



PALMERSTON NORTH CITY COUNCIL

AGENDA

FINANCE AND PERFORMANCE

COMMITTEE

9AM, MONDAY 23 APRIL 2018

COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH



MEMBERSHIP

Susan Baty (Chairperson)

Jim Jefferies (Deputy Chairperson)

Grant Smith (The Mayor)

Adrian Broad

Gabrielle Bundy-Cooke

Vaughan Dennison

Lew Findlay QSM

Leonie Hapeta

Lorna Johnson

Karen Naylor

Bruno Petrenas

Agenda items, if not attached, can be viewed at:

pncc.govt.nz | Civic Administration Building, 32 The Square

City Library | Ashhurst Community Library | Linton Library

Heather Shotter

Chief Executive, Palmerston North City Council

Palmerston North City Council

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Private Bag 11034, 32 The Square, Palmerston North



FINANCE AND PERFORMANCE COMMITTEE MEETING

23 April 2018

ORDER OF BUSINESS

1. Apologies

2. Notification of Additional Items

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson's explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

3. Declarations in Interest (if any)

Members are reminded of their duty to give a general notice of any interest in items to be considered on this agenda and the need to declare these interests.

4. Public Comment

To receive comments from members of the public on matters specified on this Agenda or, if time permits, on other Committee matters.

(NOTE: If the Committee wishes to consider or discuss any issue raised that is not specified on the Agenda, other than to receive the comment made or refer it to the Chief Executive, then a resolution will need to be made in accordance with clause 2 above.)

- 5. Confirmation of Minutes** Page 7

“That the minutes of the Finance and Performance Committee meeting of 19 March 2018 Part I Public be confirmed as a true and correct record.”
- 6. Central Energy Trust Wildbase Recovery - Solar electricity generation options** Page 15

Report, dated 27 March 2018 from the Senior Property & Parks Planner, Aaron Phillips.
- 7. Alternate Access to Turitea Forest and Water Treatment Plant** Page 55

Memorandum, dated 29 March 2018 from the Water & Waste Services Manager, Robert van Bentum and the Water Asset Engineer, Dora Luo.
- 8. The Options for the City Water Supply Associated with Gordon Kear Forest** Page 65

Memorandum, dated 21 March 2018 from the Water & Waste Services Manager, Robert van Bentum and the Water Asset Engineer, Dora Luo.
- 9. Report on Proposal for 6 Month Trial of Free E-Waste Drop-off Service** Page 75

Memorandum, dated 26 March 2018 from the Water & Waste Services Manager, Robert van Bentum and the Rubbish and Recycling Engineer, Natasha Hickmott.
- 10. Fees and Charges 2018 - Further activities** Page 83

Memorandum, dated 9 April 2018 from the Strategy Manager Finance, Steve Paterson.
- 11. Treasury Report for 9 months ended 31 March 2018** Page 95

Memorandum, dated 6 April 2018 from the Strategy Manager Finance, Steve Paterson.

12. Quarterly Performance and Financial Report - Quarter Ending 31 March 2018 Page 105

Memorandum, dated 13 April 2018 from the Financial Accountant, Keith Allan and the Head of Community Planning, Andrew Boyle.

13. Work Schedule - April 2018 Page 195

14. Exclusion of Public

To be moved:

“That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
15.	Minutes of the Finance and Performance Committee meeting - Part II Confidential - 19 March 2018	For the reasons setout in the Finance and Performance Committee minutes of 19 March 2018, held in public present.	
16.	Artificial Football Pitch Funding Costs	Negotiations	s7(2)(i)
17.	Purchasing Property to Partner with a Housing Provider - Follow-up Report	Commercial Activities	s7(2)(h)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings

of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

Chief Executive (Heather Shotter), Chief Financial Officer (Grant Elliott), General Manager, City Enterprises (Ray McIndoe), General Manager, City Future (Sheryl Bryant), General Manager, City Networks (Ray Swadel), General Manager, Customer Services (Peter Eathorne), General Manager, Libraries and Community Services (Debbie Duncan), Human Resources Manager (Wayne Wilson) and Communications and Marketing Manager (or their representative (name)) because of their knowledge and ability to provide the meeting with advice on matters both from an organisation-wide context (being members of the Council's Management Team) and also from their specific role within the Council.

Legal Counsel (John Annabell), because of his knowledge and ability to provide the meeting with legal and procedural advice.

Governance and Support Team Leader (Kyle Whitfield) and Committee Administrators (Penny Odell, Carly Chang and Rachel Corser), because of their knowledge and ability to provide the meeting with procedural advice and record the proceedings of the meeting.

Senior Property & Parks Planner (Aaron Phillips), Policy Analyst (Ann-Marie Mori), Parks and Property Manager (John Brenkley), Strategy and Policy Manager (Julie Macdonald), Financial Accountant (Keith Allan), Property Officer (Bryce Hosking), Head of Planning Services (Simon Mori) because of their knowledge and ability to assist the meeting in speaking to their report and answering questions, noting that such officer will be present at the meeting only for the item that relate to their respective report.

PALMERSTON NORTH CITY COUNCIL

Minutes of the Finance and Performance Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 19 March 2018, commencing at 9.00am

Members Present: Councillor Susan Baty (in the Chair), The Mayor (Grant Smith) and Councillors Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Karen Naylor and Bruno Petrenas.

Non Members: Councillors Brent Barrett, Rachel Bowen, Duncan McCann, Aleisha Rutherford and Tangi Utikere.

Councillor Rachel Bowen left the meeting at 9.55am at the conclusion of clause 12. She entered the meeting again at 10.29am during consideration of clause 14. She was not present for clause 13.

The Mayor (Grant Smith) left the meeting at 10.20am during consideration of clause 14. He entered the meeting again at 10.54am during consideration of clause 15. He was not present for clause 14.

Councillor Duncan McCann left the meeting at 11.41am during the consideration of clause 15.2. He entered the meeting again at 11.43am during consideration of clause 15.3. He was not present for clause 15.2.

8-18 Late Item - Fees and Charges Review

Moved Susan Baty, seconded Grant Smith.

The COMMITTEE RESOLVED

1. That subject to Section 46A(7) of the Local Government Official Information and Meetings Act 1987 and in accordance with the advice by the Chairperson the following item be considered as an urgent item:
 - (i) Report, dated 15 March 2018 and entitled "Fees and Charges Review" from the Strategy Manger Finance, Steve Paterson.

As the item was not available at the time of the Agenda was circulated; and consideration of the item was a matter of urgency, requiring a decision without delay to enable the Council to manage relationships, meet deadlines, finalise decisions and receive information within agreed timeframes.

Clause 8-18 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian

Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

9-18 Confirmation of Minutes

Moved Lorna Johnson, seconded Gabrielle Bundy-Cooke.

The **COMMITTEE RESOLVED**

1. That the minutes of the Finance and Performance Committee meeting of 19 February 2018 Part I Public be confirmed as a true and correct record.

Clause 9-18 above was carried 15 votes to 0, with 1 abstention, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Abstained:

Councillor Duncan McCann.

10-18 Palmerston North Airport Ltd - Interim Report for 6 months to 31 December 2017

Memorandum, dated 9 March 2018 from the Strategy Manager Finance, Steve Paterson.

Moved Lorna Johnson, seconded Aleisha Rutherford.

The **COMMITTEE RECOMMENDS**

1. That the Interim Report and Financial Statements of Palmerston North Airport Ltd for the period ended 31 December 2017 be received.

Clause 10-18 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

11-18 Palmerston North Airport Ltd - Draft Statement of Intent for 2018/19

Memorandum, dated 2 March 2018 from the Strategy Manager Finance, Steve Paterson.

Moved Leonie Hapeta, seconded Tangi Utikere.

The **COMMITTEE RECOMMENDS**

1. That the Palmerston North Airport Ltd draft Statement of Intent for 2018/19 be received and its assumptions endorsed apart from the performance measure for targeted net worth which it be recommended to the Company be increased to \$50 million.

Clause 11-18 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

12-18 Central Energy Trust Wildbase Recovery Update and Cost to Complete
Report, dated 22 February 2018 from the Senior Property & Parks Planner, Aaron Phillips.

During discussion Elected Members noted that the required funds had reduced due to additional funding being received after the presentation of the report.

Moved Leonie Hapeta, seconded Lorna Johnson.

The **COMMITTEE RECOMMENDS**

1. That Council note progress on the construction of Central Energy Trust Wildbase Recovery facility in the Victoria Esplanade.
2. That Council approve additional borrowing to fund up to \$525,000 to complete construction to tendered specification for Central Energy Trust Wildbase Recovery.

Clause 12-18 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Councillor Rachel Bowen left the meeting at 9.55am

13-18 Water and Waste Capital New and Renewal 2017-18 Programme Adjustments
Memorandum, dated 9 March 2018 from the Water & Waste Services Manager, Robert van Bentum.

Moved Susan Baty, seconded Karen Naylor.

The **COMMITTEE RECOMMENDS**

1. That the budget for the 2017/18 Water Capital New "Programme 593 – Water Safety and Security Mitigation" be revised from \$170,000 to \$407,000 by approval of additional unbudgeted funding of \$237,000.
2. That the budget for the 2017/18 Wastewater Capital New "Programme 630 – City Wide - Seismic Strengthening to Wastewater Structures" be revised from \$100,000 to \$200,000 by approval of additional unbudgeted funding of \$100,000.
3. That a new 2017/18 Rubbish and Recycling Capital New Programme

called “Materials Recovery Facility – Air Quality Improvements” with a budget of \$50,000 be created by approval of unbudgeted funding of \$50,000.

4. That the budget for the 2017/18 Wastewater Capital Renewal “Programme 621 - Digester Lid Refurbishment” be revised from \$500,000 to \$555,000 by approval of additional unbudgeted funding of \$55,000.
5. That the budget for the 2017/18 Wastewater Capital Renewal Programme “1056 – Totara Rd Replacement of Inlet Screens be revised from \$1,300,000 to \$1,400,000 by approval of additional unbudgeted funding of \$100,000.

Clause 13-18 above was carried 14 votes to 0, with 1 abstention, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Abstained:

Councillor Leonie Hapeta.

14-18

Process for Reallocating and Prioritisation of Underspending on Programmes

Memorandum, dated 5 March 2018 from the Chief Financial Officer, Grant Elliott.

The Mayor (Grant Smith) left the meeting at 10.20am

Councillor Rachel Bowen entered the meeting again at 10.29am

Moved Susan Baty, seconded Vaughan Dennison.

The COMMITTEE RESOLVED

1. That the Committee receive the report entitled “Process for Reallocating and Prioritisation of Underspending on Programmes”.

Clause 14-18 above was carried 14 votes to 1, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Against:

Councillor Rachel Bowen.

15-18

Fees and Charges Review

Report, dated 15 March 2018 from the Strategy Manager Finance, Steve Paterson.

The Mayor (Grant Smith) entered the meeting again at 10.54am

Meeting adjourned at 11.09am

Meeting resumed at 11.25am

During discussion the Committee talked about the fees and charges relating to

e-waste. They requested that a financial report be brought back to the committee.

Moved Brent Barrett, seconded Aleisha Rutherford.

The **COMMITTEE RECOMMENDS**

1. That fees for household e-waste in categories of 'TV and Electronics', 'Consumer Electronics', and 'Other' excluding photocopiers, be set to \$0 on a trial basis, for a 6 month period in FY19. Subject to a financial analysis report being brought back to Finance and Performance April 2018.

Clause 15.1 above was carried 13 votes to 3, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Duncan McCann, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Against:

Councillors Vaughan Dennison, Lorna Johnson and Karen Naylor.

Moved Tangi Utikere, seconded Lorna Johnson.

Burial & Cremation

2. That the fees and charges for Burial and Cremation, be increased by 3%, be adopted and following public notification take effect from 1 July 2018.

Councillor Duncan McCann left the meeting at 11.41am.

Clause 15.2 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Moved Tangi Utikere, seconded Lorna Johnson.

Councillor Duncan McCann entered the meeting again at 11.43am.

Burial & Cremation

3. That the application of "Out of District surcharge" Chapel and Cremation services be reviewed and reported back to the April Finance and Performance Committee meeting.

Clause 15.3 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Moved Vaughan Dennison, seconded Lorna Johnson

Event Recycling Fees

4. That the fees and charges for event recycling as proposed in Appendix

8 be adopted and take effect immediately.

Clause 15.4 above was carried 15 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

Note:

Councillor McCann declared a conflict of interest and withdrew from discussion and voting on clause 15.4.

Moved Vaughan Dennison, seconded Lorna Johnson

5. That the report be received and the current status of fees and charges be noted.

Planning & Miscellaneous

6. That the Statement of Proposal (and the associated summary) to adopt updated fees and charges for Planning Services and Miscellaneous Services effective from 1 July 2018 as attached in Appendix 2, be approved for public consultation and the Chief Executive be authorised to undertake the necessary consultative process under sections 83 and 150 of the Local Government Act 2002.

Building

7. That the fees and charges for Building Services, as proposed in Appendix 3 be adopted and following public notification take effect from 9 April 2018.

Environmental Health

8. That the fees and charges for Environmental Health Services (in terms of regulation 7 of the Health (Registration of Premises) Regulations 1966 and regulation 83 of the Food Hygiene Regulations 1974) as proposed in Appendix 4, be adopted and following public notification, take effect from 1 July 2018.

Animal Control

9. That the fees and charges for the Impounding of Animals (in terms of section 14 of the Impounding Act 1955) and for Dog Registration and Dog Impounding (in terms of section 37 of the Dog Control Act 1996) as proposed in Appendix 5 be adopted, and once following public notification, take effect from 1 July 2018.

Service Connections

10. That the fees and charges for Service Connections, as proposed in Appendix 7 be adopted and take effect from 1 July 2018.

E-Waste Charges

11. That the fees and charges for e-waste disposal as proposed in Appendix 8 be adopted and take effect from 1 July 2018.

Clauses 15.5 to 15.11 inclusive were carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

16-18 Committee Work Schedule - March 2018

Moved Susan Baty, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the Finance and Performance Committee receive its Work Schedule dated March 2018.

Clause 16-18 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

EXCLUSION OF PUBLIC

17-18 Recommendation to Exclude Public

Moved Susan Baty, seconded Duncan McCann.

The **COMMITTEE RESOLVED**

“That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution
12.	Purchase of Land to Extend Walkways Network	Third Party Commercial and Commercial Activities	s7(2)(b)(ii) and s7(2)(h)
13.	Purchasing Property to Partner with a Housing Provider	Commercial Activities	s7(2)(h)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings

of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

Chief Executive (Heather Shotter), Chief Financial Officer (Grant Elliott), General Manager, City Enterprises (Ray McIndoe), General Manager, City Future (Sheryl Bryant), General Manager, City Networks (Ray Swadel), General Manager, Customer Services (Peter Eathorne), General Manager, Libraries and Community Services (Debbie Duncan), Human Resources Manager (Wayne Wilson) because of their knowledge and ability to provide the meeting with advice on matters both from an organisation-wide context (being members of the Council's Management Team) and also from their specific role within the Council.

Legal Counsel (John Annabell), because of his knowledge and ability to provide the meeting with legal and procedural advice.

Governance and Support Team Leader (Kyle Whitfield) and Committee Administrators (Penny Odell, Carly Chang and Rachel Corser), because of their knowledge and ability to provide the meeting with procedural advice and record the proceedings of the meeting.

Property Officer (Bryce Hosking), Parks and Property General Manger (John Brenkley and Senior Communications Advisor (Sandra Crosbie) because of their knowledge and ability to assist the meeting in speaking to their report and answering questions, noting that such officer will be present at the meeting only for the item that relate to their respective report.

Clause 17-18 above was carried 16 votes to 0, the voting being as follows:

For:

The Mayor (Grant Smith) and Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas, Aleisha Rutherford and Tangi Utikere.

The public part of the meeting finished at 11.52am

Confirmed 23 April 2018

Chairperson

REPORT

TO: Finance and Performance Committee

MEETING DATE: 23 April 2018

TITLE: Central Energy Trust Wildbase Recovery - Solar electricity generation options

DATE: 27 March 2018

AUTHOR/S: Aaron Phillips, Senior Property & Parks Planner, City Networks

RECOMMENDATION(S) TO COUNCIL

1. That Council adopt the option of installing a “15 kW 20° N tilt array system” of solar panels (Option 1) to the Central Energy Trust Wildbase Recovery Centre.
2. That Council approve an unbudgeted capital programme of \$32,000 to specify, supply and install solar panels (Option1) to the Central Energy Trust Wildbase Recovery Centre, to be funded from additional borrowings.

SUMMARY OF OPTIONS ANALYSIS FOR

Problem or Opportunity	
OPTION 1:	Provide \$30,000 worth of solar panels
Community Views	Community views have not been sought on this proposal.
Benefits	Provides for approximately 5% of the facilities power requirements.
Risks	Generation does not reach estimated values.
Financial	\$30,000 is added to Council borrowings.
OPTION 2:	Provide \$103,000 worth of solar panels
Community Views	Community views have not been sought on this proposal.
Benefits	Provides approximately 18% of the facilities power requirements
Risks	Generation does not reach estimated values.
Financial	\$103,000 is added to Council borrowings.
OPTION 3:	Provide budget in-between options 1 and 2 at an amount determined by Council.
Community Views	Community views have not been sought on this proposal.
Benefits	Provides for between 5% and 18% of the facilities power requirements depending on the amount settled on.
Risks	Generation does not reach estimated values.
Financial	Between \$30,000 and \$103,000 is added to Council borrowings.
Contribution of Recommended Option to Council's Strategic Direction	Sustainability Strategy 2010 includes the Sub-driver "Increase local green energy production for local use" under the driver "Sustainable energy use at Home and Work".

RATIONALE FOR THE RECOMMENDATIONS

1. OVERVIEW OF THE PROBLEM OR OPPORTUNITY

- 1.1 Officers had suggested the removal of the provision of solar panels at Central Energy Trust Wildbase Recovery Centre as an optional item to keep the construction cost as close to budget as possible. Councillors determined removing the solar panels was unacceptable.
- 1.2 This report provides an independent assessment by ITP Renewables Consultancy of the options for provision of a solar array ranging from a minimum \$30,000 array through to a whole of roof option costing an estimated \$103,000 (refer Appendix A).

2. BACKGROUND AND PREVIOUS COUNCIL DECISIONS

- 2.1 Resolution 40-17 Award of tender for Central Energy Trust Wildbase Recovery

2. "That \$30,000 be added for solar electric panels in the project and that the Chief Executive be instructed to investigate further funding and report back on the project of solar electric panels."
- 2.2 In October 2017 officers reported back on the proposals received for installing panels from two companies. The proposals contained conflicting advice and raised concerns about the reliability of assumptions and estimates.
- 2.3 During discussion, Elected Members asked that a full transparent public tender process be conducted and that a business case comes back to the Finance and Performance Committee.
- 2.4 Resolution 85-17

"That Council reaffirm its commitment to solar array on the roof of the Powerco Education Centre building at the Central Energy Trust Wildbase Recovery facility."

3. DESCRIPTION OF OPTIONS

- 3.1 Option One: Provide \$30,000 worth of solar panels
- 3.2 Option Two: Provide \$103,000 worth of solar panels
- 3.3 Option Three: Provide budget in-between options 1 and 2 at an amount determined by Council.

4. ANALYSIS OF OPTIONS

- 4.1 None of the options have been included in the total cost budgets presented to Council since the award of the tender for the Central Energy Trust Wildbase

Recovery Centre project. When Council approves an option the final scale of the solar array will be known from which a separate budget for this work can be established.

4.2 Option One: Provide \$30,000 worth of solar panels

The independent assessment (Appendix A) concludes:

“The financial analysis shows that under the current project budget of ~\$30,000 PNCC should install a ~15 kWp North facing, 20° tilt PV array with polycrystalline panels and string inverters. Under the load profile assumed for modelling here, a system in this configuration would contribute around 5% of the sites annual energy requirements. Although this system will only offset a small amount of the sites annual energy consumption, all of the energy will be directly consumed by the facility which will provide maximum returns on the investment. This is the preferred and recommended option.”

Return on investment estimated at:

Results – 15 kW 20 degree PV array	Value
Simple payback	7 years
Internal rate of return	13%
Net present value	\$24,903
Levelised cost of electricity	\$0.194

4.3 Option Two: Provide \$103,000 worth of solar panels

The independent assessment (Appendix A) concludes:

“Installing PV across the whole useable roof area will increase annual energy production of the system accounting for around 18% of the modelled annual loads; However, as panels will need to be oriented due West at a 3° tilt, in alignment with the roof, the IRR is reduced and the LCOE higher when compared to a North facing array. A ~50 kW PV array could be installed in this configuration at a capital cost of around \$103,000.”

Return on investment is estimated at:

Results – 50 kW 3 degree PV array	Value
Simple payback	7.7 years

Internal rate of return	11.4%
Net present value	\$67,926
Levelised cost of electricity	\$0.206

4.4 Option Three: Provide budget in-between options 1 and 2 at an amount determined by Council.

Council could choose to allocate a budget between the full roof array and the minimum previously determined minimum level expected. The outputs, costs and benefits would be somewhere between Options One and Two.

5. OTHER

5.1 The independent report advises:

“For a project of this scale, an open tender procurement process is not recommended owing to the administrative overheads involved. Acquiring three quotes from experienced and reputable installers is more appropriate for the project budget. System specifications for quoting purposes should be prepared by an independent renewable energy consultant to ensure that the system supplier doesn’t have undue influence over the system configuration.

Once all the relevant approvals have been received, and an installer is contracted, a system of this size should take less than a week to install and commission.”

In addition to the construction budget an allowance for the system specification development would need to be made, estimated to cost \$2,000.00.

5.2 The Project Investment Coordinator has sought further funding opportunities and advises that the Sargood Trust has recently confirmed funding of \$25,000 a year for three years towards the operational costs of CET Wildbase Recovery, as well as an additional \$10,000 towards the build cost. Unfortunately other funders have not been prepared to commit to these works including the Energy Efficiency and Conservation Authority (EECA).

6. CONCLUSION

6.1 An independent assessment has completed covering expected generation and cost. The associated cost-benefit analysis shows Option 1 to be the preferred option meeting 5% of the total energy requirement for CET Wildbase Recovery.

7. NEXT ACTIONS

7.1 Complete a system specification.

7.2 Seek three quotes.

7.3 Award and carry out the installation.


8. OUTLINE OF COMMUNITY ENGAGEMENT PROCESS

8.1 No community engagement is proposed for this work.

COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual	No
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No

ATTACHMENTS

1. Independant solar assessment  

Aaron Phillips
Senior Property & Parks
Planner



PALMERSTON NORTH WILDBASE RECOVERY CENTRE PV BUSINESS CASE

Palmerston North City Council

February 2018





About IT Power

The IT Power Group, formed in 1981, is a specialist renewable energy, energy efficiency and carbon markets consulting company. The group has offices and projects throughout the world.

IT Power (Australia) was established in 2003 and has undertaken a wide range of projects, including designing grid-connected renewable power systems, providing advice for government policy, feasibility studies for large, off-grid power systems, developing micro-finance models for community-owned power systems in developing countries and modelling large-scale power systems for industrial use.

The staff at IT Power (Australia) have backgrounds in renewable energy and energy efficiency, research, development and implementation, managing and reviewing government incentive programs, high level policy analysis and research, including carbon markets, engineering design and project management.

About this report

This report was commissioned by Palmerston North City Council to investigate the feasibility of installing solar PV on the roof of the Palmerston North Wildbase Recovery Centre.



Report Control Record

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1. PROJECT BACKGROUND

Palmerston North City Council are looking at options for installing solar PV on the roof of the new Wildbase Recovery Centre to reduce the net electricity consumption of the building and in turn reduce the operating costs of the building. This report identifies and analyses PV system configurations which maximise savings within the ~\$30,000 construction budget allocated to this project by the Council. The report also identifies and analyses the largest PV system that could be installed on the roof, and the largest system that can be installed given the project budget.



2. SITE ASSESSMENT

The Palmerston North City Council Wildbase Recovery Centre is to be located at the esplanade in Palmerston North. The Wildbase Recovery Centre is a single-story building, currently under construction and is to serve as an aviary. There is a large outdoor netted/caged area to be located adjacent to the building as well as predator fencing. This netting/fencing may provide shading on parts of the roof depending on its installed location and height. Otherwise there are no apparent shading obstacles on the roof or surrounding the building. The building is architecturally designed and as such the aesthetic impact of solar panels on the roof need to be considered. Figure 1 below shows the location of the centre in Palmerston North.



Figure 1 Map of the site location at the Esplanade (Palmerston North) showing previous building on the site of the Wildbase Recovery Centre

The roofing material (shown in Figure 2 below) is Brownbuilt BB900 metal roofing, screwed to timber purlins underneath. The roof is tilted at 3 degrees with an orientation of 88° West. Optimal solar module orientation in Palmerston North is typically North-facing at a tilt angle between 20° and 40° above horizontal.



