

STAFF REPORT

To: Chairman & Members, Engineering Services Committee

From: Jeff Cuthbertson

Reference:

Date: 28 February 2005

Subject: **Water, Wastewater, Stormwater and Refuse Budget 2005/2006**

Purpose

The purpose of this report is to provide information to the Engineering Services Committee on the proposed variances to budgets in 2005/2006 from that of the LTCCP.

Comment

Where proposed variances between the 2005/2006 Annual Plan and the 2005/2006 LTCCP occur, comments and further information is provided as follows:

Wastewater

Budget variances have occurred due to:

Operational Costs

- a) proposed increased operational costs associated with:
 - Asset management, LTCCP/Strategic Planning
 - Continuation of data capturing and sewerage modelling programme work
 - Consultant fees
 - Resource consent monitoring
 - Funding of pre-amalgamation loans

The overall proposed increase in operational costs is \$234,658

Capital Costs

- b) proposed increased capital costs are associated with:
 - Richmond trunk sewer main
 - Takaka wastewater treatment plan upgrading
 - Murchison wastewater treatment plan upgrading

The overall proposed increase in capital cost is \$2,584,993.

All projects relating to the Coastal Tasman Development have been reduced and/or defined.

It should be noted that the Engineering Services Committee has been previously presented reports on the increased capital expenditure associated with the Richmond trunk main and the Murchison wastewater treatment plant upgrading.

Water

(A) Operational Costs

1 Urban Water

There is proposed to be an increase in urban water supplies operational costs associated with:

- General maintenance (increased breakages)
- Water rates
- Continuing the Roding water supply purchase
- Continuing with data capture and water modelling

The overall proposed increase in urban operational costs is \$77,758

2 Takaka Operational Cost

There is a proposed increase of \$100.

3 Motueka

Proposed increased costs associated with the Motueka water supply:

- Increased electricity costs
- Administration/overheads

The overall proposed increase in the Motueka operating cost is \$13,012.

4 88 Valley

Proposed increased costs associated with the 88 Valley water scheme are:

- Increased electricity costs
- Asset Management/Strategic Management & LTCCP planning (some of this funding will be used to capture data and confirm existing knowledge)

The overall proposed increase in the 88 Valley operational cost is \$7,084.

5 Dovedale

Proposed increased costs associated with the Dovedale water scheme are:

- Asset Management/Strategic Management & LTCCP planning (some of this funding will be used to capture data and confirm existing knowledge)

The overall proposed increase in the Dovedale operational cost is \$12,809.

6 Redwood Valley

Proposed increased costs associated with Redwood water supply scheme are:

- Increased electricity costs
- Asset Management/Strategic Management & LTCCP planning (some of this funding will be used to capture data and confirm existing knowledge)

The overall proposed increase in the Redwood Valley operational cost is \$10,621.

7 Hamama

Increased costs associated with the Hamama water scheme have not yet been qualified and will be subject to the replacement/upgrading of the 3000 metres of 100 mm diameter water supply.

8 Wai-iti Dam

Included in this budget is the operational costs of the Wai-iti Dam previously not included in reports.

B) Capital Costs

There have been several small changes proposed in capital projects, such as the Coastal Tasman project which together amount to \$75,663.

A detailed breakdown of these proposed changes is to be provided.

Stormwater

a) Operational Costs

1) Richmond

Proposed increased costs associated with the Richmond stormwater operational costs are related to:

- increased maintenance of reticulation, waterways etc
- stormwater catchment modelling

The overall proposed increase in operational costs are \$29,215.

2) Motueka

Proposed increased costs associated with the Motueka stormwater operational costs are related to:

- Increased electricity costs
- data capture and stormwater modelling

The overall proposed increase in operational costs are \$13,971.

3) Mapua/Ruby Bay, Brightwater, Wakefield, Takaka, Murchison

Proposed increased costs associated with the above stormwater system all generally relate to maintenance costs.

The total proposed increase to these five systems is \$8,591.

4) General District

Proposed increased costs associated with the general district operational costs relate to:

- administration/overhead allocations
- consultants

The overall proposed increase in operational costs are \$13,639.

b) Capital Costs

The proposed increased capital costs associated with stormwater are generally associated with Richmond stormwater and in particular, Borck's Creek/Headingly Lane.

The proposed increased capital cost is \$900,980.

Refuse Budget 2005/2006 - Changes from Year 2 of LTCCP / Exception Report

Overview

Generally little has changed from the 10 year LTCCP written in 2004. The most significant changes to the budget are the effect of dropping waste volumes of income from fees and that Contract 613 (Streetsmart Ltd) costs are now known, where these were estimates at the time of writing the LTCCP. Contract costs for Contract 622 for greenwaste management are now also known.

