

<b>Officer responsible</b> City Streets Manager	<b>Author</b> Ken Stevenson
Corporate Plan Output: City Streets Unit Corporate Budget	

The purpose of this report is to present the three month (July to September) monitoring report to the Committee.

### INTRODUCTION

The detailed information in this report is presented in three parts:

1. General Overview
2. Operational Budget
3. Capital Budget

Financial information is provided, both from the monthly cost reports listing gross, revenue and net information on an output basis (Attachment A), and also in summary form for the projected end of year position (Attachment C).

Service delivery information is summarised by output, with exceptions, financial variations (exceeding 10%), and end of year projections reported (Attachment B).

### GENERAL OVERVIEW

Overall the Unit's financial position is sound with a projected small over expenditure of \$78,069 (0.2%) in the operational budget and under expenditure of \$688,000 (2%) in the capital budget. Reasons for this are outlined below.

### OPERATIONAL BUDGET

#### Roading System Maintenance

Overall it is projected that the maintenance budget will be \$109,000 (1.0%) over budget at the end of the year. This is mainly due to the increase in the price of electricity for streetlighting. A new contract was let at the beginning of the financial year.

Another factor is the effect the wet weather in July and August has had on the flood damage budget and the sumps and blocks budget. A high proportion of these budgets was spent in July and August and so an additional allowance has to be made for the rest of the year.

In the previous two years a number of works were tendered as required to meet Transfund requirements and this produced significant savings. These savings offset over-expenditure in other areas and resulted in an overall under-expenditure in the maintenance output. All Transfund subsidised works have now been tendered and so the additional savings obtained in the last two years will not continue this year. This will mean that any expenditure that is higher than planned, such as due to wet weather, or for items not provided for, will not be able to be offset by savings in tendering and will result in over expenditure.

## **Underground Wiring**

Very competitive prices are being obtained for this work and it is expected that the end of year result will be at least \$85,500 under budget.

## **Planning**

The projected \$69,000 over-expenditure in this output is largely due to:

- Committed payments to Transit NZ for joint funding of work undertaken in the 1998/99 financial year on the Southern Arterial and the Opawa Road Studies (\$15,000 and \$18,000);
- City Streets contribution to the professional services for the Estuary Green Edge project (\$20,000) – additional project;
- Traffic calming alternatives research study (\$40,000) – additional project;
- Allowance for emergency management planning (\$20,000) - not carried forward from last year.

Some of this unforeseen expenditure will be off-set against under-expenditure on various other items in the Planning Output, including an amount of \$15,000 from the Cycle Planning Officer who is yet to be appointed.

## **Other Operational Outputs**

Additional revenue of \$15,000 over that budgeted is expected from the advertising shelters.

There are no other exceptions or variations to report.

## **CAPITAL BUDGET**

### **General**

As noted above the projected end of year result is \$688,000 (2%) below budget based on comparisons between budget and projected final cost of projects, irrespective of year of completion. Attachment B page 3 details how this is made up across the various output classes.

The City Streets budget consists of a large number of individual projects and it is managed on an unders and overs basis within the overall budget. The under-expenditure amount quoted above is managed as a contingency sum and is only used after careful consideration of alternatives when individual project estimates exceed their budgets. Also, as all of the capital work is tendered this sum is a useful buffer to protect against upward movement in market prices. The 2% 'contingency' is the minimum desirable level considering the number of projects and their complexity.

Generally competitive contract prices are still being obtained for most work but it is expected that some upward movement will occur, as the low prices of recent times cannot be sustained. Also as the economy improves and more work becomes available the strong competitive pressures may ease.

### **Footpath Resurfacing – Battens**

At the June meeting of the City Services Committee a new policy for the installation of battens when resurfacing footpaths was adopted. The policy applied to streets with kerb and flat channel only and the implementation depended on available budget provision. The work completed to date has been done in accordance with the new policy and so far this has been able to be done within the current budget provision. At this stage we are unsure whether this will continue, as there are a number of variables affecting the amount and type of battening required. In a number of cases the existing batten is still sound and, due to the footpath having settled over time, the existing batten is still adequate. Also when the existing batten is sound a 15mm strip can be nailed to it. This is much cheaper than replacing the entire batten. The proportion of kerb and flat channel streets compared with kerb and dish channel streets also determines the amount of battening.

We will continue to monitor the situation and, as more information is obtained, decide if additional budget is required on an ongoing basis to fund this new policy.

### **Chairman's**

**Recommendation:** That the report be received and the monitoring information noted.