Figure 2 The roofing material at the Wildbase Recovery Centre demonstrating no shading or obstructions

2.1. Load Assessment

Given that the building is under construction there is currently no load data available for the site. The energy demands of the building have been modelled based on the load data provided by PNCC in Table 1 below. This load data described the nominal power rating of all of the electrical loads that are to be installed at the site, and an estimate of the fraction of time the load will be operating.

Table 1 Load data as provided by PNCC

Load Descriptions	Demand (kW)	Assumed Demand Factor	Adjusted Load Requirement (kW)
Interior lighting	3	0.6	1.8
Ext. lighting	0.05	0.6	0.03
Pond/pool circulation pump & UV	22.5	1	22.5
Interior GPO	8	0.6	4.8
Ext GPO	6	0.6	3.6
Sewer pump	12.5	0.6	7.5
HVAC	17	1	17
Fire System	2.5	0.6	1.5
Security	5.75	0.6	3.45
IT System	8	0.6	4.8
HWC	3	0.6	1.8
Projectors	3	0.6	1.8
Washing/dryer	1.4	0.6	0.84
Fridge	0.1	0.6	0.06



Load Descriptions	Demand (kW)	Assumed Demand Factor	Adjusted Load Requirement (kW)
Kettle	1.8	0.6	1.08
Total	94.60 kW		72.56 kW

ITP has assumed that the average energy consumption of the site will be significantly lower than as presented in this table. The majority of loads shown are assumed to operate ~100 hrs/week, and ITP considers this unrealistic as many of these loads will be intermittent and run less than 60% of the time. ITP has used these indicative loads to synthesis an hourly load profile for the purpose of determining PV export to the network. This is because exported energy will attract a lower rate (\$0.08 / kWh currently but not regulated) than energy purchased from the grid, and hence affects return on investment.

The assumed daily load profile used for modelling in section 4 is presented in Figure 3 below. The annual hourly load profile used for modelling the entire year of PV production (shown in Figure 4 below) contains daily and hourly load variations of 45% from this average profile. This profile has a lower (more realistic) average load than presented in Table 1 and follows a typical commercial daily load profile.

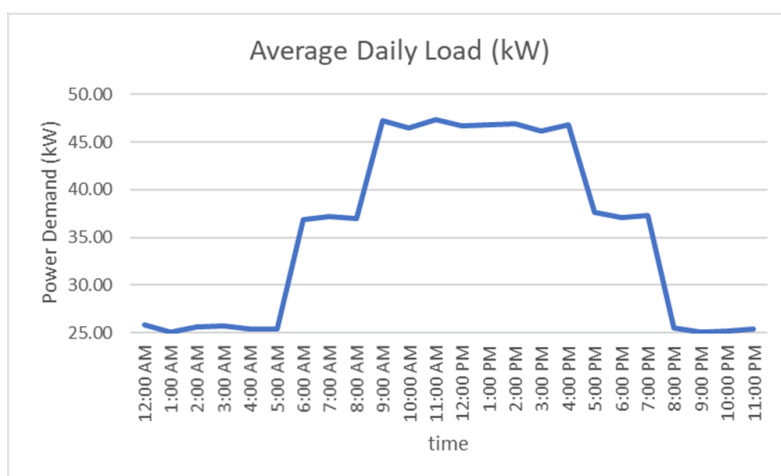


Figure 3 Average daily load profile used for PV output modelling

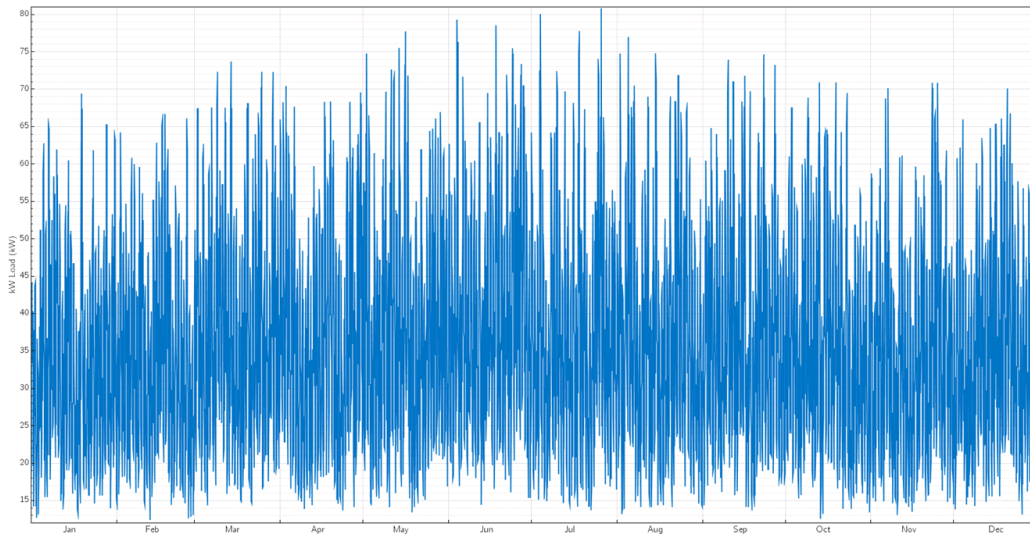


Figure 4 annual hourly load profile used in system modelling

2.2. Network Connection Requirements

Powerco are the network operator in Palmerston North. For PV systems larger than 10 kW they charge a regulated application fee to conduct a technical investigation into the effect of the system on the network. This application fee is \$500 for systems smaller than 100 kW. Powerco may wish to test and inspect the newly installed PV system which incurs an additional fee of \$120 for a system under 100 kW. Powerco require the system to be installed in accordance with the relevant industry standards. Application forms for connection of embedded generators such as solar PV can be found on the Powerco website. It may be possible to avoid the requirement for a technical investigation and inspection if the inverter installed is under 10 kW which would reduce the capital cost of the system.

3. CONCEPT DESIGN

The size, shape, and orientation of the roof of the centre limits the potential PV array configurations that could be installed. Three array layouts that are considered here are a tilted array in alignment with the roof orientation, a North-facing tilt-mounted array, and a flush-mounted array (West facing, 3° tilt). The factors that determine the most suitable array configuration are energy production, aesthetics, and project budget.

3.1. Orientation & Tilt

McNae Electrical Solutions have provided a proposal for a PV array consisting of up to 119, 60-cell modules mounted in 10 rows (Figure 5). This array layout represents the maximum number of panels that could be installed on the roof in the West-facing, 13° tilt configuration (10° tilt from the roof angle of 3°). The modules proposed by McNae are monocrystalline 295W modules providing a DC capacity of 35.1 kWp.

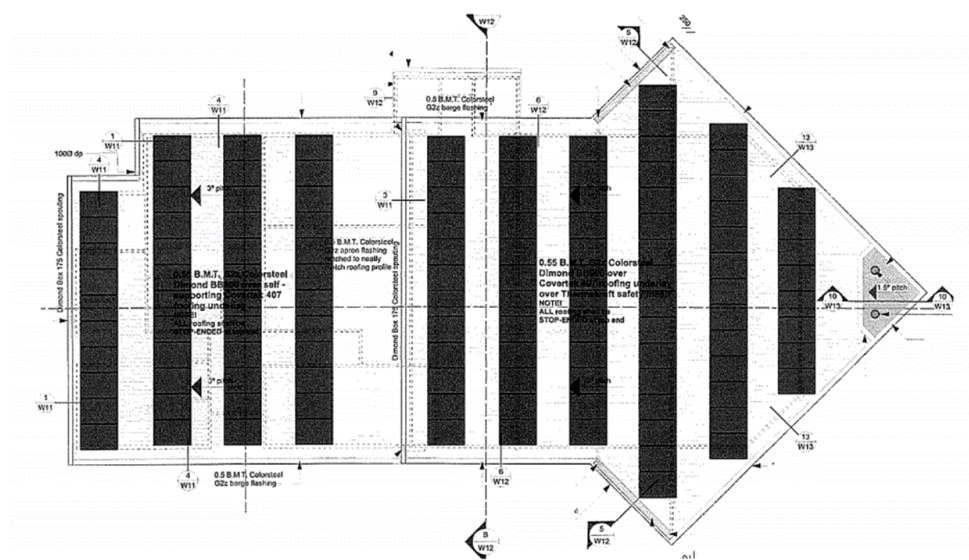


Figure 5 Proposed layout for 35 kWp PV array facing West on the roof of the Wildbase Recovery Centre (proposed by McNae Electrical Solutions)

A flush mounted array could achieve a higher installed capacity due to smaller row spacing (no self-shading). This configuration would allow for approximately 50% more modules to be installed on the roof, achieving an installed capacity of around 50 kWp. A significant drawback of this array layout is that the modules will not self-clean in the rain (10° minimum tilt is recommended for PV module self-cleaning) leading to greater soiling losses and/or a requirement for periodic cleaning.



The reduced row spacing would also make roof access difficult as there will be less space between panels.

An array with a North facing tilt will run perpendicular to the orientation of the roof. McNae raised concerns with this orientation causing difficulties in installation given the roof purlin layout. This may restrict the available roof space for PV. ITP expects that up to 20 kWp of PV could be installed on the roof in this orientation (~3m row spacing). A higher tilt angle could be used to increase annual system output and reduce the need for cleaning the array, however this will require larger row spacing. The shape of the roof would allow for longer rows running East – West (facing North) which help to reduce system shading losses at higher tilt angles. It should be noted that an array with a transverse tilt angle to the slope of the roof may be less aesthetically appealing than a tilt angle in alignment with the roof orientation.

3.2. Footing

The Brownbuilt BB600 steel roofing sheeting is screwed directly to the underlying purlins. As such a penetrating mounting system is required to affix the PV mounting rails to the roof. This system replaces some of the existing roofing screws with the mounting feet for the PV array that secure both the array and roof sheets to the underlying purlins (Figure 6). This is a common mounting method and when correctly installed won't lead to any issues with water ingress.

3.3. Module

High-efficiency monocrystalline modules will deliver higher capacity and generation per unit of area compared to “standard” polycrystalline modules. These modules are typically recommended where available space is constrained. At commercial scale, these modules incur a capital cost premium of ~8c/Wp (~5%), but BOS and installation labour costs are slightly reduced. Given that budget rather than space is the main constraint for this project polycrystalline modules are recommended.

3.4. Inverter

Microinverters installed underneath each individual panel provide superior array performance where array shading or panel mismatch may be an issue. They also provide module-level system monitoring and are easily expanded when the expansion involves only a few extra panels. However, micro inverters add ~20c/Wp (10%) to the overall installation cost of a commercial PV system. String inverters are standard and allow a larger PV system with a lower capital cost which helps to provide a better system payback. If system expansion is expected, this can still be achieved with a second string inverter. Given the lack of likely shading obstacles, string inverter/s are recommended to reduce capital cost. The string inverter should be installed in the room identified by PNCC (adjacent to the switchboard located at the Northwest corner of the building) during the site inspection.



Figure 6 Underlying roof purlins (left) and the main switchboard/point of connection for the PV system on the external wall on the Northwest corner of the building (right)



4. COST-BENEFIT ANALYSIS

4.1. Cost estimation

IT Power estimates the following network connection and capital costs for PV system components and installation. Note that costs associated with tendering and/or management of project delivery have not been accounted for, as these will depend on the approach taken.

The costs presented below, and the subsequent financial analysis, exclude costs of development approval, network augmentation or additional metering/SCADA required by Powerco (unlikely at this scale of installation) or any other rebates applicable to this installation.

Table 2 System Costs

Item	50 kW 3° W	35 kW 13° W	15 kW 13° W	15 kW 20° N
Network Connection Costs	\$620	\$620	\$620	\$620
Panels	\$37,400.00	\$26,180.00	\$11,220.00	\$11,220.00
Inverters (replaced at 10 years)	\$13,750.00	\$16,940.00	\$4,125.00	\$4,125.00
Mounting	\$11,063.22	\$5,775.00	\$3,318.97	\$3,318.97
BOS (mounting, cabling, switchgear etc.)	\$13,750.00	\$9,625.00	\$4,125.00	\$4,125.00
Installation	\$24,750.00	\$19,250.00	\$7,425.00	\$7,425.00
Total Upfront Cost (Year 0)	\$101,363.22	\$78,420.00	\$30,213.97	\$30,213.97
O&M Cost	\$1,600 p.a.	\$1,100 p.a.	\$660 p.a.	\$660 p.a.

4.2. Financial parameters

Note that the financial analysis does not account for the impact of debt financing, tax, depreciation etc. which are outside the scope of this report. A "nominal" financial analysis has been conducted, assuming a flat 2% inflation rate over a 20-year period (Reserve Bank of New Zealand's target midpoint for inflation). The following additional assumptions and definitions were used in the financial analysis:

Year 1 production: The estimated production of the PV system in Year 1.

Annual performance degradation: The performance of each array was assumed to degrade linearly at 0.5% p.a.

Operation and maintenance costs: This is the cost of regular maintenance of the PV system. Maintenance is minimal, as the system has no moving parts. The only foreseeable regular maintenance task would be to clean the panels from any dust and grime that builds up on the panels, and check that there is no damage to the panels or switchgear periodically/after a storm.

Inverter replacement costs & lifetime: Inverters are expected to last at least 10 years after installation, and may last up to 20. They are generally sold with a 5-year warranty, but longer



warranties may be purchased at an additional cost. Inverter replacement was modelled at 12 years for the financial analysis conducted under this study.

Analysis period: A 20-year analysis period has been assumed. However, panels now come with a standard 25-30 year performance guarantee, so the array can be expected to last beyond this timeframe, subject to inverter replacements as necessary.

Avoided electricity cost: This is the cost of electricity to this site during PV generation hours, assumed to be \$0.26/kWh, indexed at the inflation rate. Given that the largest system modelled only exported 0.5% of the energy produced annually, this value was used for all of the systems modelled here.

Cost of Capital: This is the weighted average cost of debt and equity to PNCC. It was assumed to be 5% for calculation of NPV and LCOE (described below).

Levelised cost of electricity (LCOE): This is the net present cost of the system over its lifetime, divided by the net present generation. It represents the breakeven average value that PNCC would need to accrue for each unit of generation over the analysis period, in order for the project to return a positive NPV (ie. breakeven on a discounted cashflow basis).

Net present value (NPV): This is the difference between the present value of cash inflows, and the present value of cash outflows, over the analysis period, discounted at the specified cost of capital.

Internal rate of return (IRR): IRR is the cost of capital at which the NPV is zero.

Profitability index (PI): PI is a ratio that represents the capital cost of the project divided by the present value of the projects cash inflows over the analysis period, discounted at the specified cost of capital. A PI greater than 1 indicates that the project is profitable irrespective of the scale of the investment.

4.3. Solar Resource assessment

Solar output modelling discussed in Section 4 below uses the PV modelling software package (PVsyst). The solar resource data available in this software for Palmerston North is synthetic hourly satellite data provided by NASA. Though this is less accurate than ground-based measurements, it is industry standard for assessing the local solar resource when ground-based measurements are not available.

4.4. 50 kWp, 3° tilt, due West

4.4.1. Energy Flow Analysis

A 50 kWp flush-mounted PV array facing due West is expected to produce 57,816 kWh of energy in the first year accounting for 18% of the expected demand. The 3° tilt is derived from the slope



of the roof structure alone, and the panels are flush mounted with low or no spacing between the modules thus maximising the use of the available roof space.

Figure 7 and Figure 8 below represent the annual site loads (assumed) and the modelled PV output over the course of a year for a flush-mounted 50 kW PV array. Based on these profiles, system exports of ~320 kWh p.a. are estimated, accounting for ~0.5% of the system's annual production. The remainder of the generation is expected to be consumed by the building and so is valued at the cost of electricity (\$0.26 / kWh).

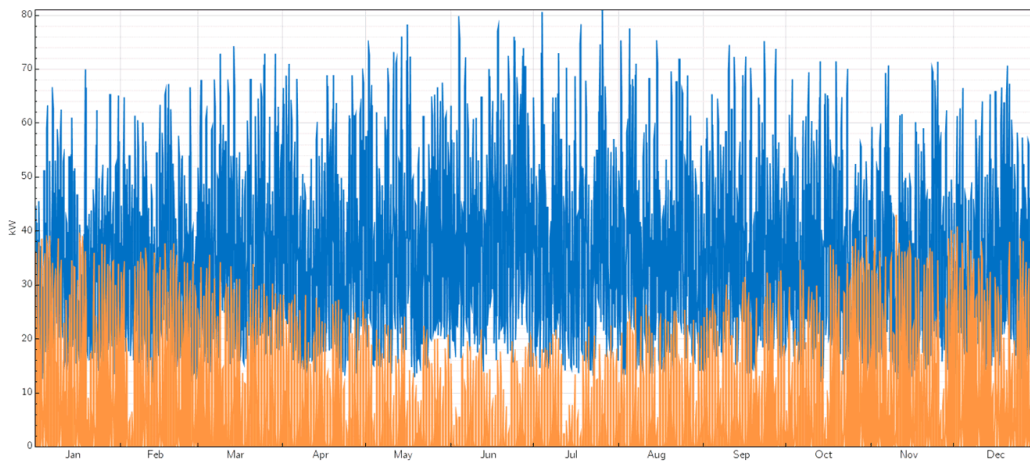


Figure 7 Example site loads (blue) overlaid with the modelled daily PV system output for a 50 kW flush mounted array (orange)

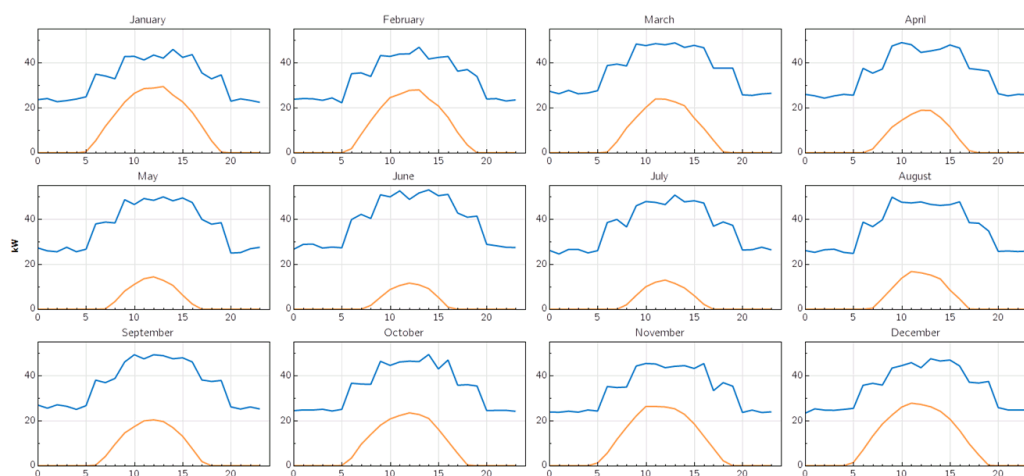


Figure 8 Example site average daily loads (blue) and 50 kWp flush mounted PV output (orange) for each month

4.4.2. Return on investment

The results of the excl. tax, excl. debt financial analysis are as per Table 3. Note that values shown are in nominal terms.

Table 3 50 kW kW flush mounted financial modelling results

Results	Value
Simple payback	7.7 years
Internal rate of return	11.4%
Net present value	\$67,926
Levelised cost of electricity	\$0.206

4.5. 35 kWp, 13° due West

4.5.1. Energy Flow Analysis

A 35 kWp 13° tilt mounted PV array facing due West is expected to produce 39,270 kWh of energy in the first year, accounting for 13 %of the expected demand.

Figure 9 and Figure 10 below represent the annual site loads (assumed) and the modelled PV output over the course of a year for a 35 kWp 13° W tilt-mounted PV array. Based on these



profiles, system exports are not anticipated. Hence all of the system generation is expected to be consumed by the building and so is valued at the cost of electricity (\$0.26 / kWh).

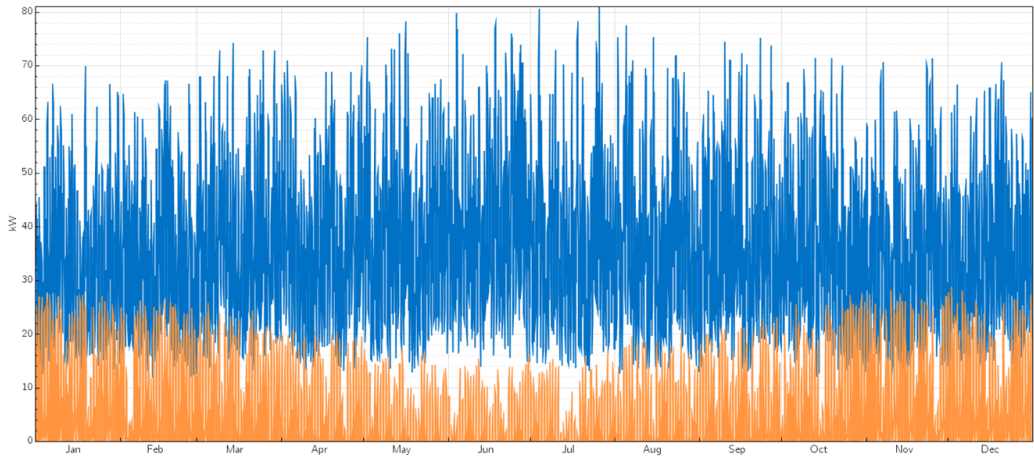


Figure 9 Example site loads (blue) overlaid with the modelled daily PV system output for a 35 kW 13° W tilt mounted array (orange)

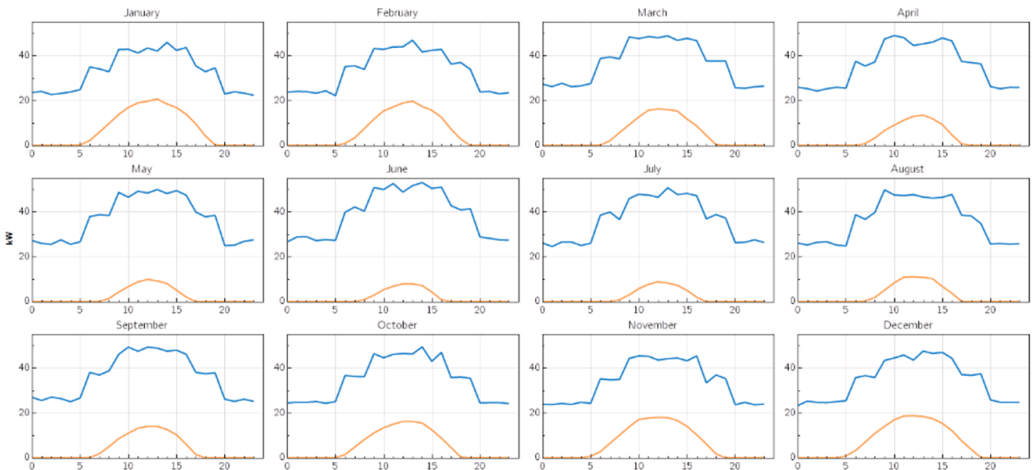


Figure 10 Example site average daily loads (blue) and 35 kW 13° W tilt mounted PV output (orange) for each month

4.5.2. Return on investment



The results of the excl. tax, excl. debt financial analysis are as per Table 4. Note that values shown are in nominal terms.

Table 4 35 kW 13° W tilt financial modelling results

Results	Value
Simple payback	7.5 years
Internal rate of return	11.9%
Net present value	\$48,231
Levelised cost of electricity	\$0.202

4.6. 15 kWp, 13° due West

4.6.1. Energy Flow Analysis

A 15 kWp 13° tilt mounted PV array facing due West is expected to produce 16,831 kWh of energy in the first year accounting for 4.5 % of the expected demand.

Figure 11 and Figure 12 below represent the annual site loads (assumed) and the modelled PV output over the course of a year for a 15 kWp 13° W tilt mounted PV array. Based on these profiles, system exports are not anticipated. Hence all of the system generation is expected to be consumed by the building and so is valued at the cost of electricity (\$0.26 / kWh).