Refuse Volumes

The recent changes to the Solid Waste management and the introduction of increased charges in December 2004 have resulted in a drop in refuse being disposed of at Eves Valley Landfill. In the LTCCP the year two estimation of waste to

Eves Valley after implementation of the year one waste minimisation plans was 23,571 tonnes. We now estimate that this volume is more likely to be closer to 20,000 tonnes. This has the effect of reducing the estimated fee income to the refuse budget.

Kerbside recycling area extension

The extension of the kerbside recycling collection to cover the remaining areas currently on the refuse route has been approved by Council. The targeted rating area will be extended for rating to begin on 1 July 2005. Costs of the extended service are already covered under contract 613 and these will be adequately met by introducing the targeted rate at the current price of \$40 (incl GST) per property per year.

Main Contracts in the Refuse budget

Most of the refuse budget is made up of fixed operating costs which are for operation of the contracts and activities below.

Contract 613

- The provision of a domestic refuse collection, recycling collection (both kerbside and from recycling stations) and the operation of the Resource Recovery Centres (previously transfer stations)

Contract 611

- Landfill operation and transport of waste to landfill

Contract 622

- Greenwaste management services for Richmond, and at Mariri, Takaka and Collingwood RRCs.

Zero Waste, Waste Education and Waste Exchange activities.

The 2005/2006 budget has been updated from year 2 of the LTCCP budget to incorporate the new contract costs of Contract 613 and Contract 622.

Fees and Charges

All refuse fees and charges will be held at current levels for the 2005/2006 financial year.

The kerbside recycling rate which is currently \$40 incl GST will be held at this rate for the inclusion of the extended recycling collection area and for the current rating area.

Detailed spreadsheets will be provided at the meeting.

Summary

Wastewater

The present pan charge as set in the 2004/2005 LTCCP is \$320 (including GST).

The proposed changes in wastewater as detailed will result in an increased pan charge of \$375 (including GST).

Category	2005/2006	2004/2005
	\$	\$
First water closet or urinal	375	320
Second to tenth water closet or urinal	281	240
Eleventh and subsequent water closet or urinal	188	160

All other charges relating to wastewater remain unchanged from those set out in the LTCCP.

Water

Urban Water Connections

Urban consumers pay two fees for water.

These are the daily charges and the volume used charge (m³).

The charges as set out in the 2004/2005 LTCCP are:

Daily charge	15c (including GST)
Volume charge	55c/m ³
Industry charge	30.4c/m ³

The proposed charges in the water budget as detailed will result in the following proposed new water billing charges:

Daily charge	20c (including GST)
Volume charge	55c/m ³
Industry charge	31.9c/m ³

Rural Water

The proposed charges for the rural water schemes are as follows:

Category	2005/2006	2004/2005
	\$	\$
Dovedale/Neudorf Rural Water Supply Area:		
First unit supplied	415	415
Second and subsequent units supplied	290	290
Redwood Valley Rural Water Supply Area	270	270
Eighty Eight Valley Rural Water Supply Area	52	52
Low Flow restricted supply connections	115	115

The Hamama water rate has not as yet been assessed until the proposed project has been approved.

All other charges relating to water remain unchanged for those set out in the LTCCP.

Stormwater

There are two charges throughout the district for stormwater, these being the urban stormwater charge and the general district stormwater charge.

The proposed fees and charges are:

Category	2005/2006 \$	2004/2005 \$
a) Richmond/Hope Urban Drainage Area	0.0567	0.0545
b) Motueka Urban Drainage Area	0.0567	0.0545
c) Mapua/Ruby Bay Urban Drainage Area	0.0567	0.0545
d) Brightwater Urban Drainage Area	0.0567	0.0545
e) Wakefield Urban Drainage Area	0.0567	0.0545
f) Takaka Urban Drainage Area	0.0567	0.0545
g) Murchison Urban Drainage Area	0.0567	0.0545
h) Collingwood Urban Drainage Area	0.0567	0.0545
i) Kaiteriteri urban Drainage Area	0.0567	0.0545
j) St Arnaud Urban Drainage Area	0.0567	0.0545
k) Balance of the Tasman District not in areas a) to g)	0.0055	0.0053
l) Infrastructural Utilities	0.0000	0.0000

Refuse

All fees and charges set in the LTCCP will remain unchanged.

Recommendation:

That the proposed revised budget for submission into the draft 2005/2006 Annual Plan be received.

Jeff Cuthbertson
Utilities Manager