROVEMENTS					
TOTAL ASSET IMPROVEMENTS	0	0	0	0	0
NEW ASSETS					
Unspecified					
TOTAL NEW ASSETS	0	0	0	0	0
TOTAL CAPITAL EXPENDITURE	102,500	60,000	50,000	60,000	32,500
Annual Plan 2001/2002	\$122,400	\$122,380	\$122,380	\$177,000	\$177,000

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RESPONSIBLE COMMITTEE:	STRATEGY & FINANCE COMMITTEE
BUSINESS UNIT:	CITY SOLUTIONS
OUTPUT CLASS:	CAPITAL OUTPUTS

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
RENEWALS & REPLACEMENTS					
Unspecified	77,500	77,500	77,500	77,500	77,500
TOTAL RENEWALS & REPLACEMENTS	77,500	77,500	77,500	77,500	77,500
ASSET IMPROVEMENTS					
Unspecified					
TOTAL ASSET IMPROVEMENTS	0	0	0	0	0
NEW ASSETS					
Unspecified					
TOTAL NEW ASSETS	0	0	0	0	0
TOTAL CAPITAL EXPENDITURE	77,500	77,500	77,500	77,500	77,500
Annual Plan 2001/2002	\$177,000	\$177,000	\$177,000	\$177,000	

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RESPONSIBLE COMMITTEE:		STRATEGY AND FINANCE COMMITTEE				
BUSINESS UNIT:		CITY SOLUTIONS				
ACTIVITY:		FEES SCHEDULE				
Fees Description	2001/2002 Present Charge	2001/2002 Revenue from Present Charge	2002/2003 Proposed Charge	2002/2003 Projected Revenue From Proposed Charge	2002/2003 Projected Revenue as a percentage of Total Cost	Notes
DESIGN FEES	Charged on an hourly basis. (includes all overhead costs)		Charged on an hourly basis. (includes all overhead costs)			
Total External Income (DESIGN)		\$350,000		\$410,000	100.00%	
TOTAL		\$350,000		\$410,000		