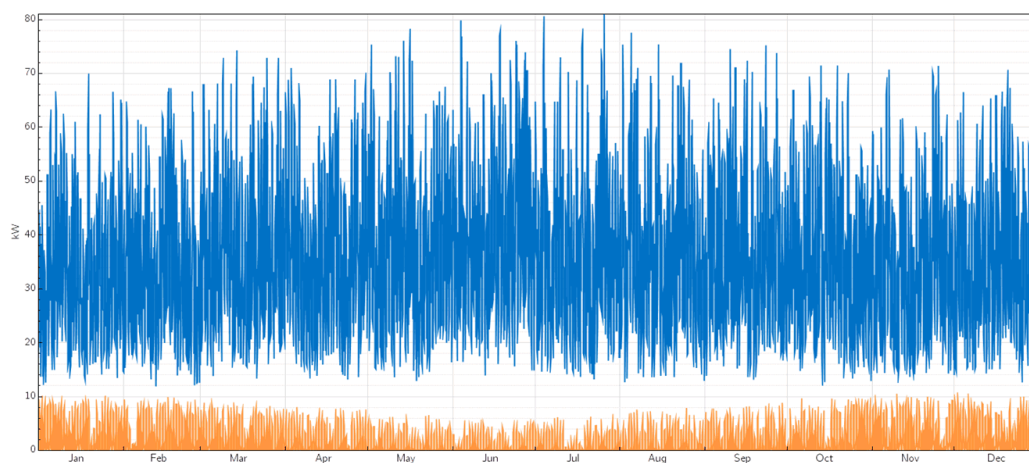


Figure 11 Example site loads (blue) overlaid with the modelled daily PV system output for a 15 kW 13° W tilt mounted array (orange)

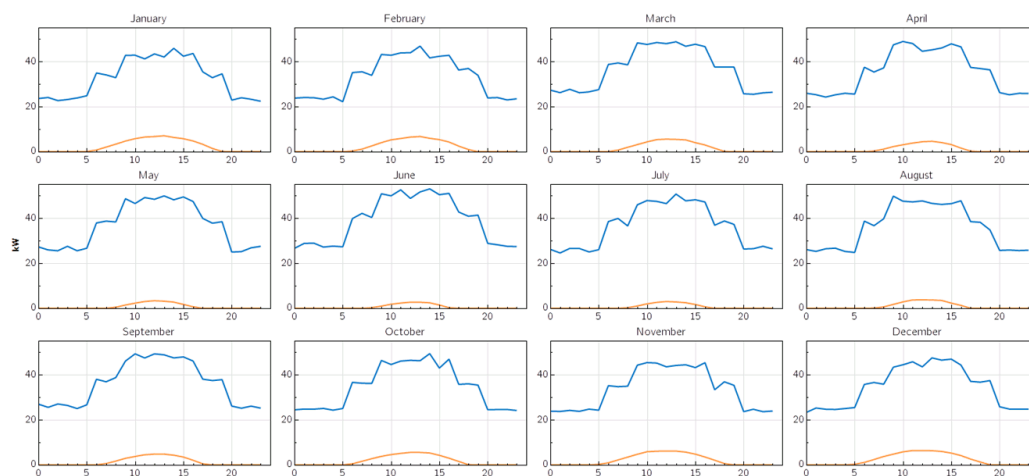


Figure 12 Example site average daily loads (blue) and 15 kW 13° W tilt mounted PV output (orange) for each month

4.6.2. Return on investment

The results of the excl. tax, excl. debt financial analysis are as per Table 5. Note that values are in nominal terms.

Table 5 15 kW 13° W tilt financial modelling results

Results	Value
Simple payback	8 years
Internal rate of return	10.9%
Net present value	\$17,645
Levelised cost of electricity	\$0.217

4.7. 15 kW 20°N

4.7.1. Energy Flow Analysis

A 15 kWp 20° tilt mounted PV array facing due North is expected to produce 18,869 kWh of energy in the first year accounting for 4.9 % of the expected site loads. Given the advice that adverse aesthetic is not an issue, a higher level of tilt coupled with greater row spacing could be applied. This will provide better system output over the course of the year, maybe increasing



system output by ~ 5% annually, and will also provide a better system payback. The exact degree of tilt and spacing would be determined at the next level of design phase.

Figure 11 and Figure 12 below represent the annual site loads (assumed) and the modelled PV output over the course of a year for a 15 kWp 20° N tilt mounted PV array. Based on these profiles, system exports are not anticipated. Hence all of the system generation is expected to be consumed by the building and so is valued at the cost of electricity (\$0.26 / kWh).

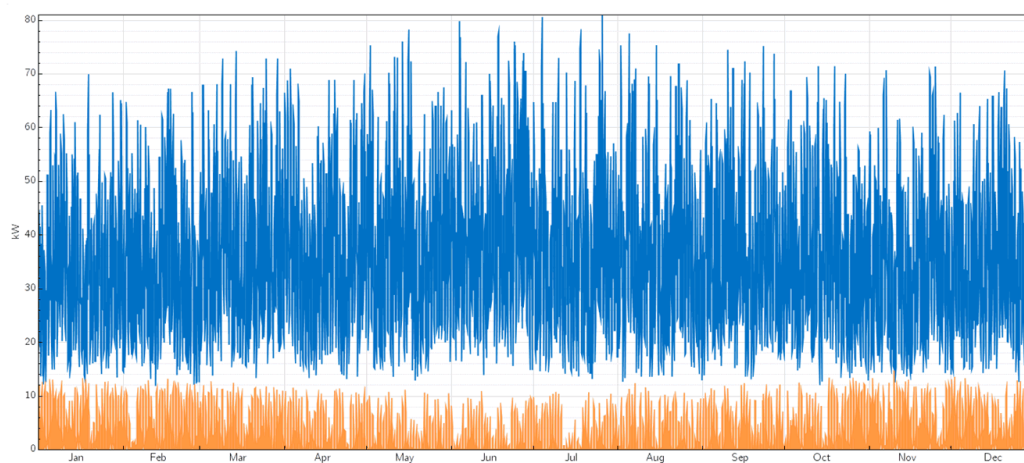


Figure 13 Example site loads (blue) overlaid with the modelled daily PV system output for a 15 kW 20° N tilt mounted array (orange)

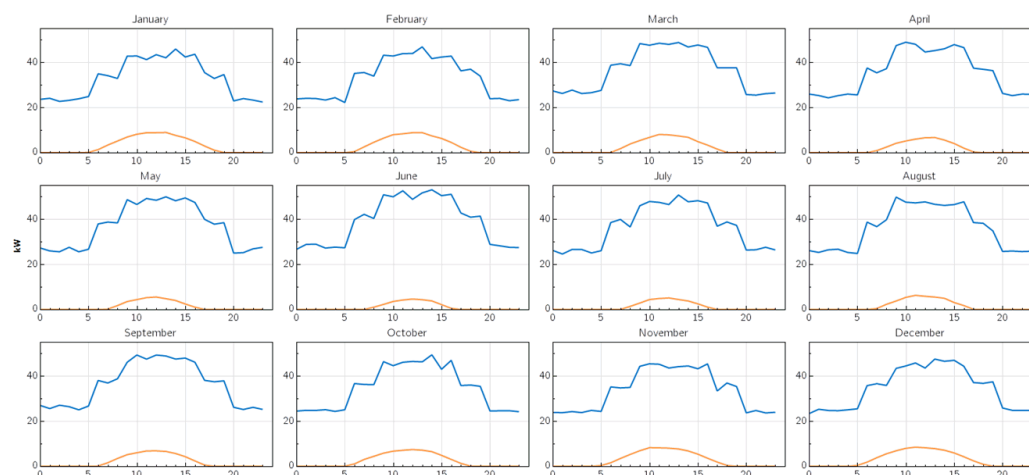


Figure 14 Example site average daily loads (blue) and 15 kW 20° N tilt mounted PV output (orange) for each month



4.7.2. Return on investment

The results of the excl. tax, excl. debt financial analysis are as per Table 6. Note that values shown are in nominal terms.

Table 6 15 kW 20° N tilt financial modelling results

Results	Value
Simple payback	7 years
Internal rate of return	13%
Net present value	\$24,903
Levelised cost of electricity	\$0.194



5. CONCLUSIONS AND NEXT STEPS

Modelling shows that installing a solar PV system on the roof of the Wildbase Recovery centre will reduce the centre's consumption of electricity from the grid with all energy generated by rooftop solar being consumed directly by the centre's loads. This will reduce operational costs of the centre and help to lessen the impact of potential future electricity price increases. Installing solar on the facility also demonstrates the council's commitment to sustainability and directly reduces the environmental impact of operating the facility. As a new construction the facility is likely to be relatively energy efficient (due to new/efficient appliances & new/functional insulation and door/window seals) making solar PV a cost-effective means of reducing energy costs.

The financial analysis shows that under the current project budget of ~\$30,000 PNCC should install a ~15 kWp North facing, 20° tilt PV array with polycrystalline panels and string inverters. Under the load profile assumed for modelling here, a system in this configuration would contribute around 5% of the sites annual energy requirements. Although this system will only offset a small amount of the sites annual energy consumption, all of the energy will be directly consumed by the facility which will provide maximum returns on the investment.

It should be noted that the north facing array may restrict PNCC's ability to expand the PV system in the future if more funds become available due to space constraints at the site. A tilt angle of 20° has been recommended for the purposes of this report however, as discussed, a higher level of tilt coupled with greater row spacing could be applied. This will provide better system output over the course of the year, maybe increasing system output by ~ 5% annually, and will also provide a better system payback.

Installing PV across the whole useable roof area will increase annual energy production of the system accounting for around 18% of the modelled annual loads; However, as panels will need to be oriented due West at a 3° tilt, in alignment with the roof, the IRR is reduced and the LCOE higher when compared to a North facing array. A ~50 kW PV array could be installed in this configuration at a capital cost of around \$103,000.

For a project of this scale, an open tender procurement process is not recommended owing to the administrative overheads involved. Acquiring three quotes from experienced and reputable installers is more appropriate for the project budget. System specifications for quoting purposes should be prepared by an independent renewable energy consultant to ensure that the system supplier doesn't have undue influence over the system configuration.

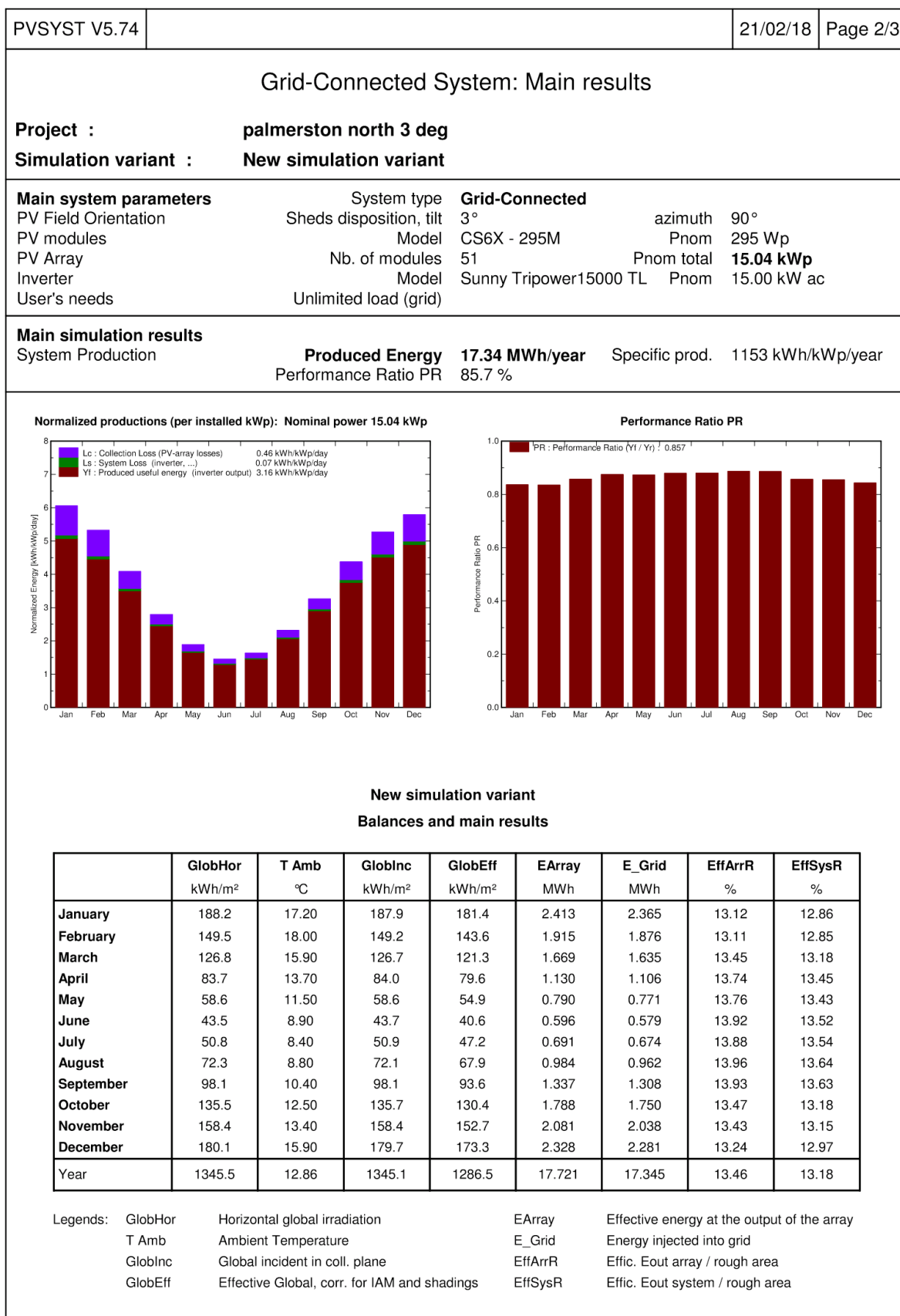
Once all the relevant approvals have been received, and an installer is contracted, a system of this size should take less than a week to install and commission.

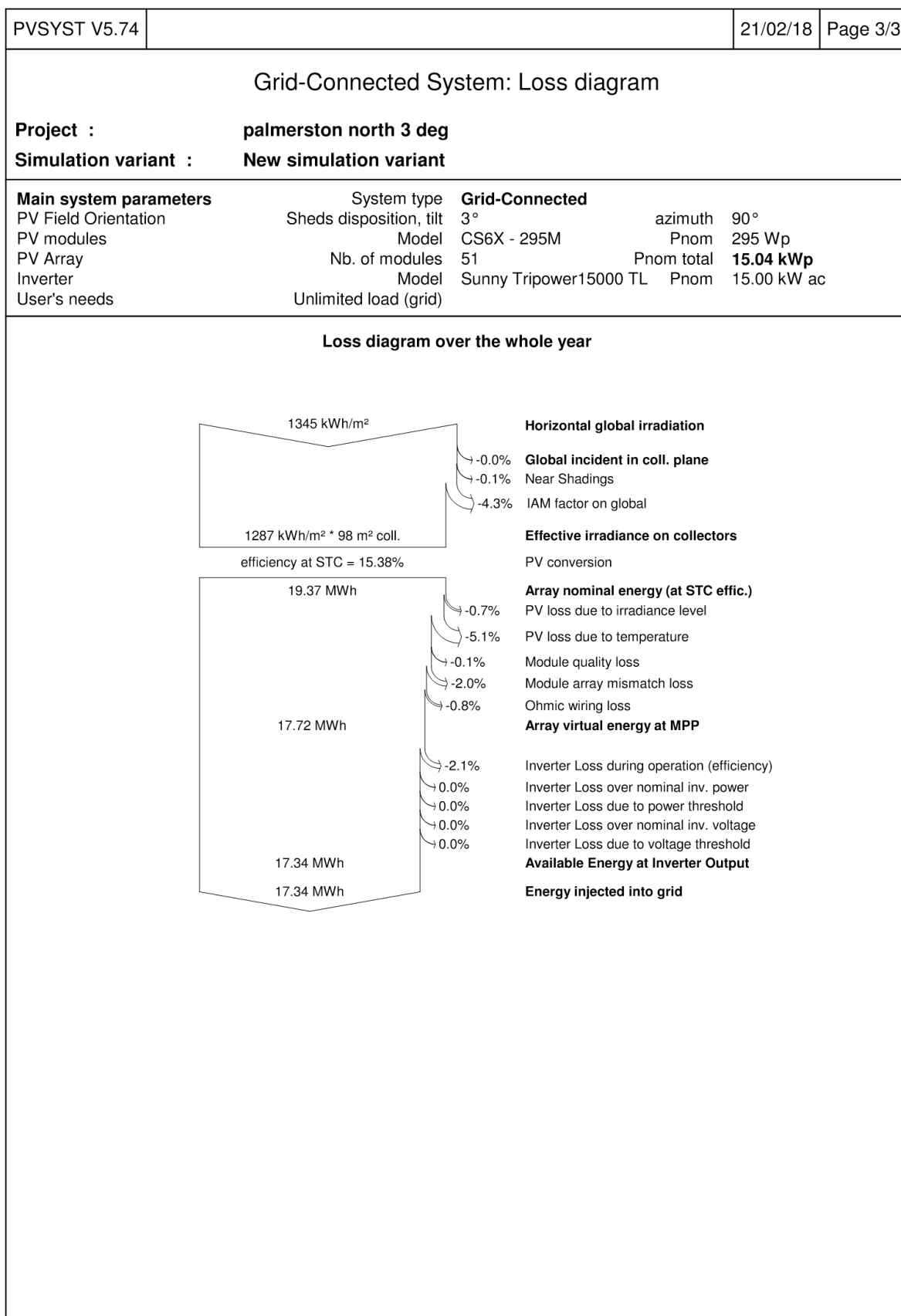


APPENDIX A. PVSYST OUTPUT REPORTS

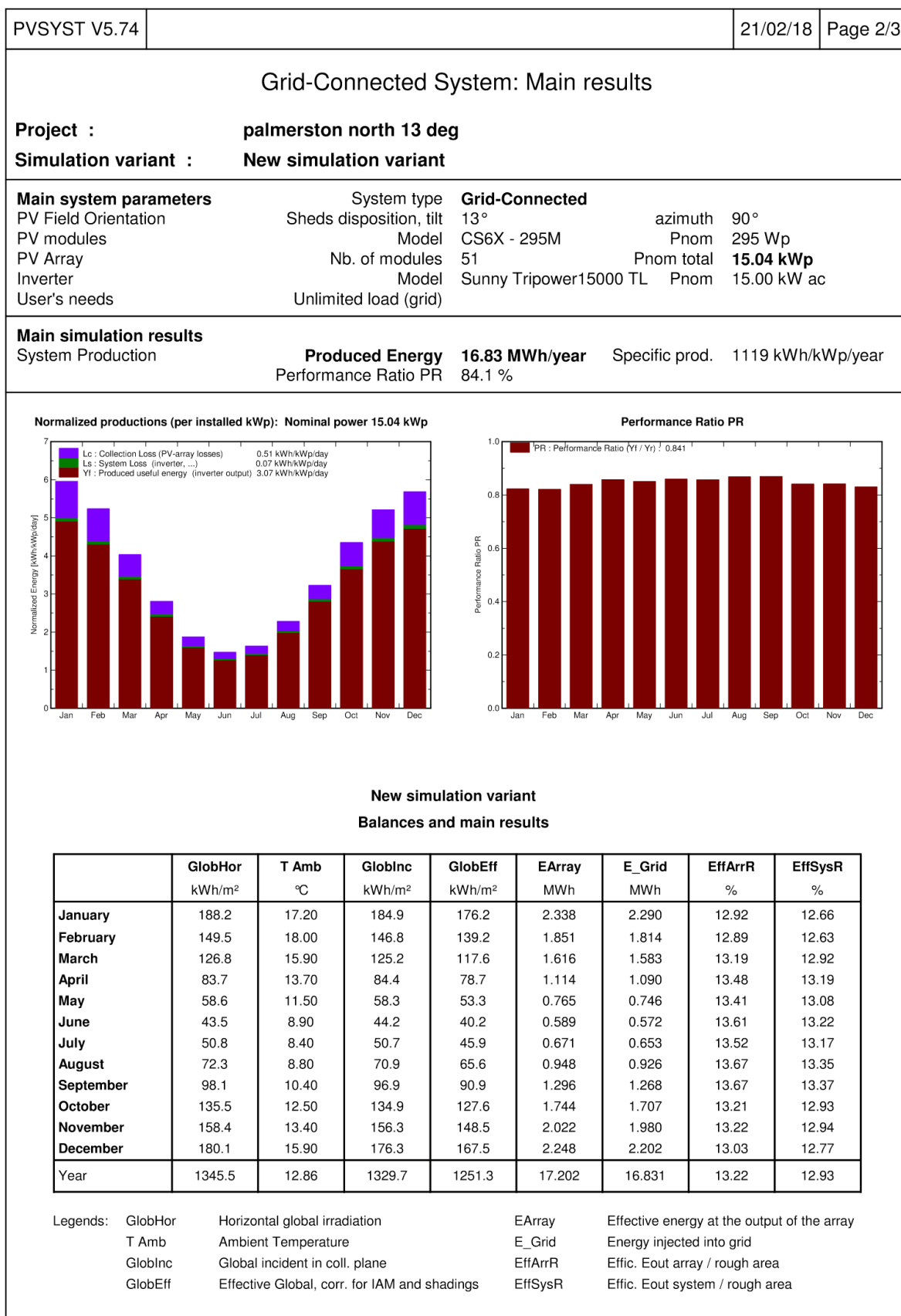
The three PVSyst reports presented here are for nominal 15 kWp PV arrays installed with string inverters and tilted at 13° and 3° due West and 20° due North as modelled in Section 4 above. The outputs from this PVSyst modelling were scaled to represent the performance of larger or smaller PV systems outlined in Section 4. This is appropriate as output scales linearly with size, assuming shading is consistent.

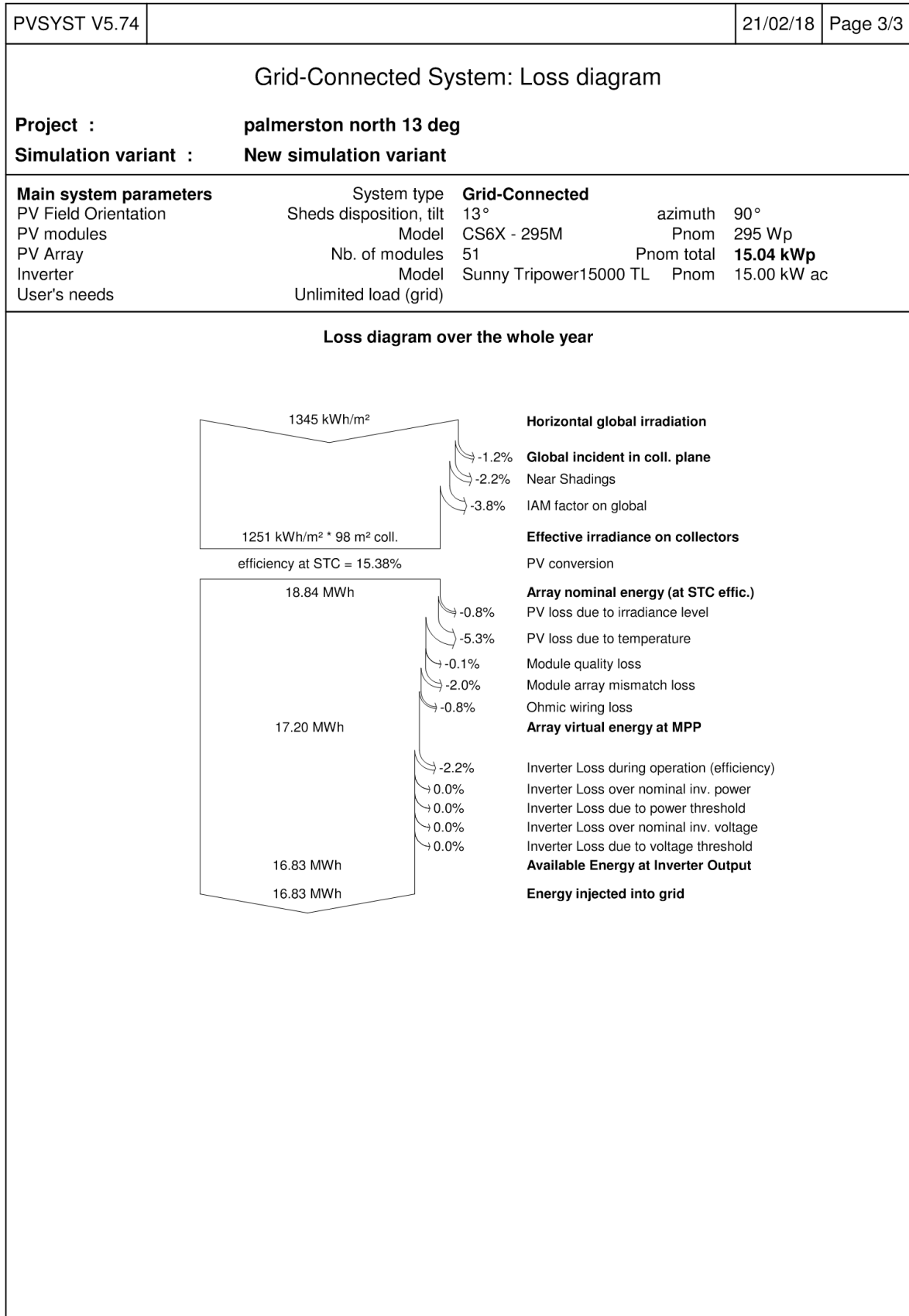
PVSYST V5.74			21/02/18	Page 1/3
Grid-Connected System: Simulation parameters				
Project : palmerston north 3 deg				
Geographical Site		Palmerston North (NASA)	Country	New Zealand
Situation		Latitude 40.3 °S	Longitude	175.6 °E
Time defined as		Legal Time Time zone UT+12	Altitude	39 m
		Albedo 0.20		
Meteo data :		Palmerston North (NASA), Synthetic Hourly data		
Simulation variant :		New simulation variant		
		Simulation date 21/02/18 16h16		
Simulation parameters				
Collector Plane Orientation		Tilt 3 °	Azimuth	90 °
10 Sheds		Pitch 2.40 m	Collector width	1.65 m
Inactive band		Top 0.00 m	Bottom	0.00 m
Shading limit angle		Gamma 6.55 °	Occupation Ratio	68.8 %
Horizon		Free Horizon		
Near Shadings		Mutual shadings of sheds		
PV Array Characteristics				
PV module		Si-mono	Model	CS6X - 295M
		Manufacturer	Canadian Solar Inc.	
Number of PV modules		In series	17 modules	In parallel 3 strings
Total number of PV modules		Nb. modules	51	Unit Nom. Power 295 Wp
Array global power		Nominal (STC)	15.04 kWp	At operating cond. 13.31 kWp (50 °C)
Array operating characteristics (50 °C)		U mpp	543 V	I mpp 24 A
Total area		Module area	97.9 m²	Cell area 87.7 m²
Inverter		Model	Sunny Tripower15000 TL	
		Manufacturer	SMA	
Characteristics		Operating Voltage	150-800 V	Unit Nom. Power 15.0 kW AC
PV Array loss factors				
Thermal Loss factor		Uc (const)	20.0 W/m²K	Uv (wind) 0.0 W/m²K / m/s
=> Nominal Oper. Coll. Temp. (G=800 W/m², Tamb=20 °C, Wind=1 m/s.)				NOCT 56 °C
Wiring Ohmic Loss		Global array res.	381 mOhm	Loss Fraction 1.5 % at STC
Module Quality Loss				Loss Fraction 0.1 %
Module Mismatch Losses				Loss Fraction 2.0 % at MPP
Incidence effect, ASHRAE parametrization		IAM = 1 - bo (1/cos i - 1)	bo Parameter	0.05
User's needs :		Unlimited load (grid)		



