

## 7. CITY WATER & WASTE UNIT: REALLOCATION OF CAPITAL AND OPERATING FUNDS

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Corporate Plan Output: Liquid Waste, Solid Waste, Water Services	

The purpose of this report is to seek approval for the re-allocation of operating and capital funds as identified in the 9 monthly financial review.

At its meeting on 8 May 2001 the City Services Committee considered the following report which identified an operating surplus for the current financial year. In addition, approval was sought for the re-allocation of capital expenditure over a number of projects:

### OPERATIONS (9 MONTH ACTUAL/12 MONTH PREDICTION)

Item	Net 9 month Budget Variance Actual (\$m)	Main Reasons for Variance	Net 12 Month Budget Variance Predicted (\$m)	Main Reasons for Variance.
<b>Liquid Waste</b>	-1.253	(a) additional revenue from capacity upgrade charges (b) bio-solids application to forests delayed (c) savings from restructuring Unit	-0.916	(a) ditto reasons (a), (b), (c) for 9 months
<b>Solid Waste</b>	-1.354	(a) additional kerbside recyclable collection delayed (b) kerbside contract payments running late (c) refuse bag purchase and delivery payments not made yet	-0.288	(a) additional kerbside recycling collection delayed (b) savings implemented at Burwood Landfill
<b>Water Supply</b>	-1.387	(a) reticulation maintenance lower than anticipated (b) savings from restructuring Unit (c) Central Plains Water enhancement contract payment delayed	-0.221	(a) ditto (a), (b), reasons for 9 months
<b>Totals</b>	<b>-3.994 (surplus)</b>		<b>-1.425 (surplus)</b>	

(a) **Operations:** Approval is requested for the following items to be financed from the predicted \$1.425m, 12 month surplus operational funds.

		(\$1,000)	Year to be spent
(a)	extension to the main pumping station (Colombo Street) control building to provide amenity and other space lost in old workshop – note this will be capital expenditure.	150	2001/02
(b)	work from Geodata Services Unit		
	▪ for raster to vector conversion of electronic water supply pipe records	290	"
	▪ for vectorisation of existing water pipe paper plans in old Heathcote County area.	80	"
(c)	Central Plains water enhancement study (40 Christchurch City Council, 40 Selwyn District Council) note this extends the already budgeted 150/150.	40	2000/01
(d)	Asset Management benchmarking study by Meritec	25	"
(e)	additional 8,000 recycling crates for expanded kerbside collection	45	2001/02
	<b>Total</b>	<b>\$630</b>	

- Notes
- This will leave as unallocated surplus, a sum of \$0.795m (i.e. \$1.425m - \$0.630). This should be regarded as an indicative sum as it is too early to predict precisely.
  - Some of the above items will need to be carried forward and expended in the next (2001/02) year.

(b) **Capital:** Approval is requested for a re-allocation of the following capital sums.

	01/02	02/03	03/04	04/05	05/06
<b>Asset Improvements Reticulation</b>					
No 11 Pressure Main Upgrading	-715,000	715,000			
No 20 Pump Station Upgrade	387,000	-387,000			
<b>Asset Improvements CWTP</b>					
Shoreline Diffuser		700,000	-700,000		
Pond Baffles Wetlands		1,600,000			-1,600,000
Cover Primary Tanks				-1,500,000	1,500,000
Replace Biosolids Lagoons			-900,000	900,000	
<b>Annual Difference</b>	<b>-328,000</b>	<b>2,628,000</b>	<b>- 1,600,000</b>	<b>-600,000</b>	<b>-100,000</b>
<b>Cumulative Difference</b>	<b>-328,000</b>	<b>2,300,000</b>	<b>700,000</b>	<b>100,000</b>	<b>0</b>

#### SUMMARY

City Water & Waste operations and capital budgets are predicted to be underspent at the end of the 12 month period (i.e. to 30 June 2001). Approval is requested to spend part of this operating surplus on some additional items. In addition, the re-allocation of expenditure is requested for some capital items.

The City Services Committee decided that it be recommended to the Strategy and Resources Committee:

1. That the 12 month predicted surplus operational expenditure be noted and approval be given for expenditure on some additional items as listed in paragraph (a) above.
2. That the 12 month predicted capital expenditure and carry over results be noted and that a re-allocation of expenditure on the items listed in paragraph (b) above be approved.

The Committee supported the above recommendation subject to:

1. Clarification of the consequential capital and operational savings in future years.
2. Confirmation that the proposed changes are consistent with the Council's resolution of 23 March on expenditure controls.
3. A more detailed report being brought to the Council.

The report referred to in 3. above has been separately circulated to Councillors.