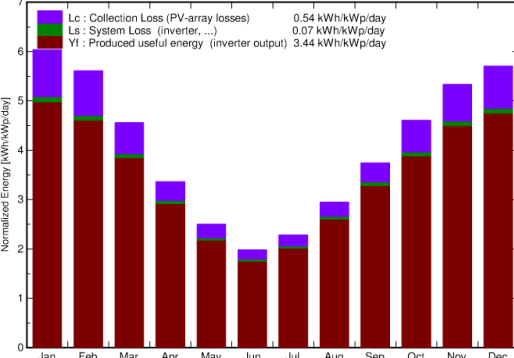
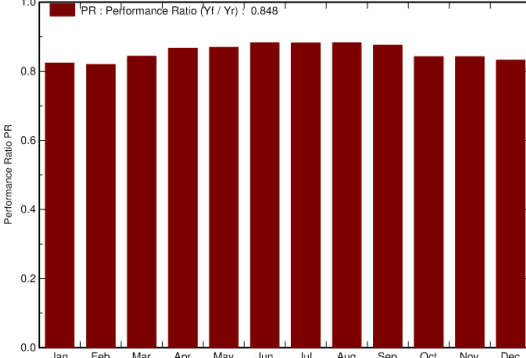


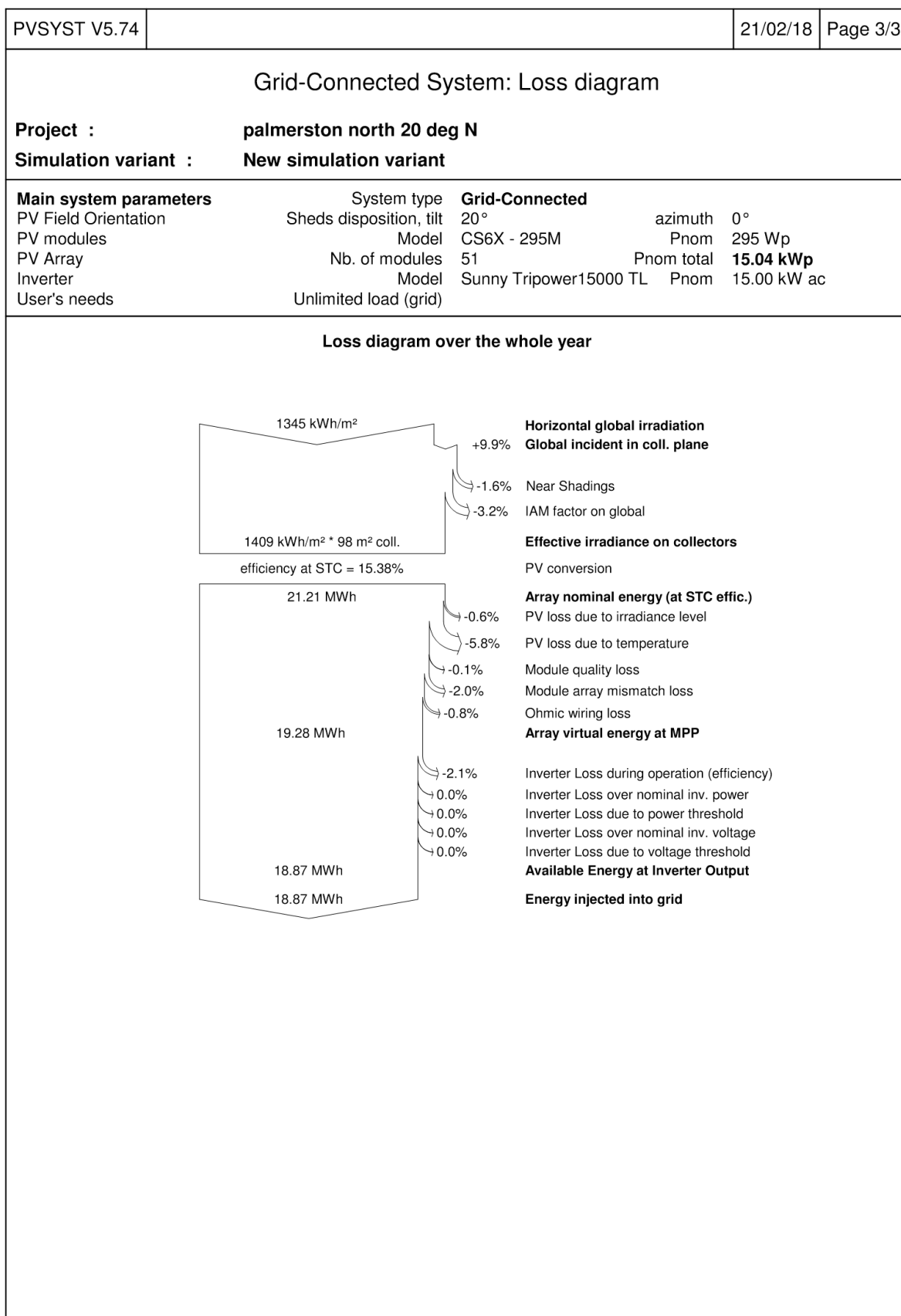
PVSYST V5.74			21/02/18	Page 1/3
Grid-Connected System: Simulation parameters				
Project : palmerston north 13 deg				
Geographical Site		Palmerston North (NASA)	Country	New Zealand
Situation		Latitude 40.3 °S	Longitude	175.6 °E
Time defined as		Legal Time Time zone UT+12	Altitude	39 m
		Albedo 0.20		
Meteo data :		Palmerston North (NASA), Synthetic Hourly data		
Simulation variant :		New simulation variant		
		Simulation date 21/02/18 16h15		
Simulation parameters				
Collector Plane Orientation		Tilt 13 °	Azimuth	90 °
10 Sheds		Pitch 2.40 m	Collector width	1.65 m
Inactive band		Top 0.00 m	Bottom	0.00 m
Shading limit angle		Gamma 25.10 °	Occupation Ratio	68.8 %
Horizon		Free Horizon		
Near Shadings		Mutual shadings of sheds		
PV Array Characteristics				
PV module		Si-mono	Model	CS6X - 295M
		Manufacturer	Canadian Solar Inc.	
Number of PV modules		In series	17 modules	In parallel 3 strings
Total number of PV modules		Nb. modules	51	Unit Nom. Power 295 Wp
Array global power		Nominal (STC)	15.04 kWp	At operating cond. 13.31 kWp (50 °C)
Array operating characteristics (50 °C)		U mpp	543 V	I mpp 24 A
Total area		Module area	97.9 m²	Cell area 87.7 m²
Inverter		Model	Sunny Tripower15000 TL	
		Manufacturer	SMA	
Characteristics		Operating Voltage	150-800 V	Unit Nom. Power 15.0 kW AC
PV Array loss factors				
Thermal Loss factor		Uc (const)	20.0 W/m²K	Uv (wind) 0.0 W/m²K / m/s
=> Nominal Oper. Coll. Temp. (G=800 W/m², Tamb=20 °C, Wind=1 m/s.)				NOCT 56 °C
Wiring Ohmic Loss		Global array res.	381 mOhm	Loss Fraction 1.5 % at STC
Module Quality Loss				Loss Fraction 0.1 %
Module Mismatch Losses				Loss Fraction 2.0 % at MPP
Incidence effect, ASHRAE parametrization		IAM = 1 - bo (1/cos i - 1)	bo Parameter	0.05
User's needs :		Unlimited load (grid)		





PVSYST V5.74			21/02/18	Page 1/3
Grid-Connected System: Simulation parameters				
Project : palmerston north 20 deg N				
Geographical Site		Palmerston North (NASA)	Country	New Zealand
Situation		Latitude 40.3 °S	Longitude	175.6 °E
Time defined as		Legal Time Time zone UT+12	Altitude	39 m
		Albedo 0.20		
Meteo data :		Palmerston North (NASA), Synthetic Hourly data		
Simulation variant :		New simulation variant		
		Simulation date 21/02/18 16h15		
Simulation parameters				
Collector Plane Orientation		Tilt 20°	Azimuth	0°
3 Sheds		Pitch 3.00 m	Collector width	1.65 m
Inactive band		Top 0.00 m	Bottom	0.00 m
Shading limit angle		Gamma 21.27 °	Occupation Ratio	55.0 %
Horizon		Free Horizon		
Near Shadings		Mutual shadings of sheds		
PV Array Characteristics				
PV module		Si-mono	Model	CS6X - 295M
		Manufacturer	Canadian Solar Inc.	
Number of PV modules		In series	17 modules	In parallel 3 strings
Total number of PV modules		Nb. modules	51	Unit Nom. Power 295 Wp
Array global power		Nominal (STC)	15.04 kWp	At operating cond. 13.31 kWp (50°C)
Array operating characteristics (50°C)		U mpp	543 V	I mpp 24 A
Total area		Module area	97.9 m²	Cell area 87.7 m²
Inverter		Model	Sunny Tripower15000 TL	
		Manufacturer	SMA	
Characteristics		Operating Voltage	150-800 V	Unit Nom. Power 15.0 kW AC
PV Array loss factors				
Thermal Loss factor		Uc (const)	20.0 W/m²K	Uv (wind) 0.0 W/m²K / m/s
=> Nominal Oper. Coll. Temp. (G=800 W/m², Tamb=20°C, Wind=1 m/s.)				NOCT 56 °C
Wiring Ohmic Loss		Global array res.	381 mOhm	Loss Fraction 1.5 % at STC
Module Quality Loss				Loss Fraction 0.1 %
Module Mismatch Losses				Loss Fraction 2.0 % at MPP
Incidence effect, ASHRAE parametrization		IAM =	1 - bo (1/cos i - 1)	bo Parameter 0.05
User's needs :		Unlimited load (grid)		

PVSYST V5.74		21/02/18		Page 2/3				
Grid-Connected System: Main results								
Project :		palmerston north 20 deg N						
Simulation variant :		New simulation variant						
Main system parameters		System type		Grid-Connected				
PV Field Orientation		Sheds disposition, tilt		20° azimuth 0°				
PV modules		Model		CS6X - 295M Pnom 295 Wp				
PV Array		Nb. of modules		51 Pnom total 15.04 kWp				
Inverter		Model		Sunny Tripower15000 TL Pnom 15.00 kW ac				
User's needs		Unlimited load (grid)						
Main simulation results								
System Production		Produced Energy		18.87 MWh/year				
		Performance Ratio PR		84.8 %				
		Specific prod.		1254 kWh/kWp/year				
Normalized productions (per installed kWp): Nominal power 15.04 kWp								
								
Performance Ratio PR								
								
New simulation variant								
Balances and main results								
	GlobHor	T Amb	GlobInc	GlobEff	EArray	E_Grid	EffArrR	EffSysR
	kWh/m²	°C	kWh/m²	kWh/m²	MWh	MWh	%	%
January	188.2	17.20	187.4	179.3	2.372	2.323	12.94	12.67
February	149.5	18.00	157.3	150.5	1.981	1.941	12.88	12.61
March	126.8	15.90	141.3	134.9	1.831	1.794	13.24	12.97
April	83.7	13.70	101.0	96.2	1.345	1.317	13.61	13.32
May	58.6	11.50	77.5	73.2	1.038	1.015	13.68	13.38
June	43.5	8.90	59.6	55.8	0.811	0.791	13.90	13.57
July	50.8	8.40	70.8	66.2	0.960	0.939	13.87	13.56
August	72.3	8.80	91.4	86.8	1.241	1.214	13.88	13.58
September	98.1	10.40	112.4	107.3	1.514	1.482	13.76	13.46
October	135.5	12.50	142.8	136.5	1.850	1.810	13.24	12.96
November	158.4	13.40	160.0	153.1	2.072	2.028	13.24	12.96
December	180.1	15.90	177.0	168.9	2.262	2.215	13.06	12.79
Year	1345.5	12.86	1478.4	1408.6	19.277	18.869	13.32	13.04
Legends:								
GlobHor	Horizontal global irradiation			EArray	Effective energy at the output of the array			
T Amb	Ambient Temperature			E_Grid	Energy injected into grid			
GlobInc	Global incident in coll. plane			EffArrR	Effic. Eout array / rough area			
GlobEff	Effective Global, corr. for IAM and shadings			EffSysR	Effic. Eout system / rough area			



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MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 23 April 2018

TITLE: Alternate Access to Turitea Forest and Water Treatment Plant

DATE: 29 March 2018

AUTHOR/S: Robert van Bentum, Water & Waste Services Manager, City Networks
Dora Luo, Water Asset Engineer, City Networks

RECOMMENDATION(S) TO COUNCIL

1. That as part of its 2018/28 10 Year Plan deliberations Council give considerations to including a Year One (2018/19) Capital New Programme called “Alternate Access to Turitea Forest and WTP” with a budget of \$225,000 on the basis that the road costs will be fully paid for from log sale proceeds from the harvest of Stands 7 and 8 of Turitea West Forest.

1. ISSUE

- 1.1 Water Works Road at the upper end of Turitea Road provides access to the Turitea Water Treatment Plant, the lower and upper dams and Turitea West Forest. The road which is narrow and winding as it follows the Turitea Stream, is subject to erosion from both over and under slips. Significant investment has been made over recent years on retaining walls to stabilise and hold the banks in place. There is an ongoing risk of further slips and therefore a chance that access will be cut off to important water supply infrastructure, which will impact on safe and reliable operation of the water treatment plant.
- 1.2 In 2016 Council approved the harvest of Stand 7 of Turitea West Forest, using Water Works Road for logging access. Since then wet weather, further slips and a major crack in the road have delayed the harvest. There are on-going concerns that slips and other issues associated with the road may result in it being similarly unavailable for logging purposes in future.
- 1.3 Plans are currently underway to install a duplicate water pipeline from the water treatment plant to the Ngahere Park reservoirs. This is a significant capital

programme and will effectively close Water Works Road to traffic including logging traffic for up to four months next summer apart from a few brief periods when the road will be open to chemical delivery trucks.

- 1.4 In addition to the potential conflict of the duplicate water pipeline project works with logging of the forest, operator access to the water treatment plant will be disrupted during the duplicate pipeline project, such that a ferry transport system will need to be put in place to allow for day to day access for the treatment plant operators, laboratory staff and forest contractors.

2. BACKGROUND

- 2.1 Water Works Road currently provides the only access to the Turitea Water Treatment Plant, the lower and upper dams and Turitea West Forest. The sealed and unsealed sections of the road are prone to slips and drop outs. There have been 15 retaining walls constructed since 2012 and one major drop out.
- 2.2 Turitea West Forest is located immediately adjacent to the water supply dams. It comprises two stands established twenty years apart. Stand 7 is the older of the two stands and is overdue for harvest. The 42 year old stand has suffered wind damage and poses a potential threat to the water activity from falling trees and associated land slips. Access issues and in particular concerns about potential damage to Water Works Road and the pipeline below, had previously delayed the harvest.
- 2.3 In preparation for harvesting of Turitea West Forest, the width and structural capacity of the road was independently assessed in 2016 and confirmed as suitable for carrying logging traffic. Some minor upgrade works were identified to improve access for logging trucks and to protect water supply infrastructure.
- 2.4 At the Finance and Performance Committee meeting of 15 August 2016 and the subsequent August 2016 Council meeting, Council approved the harvest of Stand 7 of Turitea West Forest and the remainder of Turitea East Forest. New budget expenditure was approved for harvest related costs, to be funded from log sale proceeds when the harvest is carried out. Those costs included minor upgrade works for Water Works Road and for the internal forest access roads. These upgrade works were completed in 2016/17.
- 2.5 Very wet weather during the summer of 2016/17 resulted in the scheduled forest harvest being postponed. The subsequent extended wet autumn and winter in 2017 resulted in a new slip area developing. This was addressed along with construction of a new retaining wall. In December 2017, as final preparations with the logging crew were being made for harvesting over the 2017/18 summer, a further slip and major crack in the road were discovered. This meant that the road was unavailable for logging traffic while repair works were undertaken over the summer period.

- 2.6 Following completion of the road repair works in mid-February 2018, the window of time for safe harvesting of the logs during the summer and autumn period of the year had been lost. In addition the specialist forest harvest crew require to harvest the trees with the minimum of soil disturbance had been reassigned to another harvest contract. Officers were reluctantly forced to postpone harvest operations once more until at least the 2018-19 summer period.

3. LOGGING OPERATIONS CONFLICT WITH DUPLICATE PIPELINE PROJECT

- 3.1 The optimum time for forest harvest is when ground conditions are dry so given the latest postponement, the next possible harvest period is the summer of 2018/19 subject to access, ground conditions and log prices. However, potential logging over the 2018/19 summer conflicts with Capital Programme 91 – Turitea WTP – Duplicate Falling Main. This programme is addressing the current lack of redundancy in the water supply system given the entire Turitea supply is reliant on a single aging steel pipe connecting the water treatment plant to the reservoirs.
- 3.2 Programme 91 will fund the installation of a duplicate main to provide resilience and enhanced security to the water supply system and enable the existing pipeline to be inspected and rehabilitated, significantly reducing the risk of the Turitea supply being disrupted. The duplicate pipeline project is a priority as the existing pipe is assessed to be approaching the end of its useful life.
- 3.3 Installation of the duplicate trunk main will require long stretches of open trench along Water Works Road, which effectively means that the road will be closed to all traffic including logging traffic for up to four months. The exception to this will be the provision of short programmed windows when the road will be open to allow for chemical delivery. It is planned to provide for at least one chemical delivery day approximately every six weeks.
- 3.4 Some kind of ferry system will need to be arranged to allow for day to day access for the treatment plant staff, pest control contractors and laboratory staff. This is likely to comprise arrangements for personnel to be escorted by foot through the site, to a vehicle located on the treatment plant side.
- 3.5 While this arrangement will be workable for routine activities it will not be suitable for maintenance contractors given their requirement to transport plant and equipment to the plant. At present there is no feasible plan for managing maintenance access to the water treatment plant. Provision of an alternative route to the water treatment plant during the open trenching works along Water Works Road would provide an ideal solution to this problem.
- 3.6 It is proposed to complete the work in Water Works Road during the summer of 2018-19 as the banks above the road are prone to slips and rock falls during winter presenting a significant safety risk to workers on site. Furthermore, the surface

shape of Water Works Road makes it likely that any rainfall during winter would be likely to be channelled into any open trench with a significant risk of destabilising the road formation. In an extreme event subsurface drainage may lead to a major slip failure of the road with very significant cost and disruption impacts for the water supply linkage.

- 3.7 It is possible to postpone the harvest of the forest until after the duplicate pipeline work is finished i.e. summer of 2019-20. However as previously mentioned, Stand 7 is already over-mature and has already suffered wind damage. Further delay introduces further risk of increased wind damage as areas within the stand are opened up. Further loss of trees could lead to the risk of further erosion and land slips compromising raw water quality in the dams.
- 3.8 There will also come a point in the future, if the stand is left unharvested and continues to suffer from more wind damage, that it becomes uneconomic to harvest. However it is considered that, postponing the harvest for another 1-2 years to allow the pipeline work to be completed is unlikely to increase those risks significantly.

4. ALTERNATE ACCESS

- 4.1 As reported, the width and structural capacity of Water Works Road has been independently assessed and confirmed as suitable for carrying logging traffic. However logging traffic access is subject to the road remaining free from both under or over-slips. There is however a preference to separate the dependency of the forest harvest from access via Water Works Road to simplify treatment plant operation, eliminate any conflict with the duplicate pipeline project and reduce the risk of damage by logging operations to the road and pipeline assets.
- 4.2 An option has been identified to create an alternate access both to Turitea West Forest and the Water Treatment Plant across neighbouring land. Council's harvest manager, John Turkington Limited (JTL), has discussed the option of constructing an unsealed road with the two neighbours affected and they have agreed both to the concept and to progress the option in more detail.
- 4.3 The key elements of the proposed arrangement are as follows:
- The neighbouring land owners to provide access across their properties for Council and its contractors for the purposes of logging and access to the water treatment plant and dams in emergencies when Water Works Road is unavailable.
 - Council to fund the construction of a metalled access track (shown as a solid beige line on the map in attachment 1) and upgrade of an existing track (shown as a red dotted line) across the neighbouring land immediately adjacent to Turitea West Forest.

- Construction to be undertaken by JTL's roading contractor and managed by JTL including securing any consents required.
- Council to maintain the access track during any harvest period and at the end of the harvest return it to the same condition as immediately prior to harvest.
- The landowner to maintain the access track after harvest.
- Council to maintain the area described as Lot 5 - Driveway (and shown as a solid blue line on the map) during harvest and at the end of the harvest return it to the equivalent condition as immediately prior to harvest. Council also to continue maintaining it after harvest.
- All land and tracks to remain in the ownership of the existing landowners.
- Council's right of access to be registered on the land titles.

4.4 The main benefits of creating an alternate access are as follows:

- Logging traffic is removed from Water Works Road and therefore any risk of damage to the road or the water main underneath is avoided.
- Alternate access to the Water Treatment Plant and dams is facilitated when major work is required on Water Works Road such as the duplicate water pipeline installation.
- Logging access is secured for the harvest of Stand 8 of Turitea West Forest in 5-7 years' time.
- A long term emergency access to the Water Treatment Plant and dams is provided in the event that Water Works Road is unavailable for any reason.

4.5 The cost of creating the alternate access is estimated to be \$225,000 excluding GST. This sum covers earthworks, supply and placement of road metal from offsite sources, surveying, legal costs and an allowance for road maintenance during and post the harvest period. It is proposed that these costs are funded from log sale proceeds when the harvest is carried out.

4.6 In the 2016 report to the Finance and Performance Committee, the business case at the time predicted a combined net surplus from log sale proceeds of \$279,900 from the harvest of Stand 7 and the remainder of the Turitea East Forest after considering all harvest related costs. A conservative approach was taken in preparing the business case. For instance, three year average log prices were used even though log prices at the time indicated a better return could be achieved. Using today's log prices that net surplus could be as much as \$455,000. The log market is an important factor in achieving the predicted net stumpage and provision is made in

the harvesting contract to avoid starting harvest operations if log prices are unacceptably low.

- 4.7 Based on current log prices the net cash return from the harvest allowing for deduction of the costs of the alternative access, are estimated at around \$230,000. However the final cash return will depend on the log prices and actual harvest costs. Separate to the cash returns, Council records the value of the forest in its accounts as an asset. The latest valuation of the Stand 7 forest in 2016-17 records a book value for the forest of \$390,000.
- 4.8 The impact of deducting the alternative access costs from the harvest revenue will be a reduction in the net cash return to the harvest and a small loss on the book value of the forest assets recorded against Council's value of assets. There will no impact on rates given the cash returns are still positive and the current LTP funding assumes no net revenue from the harvest of the forest.

5. SUMMARY

- 5.1 Water Works Road currently provides the only access to the Turitea Water Treatment Plant, the lower and upper dams and Turitea West Forest. The road is prone to slips and drop outs and there is an ongoing risk that access will be cut off to the water treatment plant at any time. Water Works Road is scheduled to be closed during the summer of 2018-19 to enable the implementation of Programme 91 to construct a duplicate water main between the water treatment plant and the city reservoirs.
- 5.2 The closure of Water Works Road during the summer of 2018-19 will necessitate the further postponement of the planned forest harvest of the Stand 7 of Turitea West Forest. This postponement introduces risk in respect of both the yield from the forest and the returns given log price volatility. Harvesting of Stand 7 in the summer of 2019-20 would also impact on normal treatment plant operation.
- 5.3 An opportunity has arisen to construct alternative access over neighbouring land which would enable a decoupling of the forest harvest from access over Water Works Road. This would enable earlier harvest of Stand 7 to occur, weather permitting and ensure there is no disruption to planned capital works and operations and maintenance activities at the water treatment plant. The alternative access would also provide an emergency access route for treatment plant operation and maintenance in the event that Water Works Road is closed for any reason. For this reason the alternative access route contributes to additional resilience for the water supply activity.
- 5.4 The net financial impact will be a reduction in the net cash return from the harvest operations and a small loss of the book value of the forest assets to Council. There will be however no impact on rates for the 2018-28 LTP.

6. NEXT STEPS

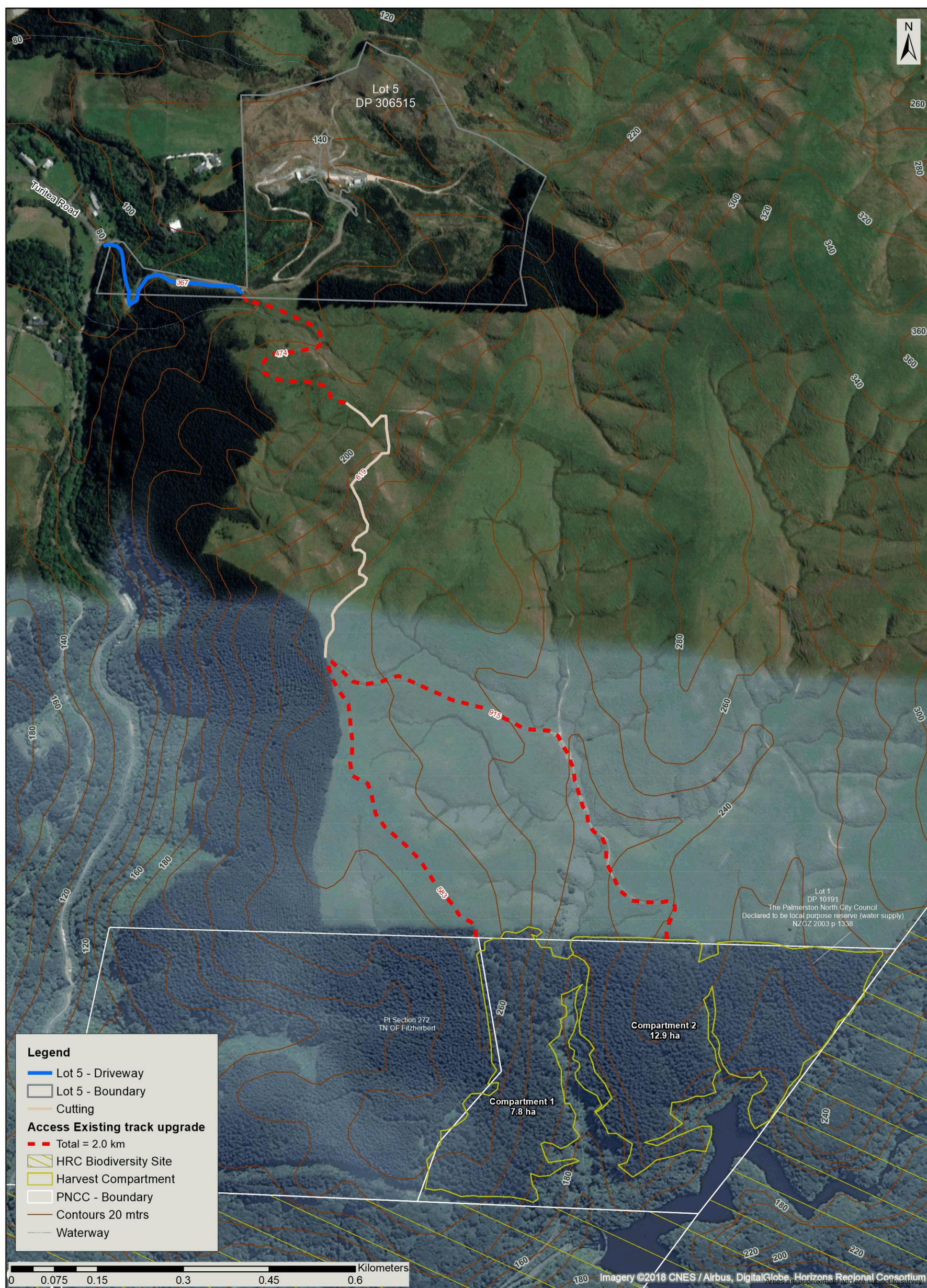
- 6.1 If Council approves the recommendation then a formal agreement will be entered into with both neighbouring property owners.
- 6.2 Construction of the access track would be carried out in the 2018/19 financial year. Once completed the access track would be available immediately for light vehicles. Harvest of the forest would be scheduled for the following year (2019-20) to allow the newly constructed track to settle before running logging trucks over it.

7. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	No
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	N/a
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No

ATTACHMENTS

1. Alternate Access Map [↓](#) 



PNCC - TURITEA WEST - Stand 7

Scale at A3 1:6,000

Dated: 6/04/2018

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 23 April 2018

TITLE: The Options for the City Water Supply Associated with Gordon Kear Forest

DATE: 21 March 2018

AUTHOR/S: Robert van Bentum, Water & Waste Services Manager, City Networks
Dora Luo, Water Asset Engineer, City Networks

RECOMMENDATION(S) TO COUNCIL

1. That the report on the options for the city water supply associated with Gordon Kear Forest be received.

1. ISSUE

- 1.1 Following completion of a review of Council's ownership of Gordon Kear Forest in December 2017, Officers reported on the review findings in a report to the Finance and Performance Committee meeting of 19 February 2018. The report discussed a number of reasons why the Gordon Kear land holding should remain in Council ownership. One of the reasons was the potential strategic value of the land for future water supply provision if needed.
- 1.2 The Committee formally requested a report from Officers on the specific options provided by the Gordon Kear Forest in respect of water supply to the city. This report sets out the current state of knowledge with respect to water supply planning and the likely value of the Gordon Kear Forest holding in that strategy.

2. BACKGROUND

- 2.1 The Gordon Kear Property was originally purchased by Council in 1975. Subsequently around two thirds of the total 745 hectares was established as a radiata pine plantation for commercial return. The remainder of the property has been maintained in native forest and shrublands. In 2006 an area of land and plantation forest within the property was exchanged for what is now Arapuke Forest Park. The

total area of the Gordon Kear property was reduced to 678 hectares. Following harvest operations between 2009 and 2016 the total area planted in radiata pine has now reduced to approximately 400 hectares.

- 2.2 The Gordon Kear Property is located approximately 16 kilometres south of Palmerston North, in the headwaters of the Kahuterawa Stream. It is one of a number of Council owned properties that span significant areas of the lower ranges adjacent to Palmerston North and make up a considerable area of the catchments of the Turitea and Kahuterawa Streams. The extent of PNCC property ownership is shown in Figure 1 below.
- 2.3 The report to the 19th February 2018 - Finance and Performance Committee of Council outlined the consultant's conclusion that the Gordon Kear property supports a number of current and potentially strategically important social and environmental values, including biodiversity, water supply, recreation, soil and water protection and carbon. In addition, the commercial pine plantation is expected to provide a return of around 6% over the current rotation, which is noted as being in line with other forestry investments of the same type in New Zealand.
- 2.4 The report recommended that the Council retain ownership of the Gordon Kear property and actively manage the radiata forest plantings to maximise returns as well as advancing the social and environmental values through enhancing biodiversity, recreation, soil and water protection and carbon capture.

3. STRATEGIC VALUE TO WATER SUPPLY

- 3.1 The existing Turitea catchment provides around 60% of the annual water supply for Palmerston North via storage and draw-off from two dams. The catchment has been protected and secured for water supply purposes from the late 1800s through direct ownership by the City Council and specific designation of the area for water supply purposes.
- 3.2 Long term water supply planning by Council is critical to ensuring adequate supplies of high quality water are available to meet current and projected future demand. Council officers undertake integrated water demand and supply assessments typically every 5 years. Specific assessments are documented in the 'Water Supply Development Plans' which have been completed in 1996, 2001, and 2016. With each revision of the plan, new demand forecasts and supply requirement assessments for a 30 year time horizon are completed. The key findings of the 2016 plan update were presented to Council at a workshop in March 2017. The recommendations arising from the plan underpin programmes focussed on developing additional water supply source capacity and improving water supply resilience included in the Long Term Plan 2018-2028 currently out for consultation.

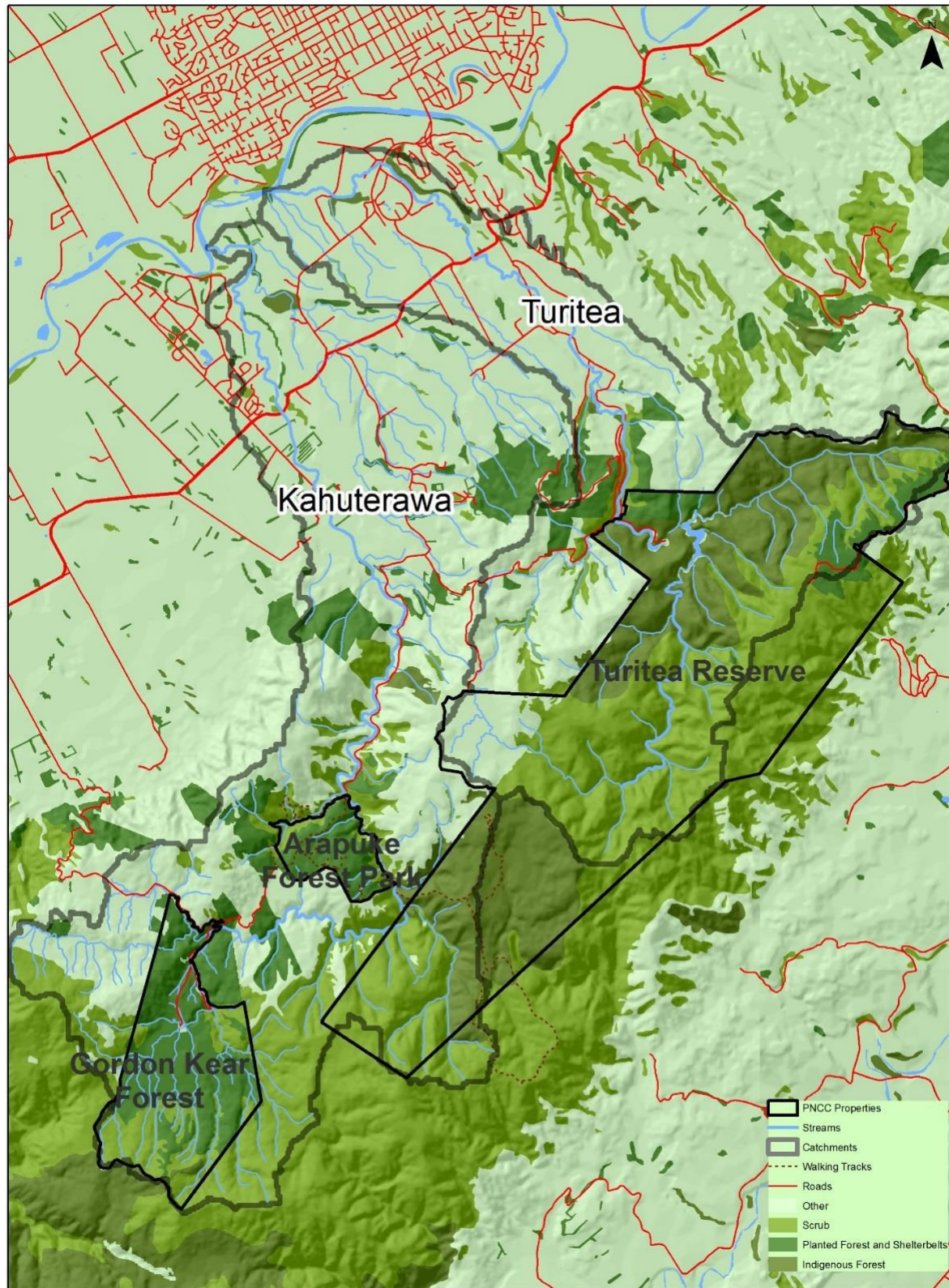


Figure 1 Map of PNCC Council Land Holdings in Foothills of Tararua Ranges

- 3.3 A key aspect of the development plan assessment of water source capacity is the assessment of the 'safe yield' from the existing Turitea catchment and dam storage system. 'Safe yield' is an estimate of the daily average volume of water which can be supplied from the dams for a specific duration of dry weather (months) based on the probability of that dry event occurring (average return interval in years) before the dam reaches its minimum draw-off level. Council Officers have determined that in line with taking a risk averse approach as appropriate for water supply provision, the Turitea supply should be able to accommodate a minimum 4 month long dry period with a 1 in 50 year likelihood of occurrence. The 4 month long dry period with a 1 in 50 year likelihood of occurrence has been used as the 'safe yield' estimate in the modelling of future source requirements to determine the timing of additional water supply bores to provide additional supply capacity.
- 3.4 National guidance from NIWA on the likely impact of climate change in the Manawatu region indicates an increased likelihood of longer dry summers coupled with more frequent high intensity rain events, although total annual rainfall is not expected to alter significantly. The increased uncertainty around summer rainfall, is predicted to increase the likelihood that the Turitea dam storage must be actively managed to supply water over a 4 to 5 month long period with no appreciable rainfall recharge. The 2016 Water Supply Development Plan completed a reassessment of the safe yield from the Turitea catchment and the estimates for the equivalent durations and return periods have fallen by varying amounts ranging from 3,700 to 6,400 m³/day. The reduction in safe yield estimates following the 2016 assessment are summarised in Table 1 below.

Table 1 Summary of Turitea Catchment and Dam Safe Yields

Return Period (years)	Safe Yield Estimates (m ³ /day) for Varying Dry Period Durations					
	1 month	2 months	3 months	4 months	5 months	6 months
50 (original)	51,930	28,600	20,650	17,710	17,280	18,000
50 (revised)	45,522	23,063	16,315	13,722	13,561	14,247
Change	-6,408	-5,537	-4,335	-3,988	-3,719	-3,753
100 (original)	51,580	28,080	19,870	16,870	16,330	17,200
100 (revised)	45,193	22,571	15,659	12,901	12,740	13,508
Change	-6,387	-5,509	-4,211	-3,969	-3,590	-3,692

- 3.5 The significant reductions in safe yield estimates are of the order of 15 to 20% and significantly impact on the extent to which the Turitea supply can be relied on during summer periods. Officers have elected to compensate for this effect by advancing additional bore capacity in combination with initiating work on the design of peak storage at each of the bore stations.
- 3.6 The strategy in respect of providing more water source capacity is focussed on the provision of more bores. Key advantages of this approach include:
- the lower costs associated with network transmission costs with new bores being provided close to the centre of demand e.g. Whakarongo and City West

- the limited level of exploitation of the current groundwater resource, with best estimates suggesting that PNCC's current consented takes represent less than 10% of the available deep groundwater resource
- the limited level of treatment required although provision of on-site storage to meet chlorine contact and optimise bore pumping rates is increasing costs
- the improved resilience associated with having multiple water sources located across the city compared to reliance on a single dam source with a long pipeline

3.7 To provide greater certainty that bore source water supplies will be available to meet future demand, Council has lodged an application with the Regional Council for a global bore consent covering the next approximately 20 years. This will combine all existing bore takes and it is hoped provide scope for additional new bores to meet increased demand and provide greater resilience and redundancy. For the 30 year duration of the water supply development planning horizon to 2046, there is no identified need to look beyond the existing Turitea and planned bores sources.

3.8 However, changes in demand and the level of groundwater utilisation beyond this 20-30 year period could introduce constraints over this supply in the future. This timeframe equates broadly to the harvest timing of the current radiata pine plantation crop, so would form a logical re-evaluation point for water supply possibilities associated with the Gordon Kear property. If climate change effects worsen and the pattern of rainfall particularly during the summer months changes, there may also be a need to re-visit the option of securing additional surface water sources in the short term. It is in these contexts that the Gordon Kear property may become a supplementary supply option.

4. STRATEGIC VALUE OF GORDON KEAR AS A WATER SOURCE

4.1 Council has previously considered the option of augmenting the current Turitea water supply by expanding the existing surface water source catchment in combination with additional storage. The 1996 Water Supply Development Plan, refers to very brief consideration of either damming tributaries of the Turitea Stream or the Kahuterawa Stream.

4.2 The Gordon Kear Property includes land at the head of the Kahuterawa catchment and encompasses a natural basin that appears to provide reasonable storage volumes if dammed. Sites suitable for damming and collecting the surface water are very limited. This site has a significant advantage given its significant elevation at 340m compare to the 173 m of Turitea Upper Dam and a reasonable direct distance to the Turitea Catchment.

- 4.3 Although there is no sign of constrained ground water source to meet the city's future growth demand yet, additional surface water capacity will be a benefit if the ground water resource is depleting. While constructing storage dams to impound surface water is significantly more costly compared to developing ground water wells, the life of dams is significantly longer.
- 4.4 A brief assessment of upper Kahuterawa catchment, indicates that there is a total area of approximately 1550 ha, upstream of the potential location for an impoundment dam. Of this total catchment area some 680ha is in PNCC ownership (Gordon Kear) with the balance of 870 ha in 4 separate land holdings with the largest being part of Ratahiwi Farm Ltd at 450ha. The catchment is approximately 65% of the area of the Turitea catchment which comprises 2,400 ha. A plan showing the land area distribution is included in Appendix 1.
- 4.5 Other key differences when compared to the Turitea Catchment include:
- Significant land in radiata plantation forest which introduces greater management complexity and cost as well as potentially higher contaminant levels.
 - The distance from the existing Turitea WTP and the complex contour and private land holdings between the two catchments which will add to any transmission costs
- 4.6 While there has not been any detailed consideration of this water supply opportunity, there is sufficient understanding of the likely yield and complexities to conclude that Gordon Kear could provide a supplementary source of water which might add from 60 to 75% in respect of safe yield i.e. 7,000 to 9,000 m³/day for a 50 year return of a 4 months dry period. This is equivalent to approximately two additional groundwater bores within the city.
- 4.7 To achieve this additional yield will require a significant capital investment of tens of millions of dollars for a dam and conveyance infrastructure. While a dam in the Kahuterawa upper catchment has the potential to supply raw water by gravity given the elevation of the basin at 340m is some 200m above the elevation of the Turitea lower dam at 140m there are some significant areas of uncertainty including:
- the potentially lower water quality associated with runoff from a catchment with significant radiata plantation forest cover. See comments above in relation to potential alignment of water supply options with harvest timing.
 - the challenges around securing consent to transfer water from one stream catchment to another
 - the need to obtain landowner approval for the gravity or pumped conveyance pipeline to transfer water to the Turitea lower dam and water treatment plant

- 4.8 In order to ensure that the feasibility and rough order costs as well as water supply yields for a water supply dam in the Gordon Kear property is known, Officers propose to commission a desk top assessment of the options if budget permits in the 2018-19 financial year. This will be input to the next update of the Water Supply Development Plan.

5. SUMMARY

- 5.1 In summary, current water supply source planning does not envisage any exploitation of additional surface water sources to meet projected future water supply demand in the next 30 years.
- 5.2 The period beyond the next 20-30 years equates broadly to the harvest timing of the current Gordon Kear Forest radiata pine plantation crop, so would form a logical re-evaluation point for water supply possibilities associated with the property.
- 5.3 Preliminary assessment suggests that the Gordon Kear property within the upper part of the Kahuterawa Valley has the potential to provide supplementary supply capable of increasing the safe yield of the Turitea WTP by anything from 60 to 70%. This potential is subject to significant constraints and uncertainties.
- 5.4 However in order to better quantify the potential contribution of a water catchment and storage dam, Officers propose to commission a desk-top assessment in 2018-19, to clarify feasibility, the most likely form of any storage and transfer system and the ball park cost of the options, as well as key constraints. This work will feed into the next review of the Water Supply Development Plan.

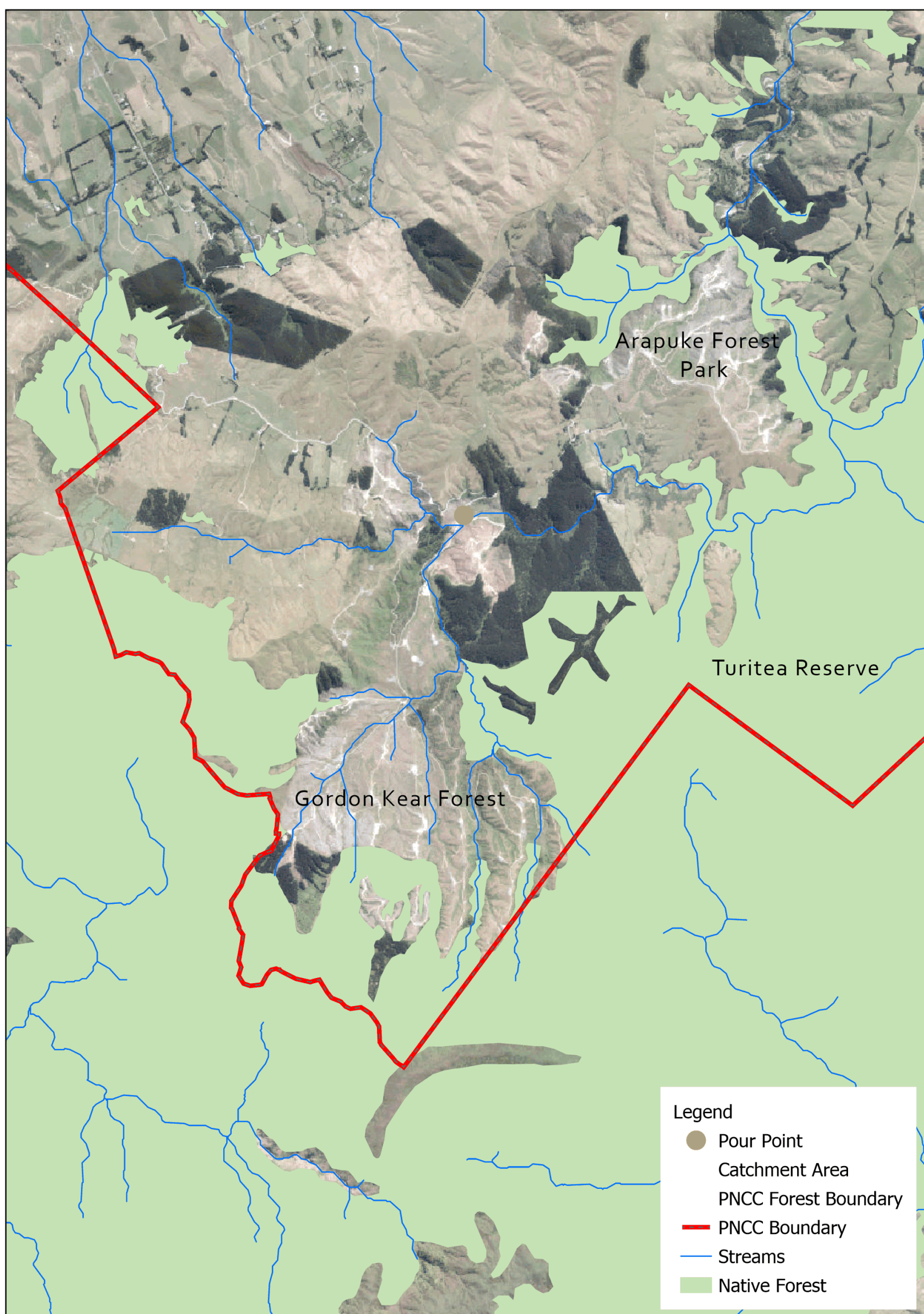
6. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No

ATTACHMENTS

1. Upper Kahuterawa and Gordon Kear Forest Catchments [!\[\]\(13b6bdd0ca077c333d50231f1443cb1d_img.jpg\)](#) 

Water Catchment of Gordon Kear Forest



Estimated PNCC land within the catchment area: 685.12 ha

Estimated catchment area: 1554.44 ha

Estimated area of land not owned by PNCC within the catchment area: 869.32 ha

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 23 April 2018

TITLE: Report on Proposal for 6 Month Trial of Free E-Waste Drop-off Service

DATE: 26 March 2018

AUTHOR/S: Robert van Bentum, Water & Waste Services Manager, City Networks
Natasha Hickmott, Rubbish and Recycling Engineer, City Networks

RECOMMENDATION(S) TO COUNCIL

1. That the report, estimating an additional cost of \$300,000 for a six month trial of E-waste charges of \$0 for 'TV and Electronics', 'Consumer Electronics' and 'Other' excluding photocopies, be adopted.
-

1. ISSUE

- 1.1 The Fees and Charges report was presented to the 19th March 2018 Finance & Performance Committee Meeting. The report included a recommendation to rationalise and simplify the E-Waste charges with provision for limited Council subsidy funding provided to encourage greater E-Waste diversion from landfill. The proposed revision to fees and charges was accepted and adopted by the Committee. However an additional resolution was adopted as follows:
- 1.2 *That fees for household e-waste in categories of 'TV and Electronics', 'Consumer Electronics', and 'Other' excluding photocopiers, be set to \$0 on a trial basis, for a 6 month period in FY19, subject to a financial analysis report being brought back to Finance and Performance April 2018.*
- 1.3 This memorandum provides the requested report back on E-Waste recycling and the financial analysis of setting the fee of e-waste to \$0 excluding photocopies for a period of months in FY19.

2. BACKGROUND

- 2.1 In the absence of any mandated or government funded stewardship scheme for end of life electrical and electronic waste in New Zealand, E-waste recycling services are

fragmented and patchy in their availability. The majority comprise either voluntary or not for profit initiatives or 'fee for service' provided by commercial companies. This is in contrast to many overseas jurisdictions where 'product stewardship schemes' provide funding for e-waste recycling and recovery based on the levy of a recycling charge as a portion of the sale price of new electronic and electrical items.

- 2.2 E-waste recycling is typically considered to comprise end of life disposal of appliances and electrical items once any residual life has been exhausted following re-sale through the traditional second hand market or on-line auction sites such as Trademe. While larger electrical appliances such as washing machines, dryers, fridge-freezers and dishwashers can usually be disposed of through existing metal recyclers, given there are significant valuable metals to be recovered, many smaller electrical and electronic items have limited easily recoverable component materials.
- 2.3 For most electronic and small electrical items, the cost of responsible recycling and re-processing to recover valuable materials and reduce any environmental impact of disposal of the residuals far out-weighs any returns achieved. As a result significant additional funding is required to support commercial enterprises involved in e-waste recycling and recovery. Some 'national takeback' schemes exist for small consumer electronics where the revenue recovered from recycling covers the scheme costs e.g. cell phones.
- 2.4 Internationally E-waste recycling and recovery has become a large scale undertaking. While in most countries with central funding support, or formal 'product stewardship schemes', local processors have become established to process and recover materials. However in in these jurisdictions not all product is handled through official channels. Given the large sums of money involved and opportunity for profit, large scale legal and illegal international trading in e-waste is occurring often resulting in large quantities of low grade e-waste being effectively 'dumped' for processing or disposal in low income countries in a number of parts of the world.
- 2.5 Even with well operated and managed processing facilities, with on-site recovery of metals and other components, a significant portion of many electrical and electronic products cannot be re-cycled and must be landfilled. This particularly applies to many of the plastic casings, mountings and cables. Ensuring the net environmental outcome of e-waste recycling is greater than disposal to landfill requires careful verification of product traceability and selection of providers committed to safe and sustainable reprocessing. Otherwise recycling of e-waste may simply contribute to dumping and transference of the environmental effects in another location.
- 2.6 Currently there are only a small number of E-waste processors offering a full reprocessing service typically in the larger urban areas. Typically once products are broken down, component parts are sent to third party processors. For the metals and some plastics New Zealand processors are typically used while for speciality components such as circuit boards items are usually to overseas based processors. Other recovered materials of low value such as plastic cases and wire casing are sent to landfill.

- 2.7 In some locations community enterprises have been established which carry out some of the product breakdown, recover high value items for re-sale and send the remainder of the material for further processing or to landfill.
- 2.8 While there are no local reprocessing facilities in Palmerston North beyond traditional scrap metal processing, Officers are interested to explore opportunities to extend the useful life of products by re-purposing. For example a proportion of computers dropped off for recycling can be upgraded and re-purposed. Discussions are on-going with a local company to provide a service in this area at minimal cost to Council.

3. CURRENT E-WASTE RECYCLING RATES

- 3.1 The current E-waste recycling service offered by Council is provided under contract with Auckland based provider E-Cycle Limited and has been in place since 2014. The contract followed a review by staff of a range of New Zealand based recycling and processing service providers. E-Cycle Limited is a well-established company, with high standards and a robust approach to traceability of its products, providing E-waste recycling services to over 20 Councils, community groups and landfill operators. E-Cycle has significant contracts with 3 large international electronics re-processors to take a significant portion of recovered components e.g. circuit boards.
- 3.2 Officers have independently visited and inspected the processing and handling facilities. E-Cycle can provide customised reports if required detailing product serial numbers, data destruction and recycling certification. E-Cycle complies with the Basel and Stockholm conventions and adheres to the Australian/NZ E-Waste Standard.
- 3.3 Council has historically provided the E-waste recycling services on a full cost recovery basis, whereby the costs for transport and processing of each item are charged at the time of drop off. Council staff costs for managing the E-waste service are not charged but recovered as part of the Fergusson facility operating costs paid for from the public rubbish and recycling targeted rate. Desk top computers have traditionally been free to dispose of on the basis that the value of the materials recovered from the computers has fully covered the cost of processing and transport.
- 3.4 The volumes of E-Waste received at Ferguson Street are relatively modest at around 3 tonnes/ month or 36 tonnes/annum, comprising up to 3000 individual items. The quantity of E-waste has remained steady over the last few years of the service. The fees are certainly a significant factor in constraining any increase in tonnages of E-Waste that is recycled. E-waste recycling is expensive compared to disposal within the household waste collection service (PNCC or commercial). A summary of the numbers of items, fees and revenue collected is given in Table 1.

- 3.5 Council also receives e-waste items and particularly televisions and computer monitor cases in the illegal dumping stream. It is estimated that in the last 12 months approximately 12% of the more than 1000 incidents of illegal dumping in the city have included a component of E-waste (i.e. 120).

TABLE 1. SUMMARY OF CURRENT AND PREDICTED E-WASTE REVENUE

Item	Quantity (Est 2017-2018)	Current Fee (2017-18)	Revenue (2017-18)	Proposed Fee (2018-19)	Revenue (2018-19)
Television - CRT	319	\$40.00	\$12,754	\$20.00	\$6,377
Television – Flat Panel	165	\$25.00	\$4,114	\$20.00	\$3,291
Computer Monitor - CRT	158	\$17.00	\$2,681	\$10.00	\$1,577
Computer Monitor – Flat Panel	178	\$12.00	\$2,139	\$10.00	\$1,783
Desktop Computer/Server	187	\$-	\$-	\$5.00	\$934
Laptops/Tablets	225	\$6.00	\$1,347	\$5.00	\$1,123
PC/Stereo Speakers	153	\$4.00	\$610	\$2.00	\$305
Keyboards/Docking Stations	206	\$4.00	\$823	\$2.00	\$411
Hub/Modem/Switches/Routers	149	\$4.00	\$597	\$2.00	\$298
UPS	10	\$5.00	\$51	\$5.00	\$51
Printer (Inkjet or laser)	377	\$15.00	\$5,657	\$15.00	\$5,657
Photocopier – Small/Medium/Large	9	\$70.00	\$600	\$50.00	\$429
Fax Machines	36	\$15.00	\$540	\$15.00	\$540
Cellphones/GPS/Digital Camera/Mice		\$-	\$-	\$-	\$-
DVD/CD Player/VCR	180	\$7.00	\$1,260	\$5.00	\$900
Stereo/Car Stereo System/Gaming Console	108	\$7.00	\$756	\$2.00	\$216
Misc Consumer Electronics (per kg)	799	\$3 / kg	\$2,397	\$2.00	\$1,598
Washing Machine/Dryer	26	\$29.00	\$746	\$25.00	\$643
Dishwasher	2	\$29.00	\$50	\$25.00	\$43
Microwave	214	\$12.00	\$2,571	\$5.00	\$1,071
Heaters/Fans	60	\$6.00	\$360	\$2.00	\$120
Vacuum Cleaner	72	\$12.00	\$864	\$5.00	\$360
Small Appliances – Toaster/Kettle/Blender/Drills/Alarm Clocks/Phones/Camera's	197	\$6.00	\$1,183	\$2.00	\$394
Totals	3030		\$42,100		\$28,123

4. NEWLY ADOPTED FEES AND CHARGES – 2018-19

- 4.1 In an effort to encourage and promote increased waste diversion of E-Waste, Officers have been exploring a range of strategies including:
- Identifying local and existing businesses who support re-purposing and processing of E-waste to reduce the volume of product to be sent
 - Simplifying and reducing the charges for key categories of E-waste by providing some limited subsidy from the public rubbish and recycling targeted rate to encourage diversion and reduce the level of illegal dumping
 - Initial investigations into the feasibility and potential cost of establishing a community enterprise for the receipt, re-purposing and initial processing of E-waste
- 4.2 The revised charges adopted as part of the revised Fees and Charges 2018-19 are part of this approach. In developing the revised categories and the level of fees Officers completed a sensitivity analysis in respect of the level of Council funding support required to support the new fee regime.
- 4.3 Officers had estimated that at current E-waste levels the revised fees will require Council funding support of \$15,000 per annum. The level of Council funding support increases to \$25,000 per year if E-waste volumes increase by 50% over current levels, and to \$32,000 if E-waste volumes increased by 100% to over 70 tonnes per annum. An annual level of 70 tonnes of e-waste represents approximately 4% of the estimated total E-waste generated in Palmerston North.
- 4.4 There is a risk of higher costs to Council if the levels of E-waste recycling increase beyond this level. Officers consider this risk to be low, however in the event that the level of cost incurred impacts negatively on overall budgets, Officers would report back to Council with proposals to revise the fees to address any shortfall in funding or seek additional funding.

5. ZERO FEES FOR E-WASTE TRIAL

- 5.1 In order to assess the potential cost to Council of a six month trial of free E-waste drop-off, Officers have used currently available data for E-waste volumes generated in New Zealand, together with current costs for transport and processing under the existing PNCC contract with E-cycle as this represents the most conservative approach.
- 5.2 The latest New Zealand wide research work investigating product stewardship scheme options in New Zealand was completed in 2015. The research report estimated that each New Zealander generated 19kg/person/annum of E-Waste in 2015 with that quantity expected to grow to 27kg/person/annum by 2030. On the basis of this data a per capita E-waste volume of 20kg/person/annum has been used to estimate the total volume of E-waste likely to be generated in 2018.

- 5.3 Using the estimated 20kg/person/year and Palmerston North's estimated population of 85,000, the total volume of E-Waste generated is estimated to be around 1,700 tonnes per year. With current E-waste volumes of 36 tonnes per year Council is diverting approximately 2% of the total annual E-Waste volume generated in Palmerston North.
- 5.4 It is difficult to accurately determine both the likely quantities of E-waste and costs for providing a six month free E-Waste trial as the overall impact will depend on factors including:
- The likelihood of there being significant quantities of legacy E-waste in storage
 - The exact composition and therefore cost for transport and processing of E-Waste delivered to Council
 - The extent to which the scheme would attract E-waste from outside the city e.g. residents of other districts who work in Palmerston North
 - The additional staffing and infrastructure costs required to support the scheme
- 5.5 Despite the uncertainties Officers have estimated the financial impact of a six-month E-waste trial with zero fees, for a range of scenarios based on the current level of service cost and including an additional charge for staff and facility costs which are not currently budgeted. The estimates summarised in Table 2 are considered to be at the low end of potential costs for a trial.

TABLE 2. SUMMARY OF POTENTIAL COSTS FOR E-WASTE TRIAL

	Current Uptake (six months)	200% Increase	500% Increase	1,000% Increase
E-Waste received (6 months – Tonnes)	18T	54T	90T	180T
% of Total Estimated Quantity of E-Waste diverted for PNCC	2%	6%	12%	22%
Additional disposal and transport costs	\$21,000	\$63,000	\$125,000	\$210,000
Additional staffing and facility costs (+20%)	\$4,000	\$12,000	\$25,000	\$40,000
Estimated Total Financial Impact	\$25,000	\$75,000	\$150,000	\$250,000

5.6 While the exact level of uptake which might occur cannot be predicted given there is no equivalent New Zealand experience to draw upon, Officer judgement is that a 5 fold increase in E-waste volumes is more than likely considering the likely volume of e-waste stored by residents and the likelihood of receiving significant volumes of E-waste from residents living outside the city boundary. Officers consider therefore that a six month trial will require a budget provision of at least \$300,000.

5.7 The implementation of a trial will have other potential effects unrelated to funding including:

- Increase potential conflicts between activities at Ferguson Street due to the larger volumes of E waste which are predicted
- Establishes a 'regional product stewardship' subsidy for E-Waste funded by Palmerston North City Council Ratepayers
- Diverts funding and staff resources from pursuing lower cost more sustainable product recycling and diversion initiatives
- Reduces pressure on manufacturers and central government to find a sustainable national solution to E-waste which supports local processing

6. SUMMARY

6.1 A 6 months zero charge E waste trial will require a minimum funding provision of \$300,000. The trial would also have other impacts including diverting staff resources from pursuing lower cost more sustainable product recycling and diversion initiatives.

- Officers suggest that it may be advisable to defer a decision on any trial until after a report back on the results of the first 6 months of implementation of the reduced fees adopted for 2018-19.

7. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	No
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No

ATTACHMENTS

Nil

Robert van Bentum
**Water & Waste Services
Manager**

Natasha Hickmott
**Rubbish and Recycling
Engineer**

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 23 April 2018

TITLE: Fees and Charges 2018 - Further activities

DATE: 9 April 2018

AUTHOR/S: Steve Paterson, Strategy Manager Finance, City Corporate

RECOMMENDATION(S) TO COUNCIL

Trade Waste

1. That the Proposal to adopt updated fees and charges for Trade Waste Services effective from 1 July 2018 as attached in Appendix 1 be approved for public consultation and the Chief Executive be authorised to undertake the necessary consultative process under sections 82 and 150 of the Local Government Act 2002.

Sportsfields

2. That the fees and charges for Sportsfields , as proposed in Appendix 2 be adopted and take effect from the summer season 2018/19.

1. ISSUE

At its March meeting the Committee considered a report on the review of fees and charges. Since then the review of fees and charges for trade waste services and sportsfields has been completed and it is necessary for these to be considered so that appropriate fees and charges can be set for 2018/19.

The Council adopted the Committee's recommendation for updated burial and cremation fees from 1 July 2018. However the Committee requested a further report on the prospect of adding an out of district surcharge for cremations. This will be addressed in a later report.

2. BACKGROUND

Fees and charges for trade waste and sportsfields were not considered in the report to the March Committee.

They have recently been the subject of a workshop designed to explain the proposals in more detail.

Proposed fees are outlined in Appendices 1 and 2.

3. NEXT STEPS

Once the recommendations are adopted the consultation process for trade waste fees will be initiated and the results of this will be reported for consideration in June.

The updated charges for sportsfields will be implemented from the summer season of 2018/19.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	Yes
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No

ATTACHMENTS

1. Appendices 1 and 2  

Steve Paterson
Strategy Manager Finance

PROPOSED AMENDMENTS TO FEES AND CHARGES FOR TRADE WASTE

1. INTRODUCTION

It is Council's policy to review its fees and charges for trade waste each year in accordance with the Palmerston North Trade Waste Bylaw.

Changes to these fees and charges are required to be approved using the consultation principles of the Local Government Act.

2. BACKGROUND

2.1 Revenue & Financing Policy Requirements

As part of Council's financial framework it has in place a Revenue and Financing Policy which was adopted in 2015. The policy has been reviewed and although there are no major changes proposed it will be the subject of public consultation in conjunction with the proposed 10 Year Plan 2018-28.

The policy defines how operating expenditure for each activity will be funded. In summary the funding sources are from either, user charges or targeted rates (private), rates (public), or based on the exacerbator principle whereby the cost of an activity can be attributed to an individual or a group of individuals.

Some of the discharges of trade waste into the sewerage system use up more of the sewerage systems capacity than normal domestic discharges.

Council's Revenue and Financing policy states "volumes of trade waste are capable of being measured so those who discharge trade waste should be charged based on the nature and volume of discharge". The setting of the charges is regulated under Council's Trade Waste Bylaw 2015 and a specific charging mechanism has been established to recover the extra costs imposed on the Council's system.

These costs are incurred in the following way;

- Compliance Monitoring – the inspection, sampling and analysis of trade waste discharges
- Trade Waste Application – the processing of new or renewal applications
- Consent Processing – when the cost of processing the consent exceeds the normal application fee

- Re-inspection – for re-inspection of premises when a notice served by the Council has not been complied with
- Annual Trade Waste Charges – for administration and monitoring of individual consent holders
- Trade Waste Charges – these are for the impact of consented discharges on Council's system.

The following factors impact on the fees and charges;

- Costs to administer and monitor consents
- Cost of operating the Palmerston North sewerage system
- Flows within the Palmerston North sewerage system
- Loading on the Palmerston North Wastewater Treatment Plant.

These costs, flows and loadings vary from year to year.

2.2 Statutory Requirements

The Council adopted the Palmerston North **Trade Waste** Bylaw in 2015 under its statutory powers contained in the Local Government Act 2002 (LGA). Accordingly, in terms of section 150 of the LGA the trade waste charges are required to be set in a manner giving effect to the requirements of the Act. Schedule 1 of the Bylaw contains a list of types of charges that may be imposed. In May 2017 the Council adopted the current schedule of charges following appropriate consultation.

2.3 Factors Impacting on Setting Fees and Charges

A number of other considerations are factored into the proposed fees. They are:

Transparency It is important that fees and charges are structured in a manner that clearly identifies the specific service being provided and the true cost of providing such services.

Fair and reasonable That the charges are demonstrated to be fair and reasonable.

Market comparable Where appropriate.

2.4 Outline of Proposed Fees and Charges

The proposed fees and charges are shown in detail below:

Category	2017/2018 Charge GST Incl.	2018/2019 Charge GST Incl.	Description
Administrative Charges (Table 2 – Schedule 1)			
Compliance Monitoring (2.2)	\$360 per annum	\$360 per annum	Fee to recover inspection and monitoring costs of trade premises
Compliance Monitoring – Grease Trap Sampling Fee (2.2)	\$80 per inspection	\$115 per inspection	Fee to recover inspection and sampling costs of grease traps
Trade Waste Application Fee (2.4)	\$115	\$1,600	Fee to recover cost of processing new or renewal applications
Consent Processing Fee (2.5)	\$115 per hr	\$195 per hr	Fee to recover cost of processing extraordinary applications
Re-inspection Fee (2.6)	\$115 per inspection	\$115 per inspection	Fee to recover cost of re-inspections of individual trade premises
Grease Traps (2.9)	\$60 per annum	\$115 per annum	Charge to recover administration and monitoring cost of grease traps
Oil Interceptors (or similar devices) (2.9)	\$60 per annum	\$115 per annum	Charge to recover administration and monitoring cost of oil interceptors and other treatment devices
Amalgam Traps (2.9)	\$60 per annum	\$115 per annum	Charge to recover administration and monitoring cost of amalgam traps at dental surgeries
All other premises (2.9)	\$690 per annum	\$800 per annum	Charge to recover administration and monitoring cost of trade waste consents
Trade Waste Charges (Table 3 – Schedule 1)			
Volume Charge (\$/m ³) (3.1)	\$0.3749/m ³	\$0.3812/m ³	Charge to recover sewerage collection costs
Suspended Solids Charge (SS) (\$/kg) (3.3)	\$0.6164/kg SS	\$0.6042/kg SS	Charge to recover suspended solids treatment costs
Organic Loading Charge (BOD) (\$/kg) (5.4)	\$0.4323/kg BOD	\$0.4641/kg BOD	Charge to recover organic loading treatment costs
Phosphorous Charge (DRP) (\$/kg) (3.6)	\$38.1021/kg DRP	\$31.2085/kg DRP	Charge to recover phosphorous (DRP) removal costs
Tankered Waste Charges (Table 4 – Schedule 1)			
Tankered Wastes (4.1) Charge	\$28.75/1,000 litres	\$40/1,000 litres	Charge to recover administration, receiving and treatment costs of tankered wastes.

In the past the administrative charges have been set at levels which cover only a portion of the costs of performing the work involved. This has been known and acknowledged but the extent of the subsidy has recently become more evident through changes in in-house arrangement for the service delivery. The Revenue and Financing Policy describes that the costs of this activity will be recovered from the users. The changes proposed for some of these administrative fees are significant. In particular, the trade waste application fee. The proposed new fee reflects the significant time involved in processing the application.

The volume dependent charges are based on historic flows, strengths and costs. The 2017/18 charges were based on flows and costs from 1 January 2016 to 31 December 2016 and the proposed 2018/19 charges are based on flows and costs from 1 January 2017 to 31 December 2017.

The changes proposed above represent increases of 1.7% in the rate charged on the volume of sewage discharged and 7.4% in the charge for organic loading treatment, with a decrease of 2% in the suspended solids charge and 18% in the charge for phosphorous removal.

2.5 Level of Service

As part of the process of preparing the proposed 10 Year Plan 2018-28 the level of service for all areas was considered. This determined that the current levels are appropriate. The proposed fees reflect this decision.

3. DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis. This enables Council to be satisfied that they are transparent, fair and reasonable and market comparable. This does not necessarily mean that fees will be increased every year.

The options available include no change being made, proceeding with the recommendations or changing fees by a different amount. If no change is made or fees are increased by a lesser amount, the proposed budgeted revenue for 2018/19 cannot be met. This will result in the level of ratepayer funding having to be increased to make up the shortfall or the level of services being reduced.

The remaining option is to proceed with the recommended changes. This will ensure that the charges for providing the services are fair and reasonable. It will ensure that the revenue attained from fees and charges reflects the true cost to Council of providing such services.

4. FINANCIAL IMPLICATIONS

The proposed fees and charges will enable the budget targets for 2018/19 as defined in the proposed 10 Year Plan 2018-28 to be met based on the volume assumed. In particular it will enable the generation \$900k of revenue from trade waste charges.

5. MAKING A SUBMISSION

Submissions on the proposal are invited and must be received by the Council during the submission period which opens on Monday 7 May 2018 and closes at 5.00 pm on Friday 8 June 2018. Enquiries may be directed to the Water & Waste Services Manager on telephone 356 8199.

Submissions must be in writing and may be delivered, posted or emailed to:

The Governance and Support Team Leader
City Corporate Unit
Palmerston North City Council
Private Bag 11-034
Palmerston North 4442

Email submission@pncc.govt.nz

Submissions should include the name and address of the person making the submission, including a daytime telephone contact number, and also advise if they wish to speak about their submission to a meeting of Councillors.

Heather Shotter
Chief Executive

Sportsfield Charges

Appendix 2

INTRODUCTION

It is the Council policy to review fees and charges each year. The Council's Revenue and Financing Policy (10 Year Plan 2015-25 pages 175 & 184) outlines that users of sportsfields are expected to contribute through charges a low (i.e. 1-19%) proportion of the costs. There are no changes planned to these assumptions in the draft of the new Policy being consulted on in conjunction with the proposed 10 Year Plan 2018-28.

The policy also acknowledges that either it is not practical to identify and charge users (eg for city-wide or local reserves) or that in some instances charges would be prohibitively high if they were set at the level which would be necessary to cover the entire cost.

Since 2012 increases in charges of between 1.5% and 2% have been made each year.

In each of the last four years actual sportsfield revenue represented between 5% and 6% of operating costs. The budgets for 2017/18 and 2018/19 assume a similar level of recovery.

BACKGROUND

(a) Statutory Requirements

Under its statutory powers contained in the Local Government Act 2002 (LGA) the Council has power to set fees and charges for the use of reserves including sportsfields. The Council has delegated this to the Finance and Performance Committee (Delegations Manual clause 158).

(b) Factors Impacting on Setting Fees and Charges

The following factors impact on the fees and charges;

- Costs of creating and maintaining sportsfields and associated buildings and structures
- The practicability of charging for some types of use
- Council's policy on the extent to which users should contribute toward the cost
- Whether or not sportsfields are being fully utilised
- The number of fields required by various sports codes e.g. rugby now book 10 senior fields plus CET Arena whereas in 2014 the booked 20 plus CET Arena. This is due to more effective week to week allocation and declining numbers of teams.

PROPOSED FEES AND CHARGES

Fees and charges would need to be increased significantly before revenue from sportsfields increased to any significant extent compared with operating costs. To ensure the actual outcome does not start to reduce (in percentage terms) it is important to continue to increase charges each year. Operating costs for 2017/18 are artificially high due to the one-off budgeted

contribution to a third hockey turf in the City. The proposed budget for 2018/19 has returned to the usual level. The budgeted revenue for 2018/19 is \$14,000 (approximately 13%) higher than 2017/18. At this stage it is not certain what the actual income level will be for 2017/18 but it is assumed it will be slightly above budget.

Recommended changes shown in the **attached schedule** comprises the following elements:

- An across the board increase of 3% to come into effect from the summer of 2018/19
- Continuing to impose zero fees for fields used exclusively for junior sport (school age teams)

As mentioned earlier, increases in fees and charges recent years have been relatively low (in percentage terms). An increase of 3% is likely to mean the current revenue budget for sportsfields in 2018/19 is not achievable. It is proposed to report again later this calendar year in a way which will assist the Council reconsider its attitude to sportsfield charging.

DESCRIPTION OF OPTIONS

It is Council policy to review fees and charges on a yearly basis. This enables the Council to be satisfied that the fees and charges are transparent, fair and reasonable.

The options available are:

- no change being made to existing fees and charges,
- proceeding with the recommendations set out in this proposal: or
- changing fees by a different amount.

FINANCIAL IMPLICATIONS

The proposed fees and charges will enable there to be a small increase in revenue (provided use is similar to that assumed) but it is unlikely the budget target of \$120,000 as defined in the 2018/19 proposed 10 Year Plan will be met.

Palmerston North City Council				
Sportsfield Fees and Charges				
All fees and charges shown are GST inclusive				
Season Charges			Current	Proposed
			(Summer 2017/18, Winter 2018)	(Summer 2018/19, Winter 2019)
Winter				
Rugby Union	per field (8280 sq m)		\$ 1,145	\$ 1,179
League	per field (8280 sq m)		\$ 1,014	\$ 1,044
Football	per field (7300 sq m)		\$ 1,071	\$ 1,103
Netball (Vautier Park)	per court		\$ 508	\$ 523
Winter Training Grounds				
Football	1 @ Skoglund - 3,000 m.sq		\$ 469	\$ 483
	1 @ Waterloo - 11,000 m.sq		\$ 1,723	\$ 1,775
	1 @ Takaro - 8,400 m.sq		\$ 1,316	\$ 1,355
	1 @ Hokowhitu - 2,500 m.sq		\$ 392	\$ 404
	2 @ Monrad - 5,580 m.sq		\$ 877	\$ 903
	2 @ Bill Brown - 6,000 m.sq		\$ 1,035	\$ 1,066
	1 @ Ashhurst Domain - 8,400 m.sq		\$ 1,316	\$ 1,355
Rugby	2 @ Ongley - 7,000 m.sq		\$ 1,116	\$ 1,149
	1 @ Bill Brown - 7,000 m.sq		\$ 1,116	\$ 1,149
	1 @ Lincoln - 6,050 m.sq		\$ 947	\$ 975
	1 @ Colquhoun - 6,050 m.sq		\$ 947	\$ 975
	1 @ Bunnythorpe - 4,000 m.sq		\$ 625	\$ 644
League	1 @ Coronation - 7,700 m.sq		\$ 1,073	\$ 1,105
Summer				
Cricket	Per field (14320 sq m)		\$ 2,477	\$ 2,551
	per grass wicket		\$ 235	\$ 242
	per artificial wicket		\$ 178	\$ 183
Softball	per grass diamond (6013 sq m)		\$ 760	\$ 783
	per skin diamond (6013 sq m)		\$ 689	\$ 710
Touch	per field (3500 sq m)		\$ 322	\$ 332
	per Coronation Pavilion		\$ 1,868	\$ 1,924
Athletics	per grass track		\$ 1,006	\$ 1,036
Tennis	per court @ Vautier		\$ 424	\$ 437
	per court @ Colquhoun		\$ 145	\$ 149
	per court @ Awapuni		\$ 356	\$ 367
	per court @ Takaro		\$ 269	\$ 277
	per court @ Wallace		\$ 269	\$ 277
Summer Soccer	per field		\$ 536	\$ 552
Rugby 7's	per field		\$ 573	\$ 590
Charge Grounds				
Fitzherbert Park	Summer		\$ 3,979	\$ 4,098
	Winter		\$ 3,865	\$ 3,981
Memorial Park	Summer		\$ 3,998	\$ 4,118
	Winter		\$ 3,998	\$ 4,118
Winter Season = 2nd week April to 3rd week September.				
Summer Season = 2nd week October to 3rd week March.				

One-off Charges			Current (Summer 2017/18, Winter 2018)	Proposed (Summer 2018/19, Winter 2019)
Sportsfields	Playing Field (pre-season)	per game	\$ 83	\$ 85
	Playing Field (casual)	per game	\$ 106	\$ 109
	Touch field (casual/preseason)	per game	\$ 38	\$ 39
	Ongley Park (tournament)	per day (excl change rooms)	\$ 633	\$ 652
	Ashhurst Domain (tournament)	per day (excl change rooms)	\$ 633	\$ 652
	Fitzherbert Park (casual)	1/2 day	\$ 187	\$ 193
	Fitzherbert Park (casual)	per day	\$ 358	\$ 369
	Memorial Park (casual)	1/2 day	\$ 187	\$ 193
	Memorial Park (casual)	per day	\$ 358	\$ 369
	Cricket (grass wicket)	per day	\$ 292	\$ 301
	Cricket (artificial wicket)	per day	\$ 129	\$ 133
Sportsfield	Changing room x 1	each clean	\$ 31	\$ 32
Pavilions	Social area/kitchen	per hour	\$ 18	\$ 19
Manawaroa Pavilion	Pavilion Hire (regular)	1/2 day per week per season	\$ 490	\$ 505
	Pavilion Hire (regular)	1/2 day per week per year	\$ 981	\$ 1,010
	Pavilion Hire (regular)	1 day per week per season	\$ 836	\$ 861
	Pavilion Hire (regular)	1 day per week per year	\$ 1,671	\$ 1,721
	Pavilion Hire (casual)	per day	\$ 83	\$ 85
	Pavilion Hire (casual)	per hour	\$ 25	\$ 26
	Smart Card	per card	\$ 13	\$ 13
The Square	Serviced rest rooms (open after hours)	per hour	\$ 38	\$ 39
	Ground Hire	casual per day	\$ 140	\$ 144
Railway Land	Ground Hire (large circus)	per day	\$ 291	\$ 300
	Major Event	Eg wine & food festival	\$ 1,747	\$ 1,799
Bonds	Large Event	Eg NZ touch nationals	\$ 873	\$ 899
	Medium Event	Eg marching	\$ 350	\$ 361
	Small Groups	Eg Railway land use	\$ 140	\$ 144
	Key Bond	Any key	\$ 26	\$ 27
Commercial usage				
Coffee cart	per season at invitation of sports code	Per site	\$ 456	\$ 470
	Power per season		\$ 131	\$ 135
eg BloKart hiring	Per season	Per site	\$ 456	\$ 470
	Per day		\$ 26	\$ 27
Tennis Coaching	Per season	Per court	\$ 456	\$ 470
	Per day		\$ 26	\$ 27

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 23 April 2018

TITLE: Treasury Report for 9 months ended 31 March 2018

DATE: 6 April 2018

AUTHOR/S: Steve Paterson, Strategy Manager Finance, City Corporate

RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE

1. That the performance of the treasury activity for the 9 months ending 31 March 2018 be noted.

1. ISSUE

To provide an update on the Council's treasury activity for the 9 months ended 31 March 2018.

2. BACKGROUND

2.1 Investment Fund

In November 2008 Council endorsed an orderly exit strategy for the Fund which embraced holding the investments in bonds to maturity or when they could be sold without realising a loss (i.e. if the yields fall below the purchase price).

This strategy has been encapsulated in subsequent 10 Year and Annual Plans and the realisation process was completed in December 2017.

2.2 Term Debt

The Council's Annual Budget for 2017/18 forecast additional debt of \$19m would need to be raised during the year to fund the \$39.5m of new capital expenditure programmes (including assumed carry forwards from 2016/17). In June 2017 the Council resolved to specifically authorise the raising of up to \$19m of additional debt.

Council's Financial Strategy (updated version adopted 24 June 2015) contains the following ratios which the Council has determined to be prudent maxima:

- Net debt as a percentage of total assets not exceeding 20%

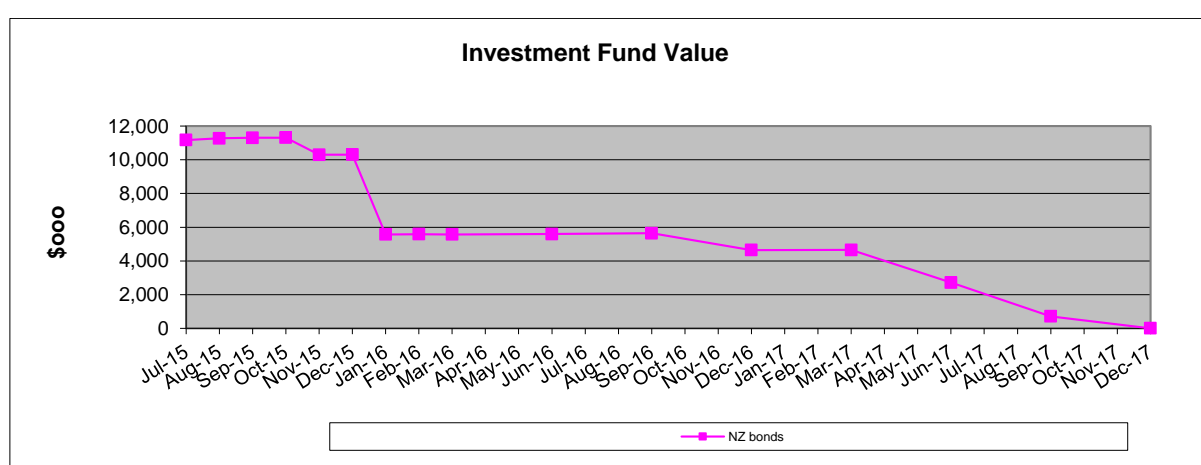
- Net debt as a percentage of total revenue not exceeding 175%
- Net interest as a percentage of total revenue not exceeding 15%
- Net interest as a percentage of annual rates income not exceeding 20%

The Treasury Policy (embracing the Liability Management and Investment Policy), updated in December 2017, also contains a number of other criteria regarding debt management.

3. Performance

3.1 Investment Fund

The Fund had a balance of \$2.71m at 1 July 2017 and was fully realised in December 2017. Movements in Fund value are shown in the following graph:



Realised Fund earnings from interest and dividends for the 6 months totalled \$30k. \$2.78m was distributed back to the Council during the period including \$2.75m of maturing investments.

3.2 Term Debt

Schedule 1 attached shows the details of Council's debt as at 31 March 2018. Debt levels were within the policy parameters outlined in clause 2.2. of this report.

The summarised gross term debt movements are shown in the following table:

	Annual Budget for year (2017/18) \$'000	Actual – 3 months (2017/18) \$'000	Actual – 6 months (2017/18) \$'000	Actual – 9 months (2017/18) \$'000
Opening Debt Balance at 1 July 2017	101,600	97,000	97,000	97,000
New Debt #	19,000	12,000*	12,000*	17,000*
Debt repayments #			12,000	12,000
Closing Balance	120,600	109,000	97,000	102,000

PALMERSTON NORTH CITY COUNCIL

Comprising:				
Bank advance (on call)				
LGFA short term advance		10,000	10,000	10,000
LGFA & Council stock		99,000	87,000	92,000

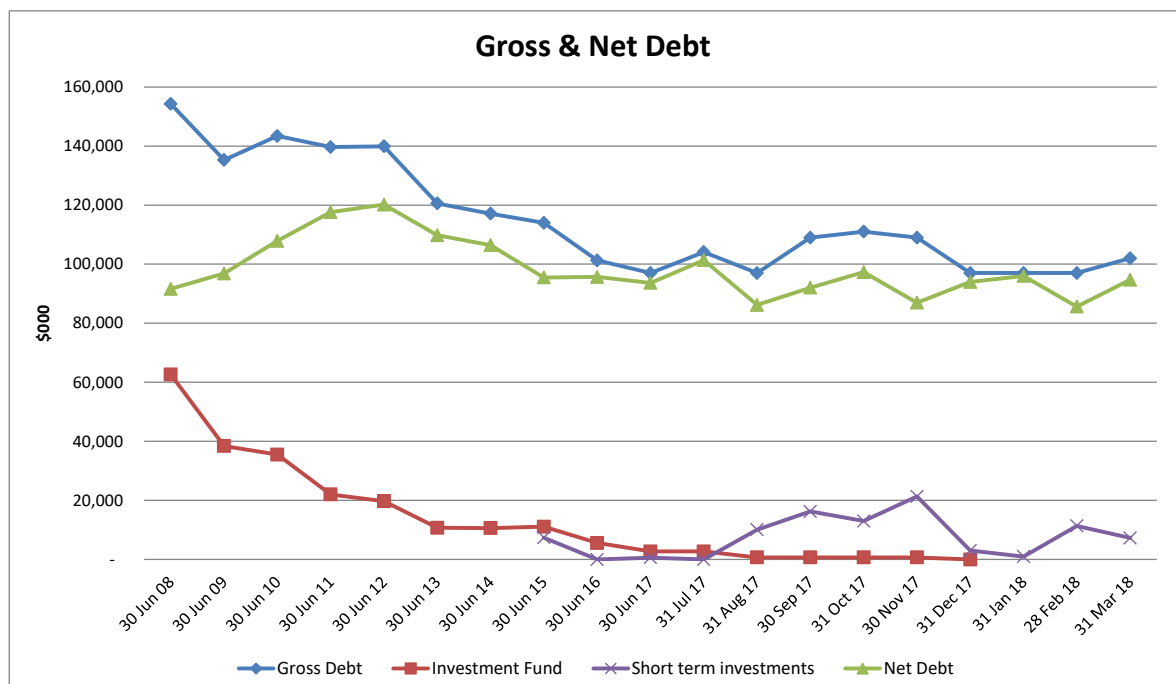
A portion of the Council's debt is drawn on a daily basis – daily drawdowns & repayments are not included in these figures but the net draw or repayment for the year to date is shown as part of new debt or debt repayment as appropriate.

* \$12m new debt was raised in August to pre-fund debt maturing in December 2017. The sum was placed on short term deposit in the interim. \$5m of new debt was raised in March to pre-fund debt maturing in May 2018. This sum was also placed on short term deposit in the interim. Overall the interest income will more than cover the interest cost of the sums funded in advance.

Net debt at 31 March 2018 was \$94.725m (ie gross \$102m less short term deposits of \$6.0m and call investment of \$1.275m) compared with \$93.665m at 1 July 2017 (i.e. gross \$97m less investment fund of \$2.71m and call investment of \$0.625m).

Council's Treasury Policy prescribes under the counterparty credit risk section that investments for any registered bank will not exceed \$10m. As at 30 September 2017 \$16.25m was invested with Westpac - \$12m of this related to the pre-funding of debt maturing in December 2017. The investment level returned within policy parameters before 31 December 2017.

Movements in recent years are shown in the following graph:



Actual finance costs incurred during the 9 months (including interest, line fees & the effects of swaps) amounted to \$4.392m compared with the budget for the year of \$6.462m.

The Council has entered a number of financial instruments related to its debt portfolio utilising swap trading lines established with Westpac and ANZ. The details of these are shown in **Schedule 2 attached**.

The value of these instruments is measured in terms of its “mark-to-market” ie the difference between the value at which the interest rate was fixed and the current market value of the transaction. Each of these transactions was valued at the date they were fixed and again at the reporting date. Financial reporting standards require the movement in values to be recorded through the Council’s Statement of Comprehensive Income (Profit & Loss Account). They have been revalued as at 31 March 2018 and show an increase in book value of \$62k for the quarter, but a reduction of \$461k for the year to date.

The Council’s Treasury Policy contains guidelines regarding the measurement of treasury risk as follows:

- Interest rate risk is managed by the Council maintaining the ratio of debt that is subject to floating versus fixed interest rates within pre-set limits.
- Funding and liquidity risk is managed by the Council maintaining a pre-set portion of its debt in a range of maturity periods eg < 1 year, 1 – 3 years, 5 years +.

The position compared to the policy is illustrated in the graphs in **Schedule 3**. The overall ratio of fixed v floating interest rate debt is based on the assessed level of total debt in 12 months’ time. At the present time we are using a rolling 12 month projection of \$105m for this assessment. This is considerably less than assumed in the Annual Budget and reflects that at the present time actual capital expenditure (and as a consequence total debt) is less than the budget assumption.

As at 31 March 2018 all of the policy targets had been met.

Council’s credit lines with the banks include a \$25m four year credit facility with Westpac Bank (maturing 31 July 2020) and a revolving \$25m three year facility with ANZ Bank (maturing 31 March 2020).

4. CONCLUSION & NEXT STEPS

Realised interest and dividend returns for the 9 months from the Fund of \$30k equates the budget. Finance costs for the 9 month period (including interest, line fees & the effect of swaps) was \$4.392m compared with budget for the year of \$6.462m.

In conjunction with Council’s treasury advisors hedging instruments are regularly reviewed in an effort to ensure the instruments are being utilised to best advantage


as market conditions change. The level of hedging cover is also reviewed as the forecasts of future debt levels are revised

Following the latest annual review published on 18 April 2017 Council's S&P Global Rating's credit rating remains unchanged at AA / A-1+. The outcome of the latest review will be published this month.

Council's borrowing strategy is continually reviewed, in conjunction with Council's treasury advisors, to ensure best advantage is taken of this quality credit rating.

A further performance report will be provided after the end of the June 2018 quarter.

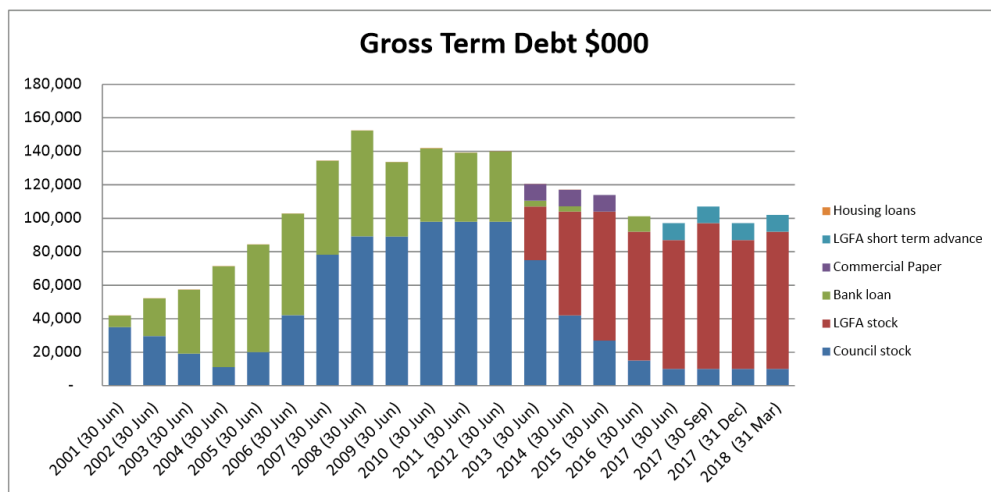
ATTACHMENTS

1. Schedules 1 to 3  

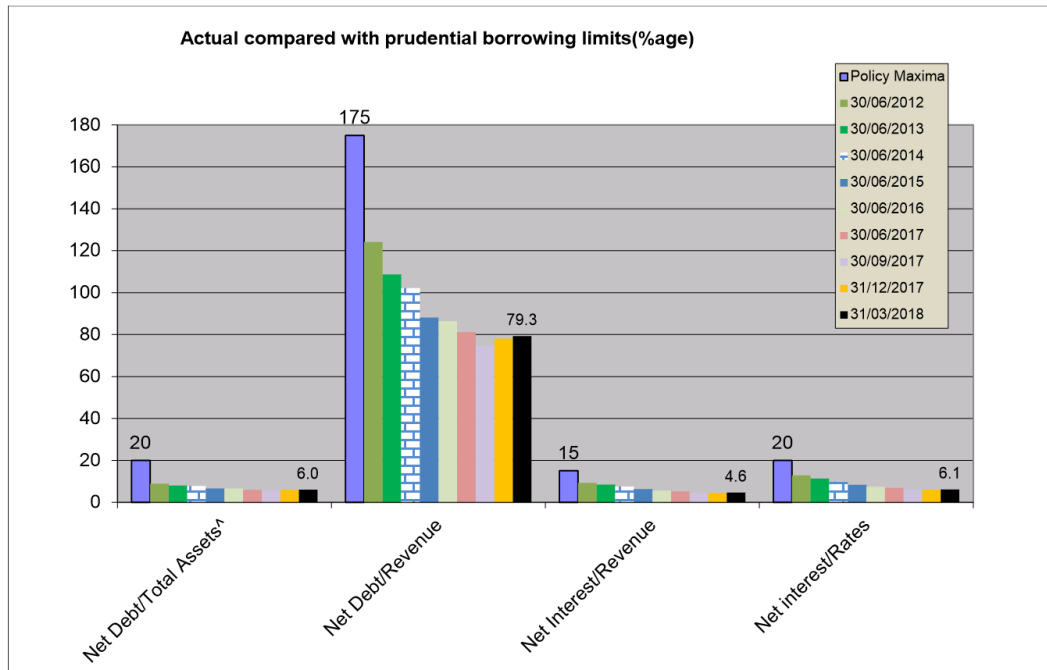
Steve Paterson
Strategy Manager Finance

Schedule 1 - Debt levels & Prudential Borrowing Ratios

Palmerston North City Council								
Term Debt as at 31 March 2018								
1. Loan Stock on Issue - Council debentures						Current		
Issue Date	Term	Principal	Margin over BKBM	Interest Rate	Maturity Date	as at 31/03/2018	Interest Rate	Reset Date
FRN 15 May 14	4	5,000,000	0.2900%	2.1900%	15-May-2018	5,000,000	Floating Qtrly	15-May-18
FRN 5 Aug 16	6	5,000,000	0.6300%	2.5200%	5-Aug-2022		Floating Qtrly	7-May-18
		10,000,000						
2. Loan Stock on Issue - Borrowed from LGFA								
LGFA 17 Dec 12	7	10,000,000	0.9650%	2.8750%	15-Mar-2019	10,000,000	Floating Qtrly	15-Jun-18
LGFA 25 Feb 13	6	5,000,000	0.7400%	2.6500%	15-Mar-2019	5,000,000	Floating Qtrly	15-Jun-18
LGFA 20 May 13	8	5,000,000	0.6425%	2.5425%	15-May-2021		Floating Qtrly	15-May-18
LGFA 24 Feb 14	7	10,000,000	0.5525%	2.4525%	15-May-2021		Floating Qtrly	15-May-18
LGFA 19 May 14	7	5,000,000	0.6000%	2.5000%	15-May-2021		Floating Qtrly	15-May-18
LGFA 13 Apr 15	7	10,000,000	0.3300%	2.1950%	5-Apr-2022		Floating Qtrly	5-Apr-18
LGFA 18 Aug 14	9	10,000,000	0.6325%	2.5125%	15-Apr-2023		Floating Qtrly	16-Apr-18
LGFA 6 Sep 17	7	6,000,000	0.6000%	2.5100%	15-Sep-2024		Floating Qtrly	15-Jun-18
LGFA 6 Sep 17	8	6,000,000	0.6600%	2.5400%	15-Apr-2025		Floating Qtrly	16-Apr-18
LGFA 22 Mar 18	8	5,000,000	0.7250%	2.5563%	15-Apr-2026		Floating Qtrly	16-Apr-18
LGFA 16 Mar 15	12	5,000,000	0.4575%	2.3375%	15-Apr-2027		Floating Qtrly	16-Apr-18
LGFA 8 Jun 15	12	5,000,000	0.4525%	2.3325%	15-Apr-2027		Floating Qtrly	16-Apr-18
		82,000,000						
3. Sums drawn from ANZ								
As required					31-Mar-2020		Reset at any time	
					* plus line fee of 0.22%			
4. Sums drawn from Westpac								
On call - variable amount		-		2.805%	31-Jul-2020		Reset at any time	
					* plus line fee of 0.27%			
5. Short term facility from LGFA								
LGFA 13 Feb 18		10,000,000	0.09%	2.00%	14-May-2018	10,000,000		
Total as at 31 March 2018		102,000,000				30,000,000		



Note - \$12m of gross debt outstanding at 30 September 2017 was drawn in advance to repay debt maturing on 15 December 2017 – it was invested temporarily. Similarly \$5m outstanding at 31 March 2018 was drawn in advance to repay debt on 15 May 2018.



The Financial Strategy contains a series of prudential borrowing ratios. The chart above shows the actual results for since 2011/12 compared to those ratios.

The net debt/revenue policy ratio limit was reduced from 180% to 175% with the adoption of the updated policy on 27 June 2012.

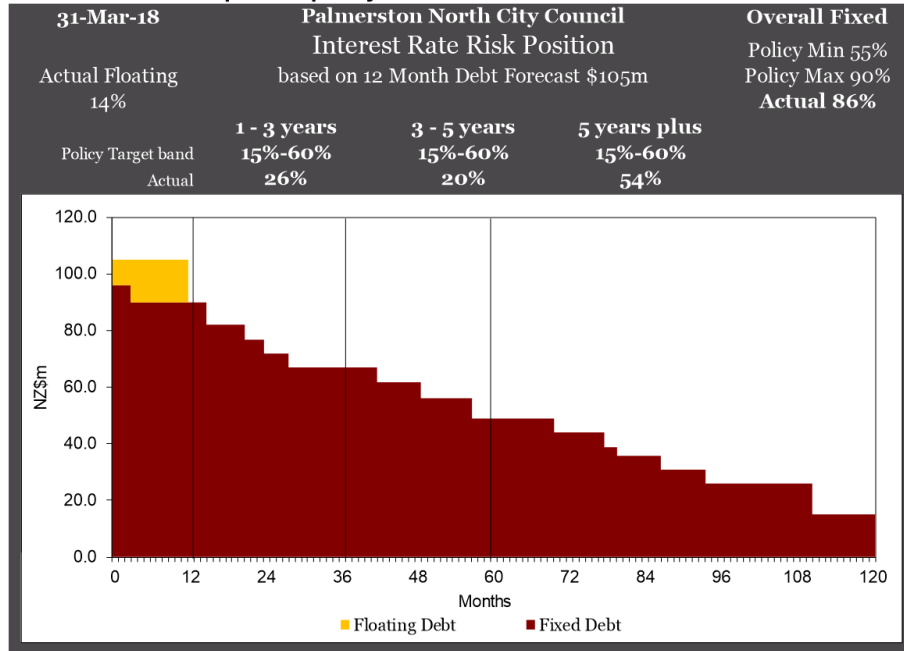
[^] The Net Debt/Total Assets ratio became effective from 1 July 2015. Previously the ratio used was Net Debt/Equity and the actuals for the previous ratio are shown in this report for information.

Schedule 2 - Interest Rate Swaps

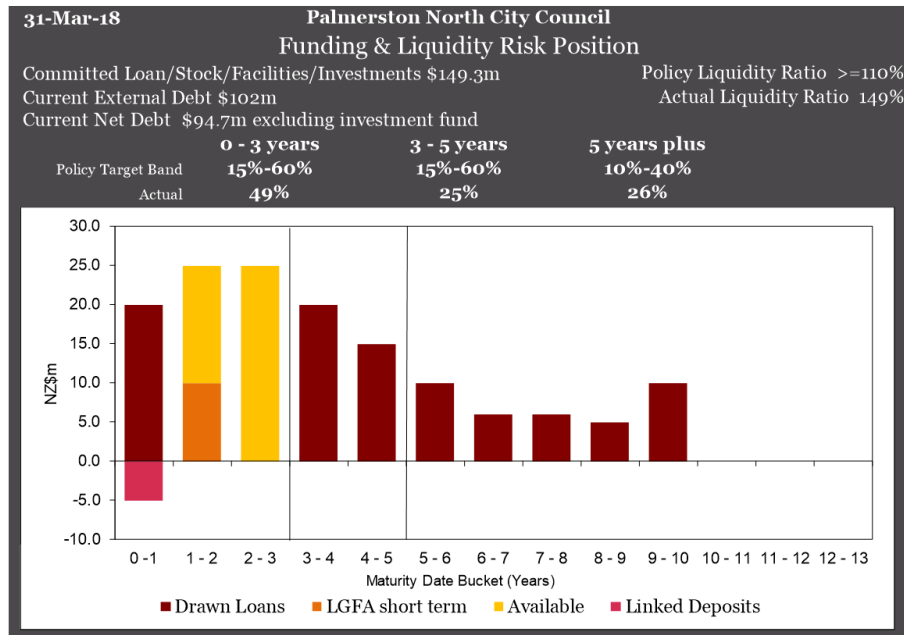
Palmerston North City Council										
Interest Rate Swaps as at 31 March 2018										
Council pays fixed & receives floating on a monthly basis								Hedgebook	Value	
Bank	Trade Date	Deal No	Amount	Start Date	Maturity	Fixed Interest	Current	Reset date	Value at	Movement
			\$m			rate	Floating		31-Mar-18	Jan-Mar
							rate			
Westpac	12-Feb-13	2882838	5.0	11-Mar-13	9-Dec-20	4.61%	1.775%	10-Apr-18	(310,334)	
Active total at 31 Mar 18			5.0						(310,334)	16,706
								Current	0	
								Term	(310,334)	
Council pays fixed & receives floating on a quarterly basis								Current	Value at	
Bank	Trade Date	Deal No	Amount	Start Date	Maturity	Fixed Interest	Floating	Reset date	31-Mar-18	
			\$m			rate	rate			
Westpac	10-Sep-09	1329748	6.0	21-Oct-09	22-Jul-19	5.8675%	1.875%	23-Apr-18	(334,863)	
Westpac	19-Aug-10	1656930	5.0	10-Oct-10	10-Jan-20	5.9375%	1.870%	10-Apr-18	(372,013)	
Westpac	19-Aug-10	1656928	5.0	10-Oct-10	10-Jul-20	5.9350%	1.870%	10-Apr-18	(453,540)	
Westpac	1-Oct-12	2668959	5.0	10-Oct-12	10-Apr-18	5.50%	1.870%	10-Apr-18	(44,713)	
Westpac	12-Feb-13	2882855	8.0	8-Mar-13	10-Jun-19	5.54%	1.895%	8-Jun-18	(340,886)	
Westpac	12-Feb-13	2882863	7.0	8-Mar-13	8-Jun-20	5.35%	1.895%	8-Jun-18	(481,314)	
ANZ	17-Dec-13	8539285	3.0	17-Feb-14	15-Nov-20	4.92%	1.900%	15-May-18	(211,694)	
Westpac	21-Feb-14	3540565	5.0	7-Mar-14	7-Sep-20	6.295%	1.895%	7-Jun-18	(492,147)	
Westpac	23-Mar-10	3672868	5.0	6-Jun-14	6-Dec-18	6.055%	1.900%	6-Jun-18	(151,426)	
Westpac	8-May-14	3673014	5.0	9-Jun-14	7-Sep-21	6.060%	1.895%	7-Jun-18	(616,990)	
Westpac	8-May-14	3672892	5.0	10-Jul-14	11-Apr-22	5.690%	1.870%	10-Apr-18	(656,258)	
Westpac	8-May-14	3672895	5.0	6-Jun-14	8-Jun-21	5.820%	1.900%	6-Jun-18	(541,644)	
ANZ	20-Jun-14	9572093	5.0	15-Dec-14	15-Jun-23	4.840%	1.910%	15-Jun-18	(545,907)	
Westpac	18-Jul-14	3787822	6.0	29-Sep-15	29-Sep-23	4.850%	1.960%	29-Jun-18	(673,681)	
ANZ	20-Feb-15	11260367	6.0	15-Jun-16	15-Jun-18	3.705%	1.910%	15-Jun-18	(27,027)	
Westpac	20-Feb-15	4211117	5.0	8-Mar-17	6-Mar-20	3.810%	1.900%	6-Jun-18	(158,985)	
ANZ	28-Nov-14	10730910	5.0	15-Dec-17	15-Jun-24	4.500%	1.910%	15-Jun-18	(510,826)	
Active total at 31 Mar 18			91.0						(6,613,914)	
ANZ	28-Nov-14	10730993	5.0	10-Apr-18	10-Oct-24	4.515%	0	10-Apr-18	(519,039)	
Westpac	28-Nov-14	4040149	5.0	10-Jan-20	10-Jan-24	4.585%	0	10-Jan-20	(297,991)	
Westpac	28-Nov-14	4040489	7.0	8-Jun-20	8-Dec-22	4.5675%	0	8-Jun-20	(270,707)	
Westpac	20-Feb-15	4211119	5.0	6-Dec-18	6-Dec-19	3.875%	0	6-Dec-18	(78,373)	
Westpac	25-Feb-15	4218128	5.0	7-Sep-20	9-Sep-24	3.990%	0	7-Sep-20	(159,663)	
Westpac	25-Feb-15	4218131	5.0	8-Jun-21	10-Jun-24	3.990%	0	8-Jun-21	(110,470)	
ANZ	25-Feb-15	11281075	3.0	16-Nov-20	15-Nov-24	3.990%	0	16-Nov-20	(90,320)	
Westpac	18-Jan-16	4910927	5.0	9-Dec-20	9-Jun-25	3.970%	0	9-Dec-20	(153,666)	
Westpac	26-Feb-16	5013577	5.0	11-Apr-22	12-Jan-26	3.635%	0	11-Apr-22	(39,949)	
ANZ	3-May-17	15995740	6.0	22-Jul-19	21-Apr-22	3.350%	0	22-Jul-19	(102,982)	
ANZ	27-Nov-17	17029213	5.0	15-Jun-23	15-Jun-27	3.7675%	0	15-Jun-23	(35,612)	
ANZ	27-Nov-17	17029223	6.0	29-Sep-23	29-Jun-27	3.7875%	0	29-Sep-23	(39,420)	
ANZ	27-Mar-18	17670250	5.0	15-Jun-24	15-Jun-29	3.840%	0	15-Jun-24	(30,460)	
ANZ	27-Mar-18	17670276	5.0	10-Jan-24	10-Jan-31	3.920%	0	10-Jan-24	(42,573)	
ANZ	27-Mar-18	17670295	5.0	10-Jun-24	10-Jun-32	3.935%	0	10-Jun-24	(51,717)	
Forward start total at 31 Mar 18			77.0						(2,022,942)	
									(8,636,856)	45,727
								Current	(223,166)	
								Term	(8,413,690)	
									(8,947,190)	

Schedule 3 - Risk Exposure Position

Interest Rate Risk Position – proportions of Debt subject to floating versus fixed interest rates within pre-set policy limits



Funding & Liquidity Risk Position – proportions of Debt within pre-set maturity bands



MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 23 April 2018

TITLE: Quarterly Performance and Financial Report - Quarter Ending 31 March 2018

DATE: 13 April 2018

AUTHOR/S: Keith Allan, Financial Accountant, City Corporate
Andrew Boyle, Head of Community Planning, City Future

RECOMMENDATION(S) TO COUNCIL

1. That the Committee receive the March 2018 Quarterly Performance and Financial Report and note:
 - a. The March 2018 financial performance and operating performance.
 - b. The March 2018 capital expenditure programme progress together with those programmes identified as unlikely to be completed this financial year.
2. That the Committee recommend to Council that budget operating expenditure be increased by a further \$141,000 being the estimated unbudgeted cost of conducting the Maori Ward Poll.

1. ISSUE

To provide a quarterly update on the performance and financial achievements of the Council for the period ending 31 March 2018. This is the third quarterly report for the year.

2. BACKGROUND

Cost of services delivered year to date:		Services are being delivered within budget with some higher revenues received, part with higher offsetting costs, and a reduced call for some service delivery costs.
- Operating-controllable variance	\$1.8m fav	
- Variance with interest and rates included	\$2.8m fav	
Percent of full year capital expenditure budget completed:		Compares with amounts completed same time in 2016/17:

<ul style="list-style-type: none"> - Renewal - New - Total 	54.8% 35.5% 42.4%	57.2% 31.9% 42.4% with 63% completed full year. Expenditure value 31% or \$6.9m higher than last year.
Operating cash flows variance to budget	\$4.0m fav	Favourable to budget with favourable operating variance and an overall lower working capital requirement to that budgeted.
Increase in net debt	\$16.2m fav	Lower due to favourable operating variance and lower capital expenditure.



3. NEXT STEPS

Details of operating and financial performance are included in the following sections.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	No
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No

ATTACHMENTS

1. Section one, two March 2018 Quarterly Performance and Finance Report [↓](#) 
2. Section three, March 2018 Quarterly Performance and Finance Report [↓](#) 

Keith Allan
Financial Accountant

Andrew Boyle
Head of Community
Planning

Quarterly Performance and Financial Report – March 2018

Section One: What's happening out there?

What is happening out there?

Economic growth is continuing to improve in Palmerston North, supported by strong growth in the value of construction activity, the increase in the milk payout price, and continuing population growth. There are ongoing indications of a shortage of housing in the City, with a 9.0% increase in average house values in the City in the year ended March 2018 compared with the same period last year. That followed a 14.8% increase in the year to March 2017. National house values increased by 7.3% in the year ended March 2018. There was a 4% increase in the number of houses sold in the City by real estate agents in the three months ended February while national sales volumes declined by 3%.

The value of electronic card retail sales in Palmerston North increased by 4.5% in the March 2018 quarter compared with the same period last year, while there was an increase of 4.8% for New Zealand. Growth in food retailing in the City continues to lag the national trend, with growth of 1.9% in the March 2018 quarter compared with national growth of 4.5%. The rate of growth in other councils in the region is higher than the national growth rate. Electronic card retail spending in Palmerston North was \$1,114 million in the year to March 2018, increasing by 4.4% from 2017.

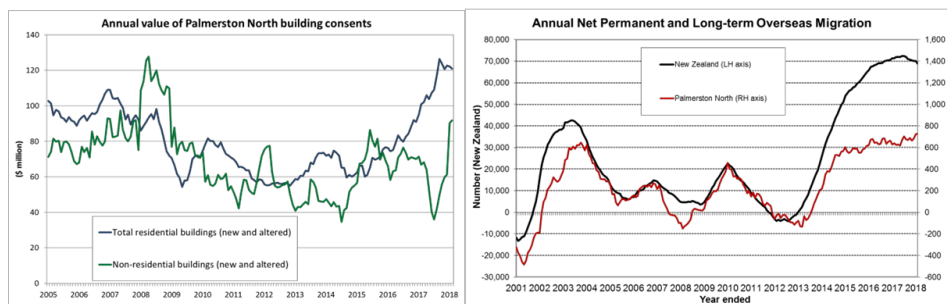
Domestic visitor spending in the City in the year to February 2018 was \$339 million, a decline of 1.1% from the previous year (domestic visitor spending in New Zealand increased by 5.7%). International visitor spending was \$62 million, an increase of 13.1% from the previous year (New Zealand increase of 12.9%).

Building consent values in the City increased by 102% in the three months ended February compared with the same period last year, while national consents increased by 8%. The value of consents for new dwellings increased by 4% in the three months ended February, consents for residential additions and alterations declined by 21% and non-residential consents increased by 592%. The approval of the consent for the new joint Food Science Facility at Massey University was the biggest contributor to the rise in non-residential consents. The total value of consents issued in the 12 months ended February 2018 was \$213 million, an increase of 27% from the previous year.

Provisional consents data shows an increase in the total value of consents from \$16.7 million in March 2017 to \$44.0 million in March 2018. Provisional consent values for the March 2018 quarter are \$97.5 million compared with \$39.7 million in the March 2017 quarter.

Consents were issued for the construction of 345 new residential dwellings in the City in the year to February 2018 compared with 296 a year earlier, an increase of 17% from the previous year. Growth continues in other local authorities in the region but the rate of growth has slowed in most areas - Manawatu District (166 dwellings in year to February 2018, 4% increase), Horowhenua (233 dwellings, 10% increase), Whanganui (126 dwellings, 3% increase) and Tararua (22 dwellings, 22% increase).

There was a 9% decline in new car registrations in the Palmerston North postal region in the March 2018 quarter compared with the same period in 2017, a useful indicator of business confidence in the City (New Zealand registrations declined by 1%). This followed an increase of 31% in the March 2017 quarter, which was significantly stronger than the national increase of 13%. The number of ex-overseas registered cars in the Palmerston North postal region declined by 10% in the March 2018 quarter, resulting in a 10% decline in the total number of cars registered in the region (total New Zealand registrations declined by 3%).



Source: Statistics New Zealand

Net overseas migration to Palmerston North increased from a net gain of 640 people in the year ended February 2017 to a net gain of 726 people in the year to February 2018. This was a new record high in the series which began in 1991. The number of people moving overseas from the City on a long-term or permanent basis declined by 10% over the last year while the number of people arriving in the City was unchanged. Total departures from New Zealand increased by 8% while arrivals increased by 2%, resulting in a 3% decline in net migration.

A more detailed analysis of economic trends will be provided in the next Manawatu Region Economic Monitor report for the March quarter, which will be reported to Economic Development Committee on 11 June.

Text finalised 13 April 2018

Section Two: What's happening in here?

Maori Ward Poll

Council in February received a petition seeking to hold a Maori Ward Poll relating to the Council decision to establish Maori Ward/s for the next two elections. The petition was validated with statutory requirements requiring this poll to be held in May 2018. Procedures to implement this are underway as an unbudgeted item with a cost estimate of \$141,000. This cost cannot be absorbed within the existing approved budget and therefore it is requested that Council approve an increase in operating expense budget to incur this and provide authority to incur the cost.

Variation of Budgets

Clauses 206 to 208 of the Delegations Manual provide that the Chief Executive may authorise the transfer of part of a budget to another budget in respect of an Activity Operating Budget or Capital Programme Budget. To do this the Chief Executive must be of the opinion that this will best achieve the outcome intended and savings can be made to equal and offset the authorised increase. There are limitations to the amount of transfers the Chief Executive can authorise included in clause 209.

Clause 210 requires that the Chief Executive report quarterly to the Finance & Performance Committee budget variations approved where for any Activity Operating Budget or Capital Programme Budget the aggregate variations exceed the lesser of 10% of the operating budget or \$480,000 (30% of the Specified Sum) of that Activity Operating Budget or Capital Programme Budget.

As permitted by these clauses during the quarter the Chief Executive has approved the following variations of budgets which require reporting to the Finance & Performance Committee.

Activity Operating Budget	Amount of Variation to Operating Budget \$000	Variance to Revised Budget
Cemeteries	(47)	(13%)
Housing	135	23%
Rubbish and Recycling	(360)	(10%)

Explanation – where the amount is a negative that Activity has forecast a saving to budget with that saving then applied to other Activities with a forecast to exceed budget or positive number above. The total forecast savings available of Activities with a saving to Activity Operating Budgets exceeds those Activities with forecast spending to exceed budget which have received a variation to their revised budget.

Capital Programme	Programme Number	Type	Amount of Variation to Capital Budget \$000	Variance to Revised Budget
Water and Waste Office Furniture Refresh	1524	New	23	100%
Waste Minimisation - Introduction of Recycling Wheelie Bins	18	New	(8)	(21%)
Bunnythorpe Wastewater Connection to Palmerston North	906	New	(15)	(13%)
Awapuni Landfill - Commercial Lease Site Development	375	New	10	25%
Fluoridation for Bunnythorpe and Longburn water schemes	1331	New	12	24%
Water and Waste Office Furniture Refresh	1524	New	6	26% additional
Awapuni Landfill - Landscaping	721	New	(23)	(27%)
Turitea Water Treatment Plant - Sludge Handling and Disposal Improvements	592	New	(32)	(16%)

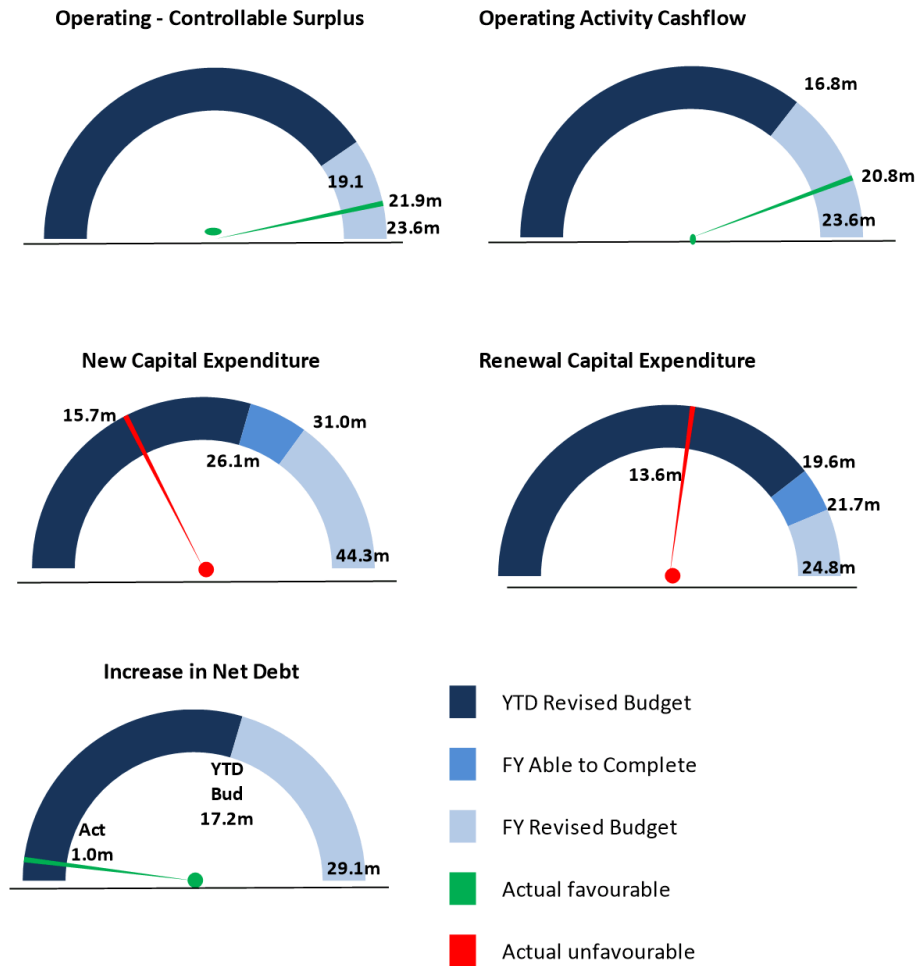
Explanation – where the amount is a negative that Capital Programme has forecast a saving to budget with that saving then applied to other Capital Programmes with a forecast to exceed budget or positive number above. The total forecast Capital Programmes Budgets to exceed budget receiving budget variations equates to those transferred from with forecast savings.

Background

The report contains a financial review of the nine months to 31 March 2018 to show how we have used our financial resources during the year to provide services to the residents.

Financial Overview

Synopsis



Financial Summary

Financial performance is summarised in the following table with comparison to revised budget. Key aspects are then focused on in the following graphs.

\$ million	March YTD Actual	March YTD Rev Budget	Mar Var YTD Bud	December Var YTD Bud	Variance change – quarter	Full Year Revised Budget	Full Year Annual Budget
Operating – Controllable							
Operating Revenue	21.5	19.8	1.7 ●	0.9	0.8	26.3	26.3
Operating Expenses	(63.3)	(63.4)	0.1 ●	(0.5)	0.6	(86.1)	(85.2)
Operating – Controllable Management Units	(41.8)	(43.6)	1.8 ●	0.4	1.4	(59.8)	(58.9)
Rates	67.9	67.4	0.5 ●	0.5	-	89.9	89.8
Interest Expense	(4.2)	(4.7)	0.5 ●	0.3	0.2	(6.5)	(6.4)
Operating - Controllable Surplus/(Deficit)	21.9	19.1	2.8 ●	1.2	1.6	23.6	24.5
Operating – Non- controllable							
Depreciation	(24.3)	(22.7)	(1.6) ●	(0.4)	(1.2)	(30.3)	(30.3)
Gain/(loss) on sale of fixed assets	-	-	-	-	-	-	-
Investment Fund	-	-	-	-	-	-	-
Valuation							
Derivative financial instrument valuation	0.1	-	0.1 ●	-	0.1	-	-
Net Operating Result – Surplus(Deficit)	(2.3)	(3.6)	1.3 ●	0.8	0.5	(6.7)	(5.8)
Non-Operating Revenue	13.1	13.8	(0.7) ●	(0.6)	(0.1)	19.5	19.2
Net Result	10.8	10.2	0.6 ●	0.2	0.4	12.8	13.4

The “Operating – Controllable Surplus” is currently showing a year to date favourable variance to revised budget of \$2.8m. The full year revised budget “Operating – Controllable Surplus” of \$23.6m compares to an annual budget of \$24.5m with the difference being council approved budget changes. For annual reporting purposes against the annual budget these approved changes of \$0.9m would effectively reduce the current favourable variance of \$2.8m to \$1.9m.

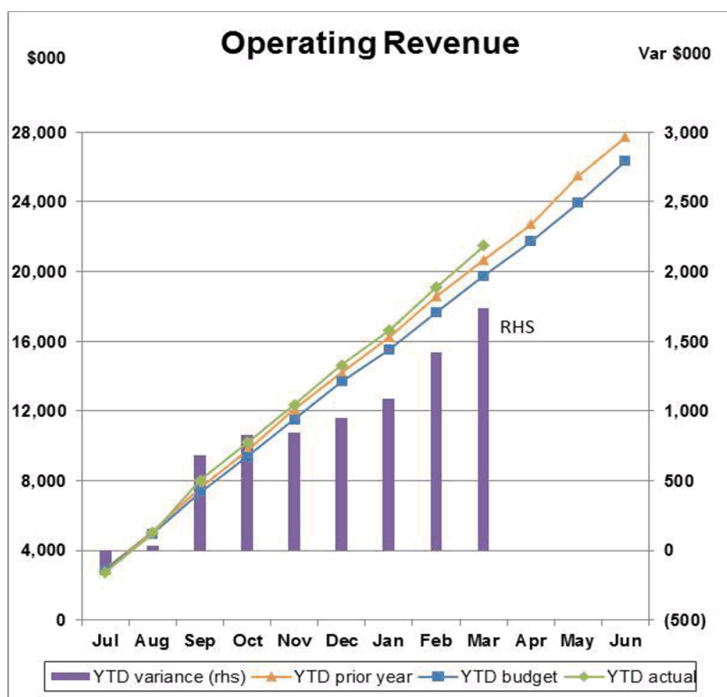
In the December quarter the “Operating – Controllable Management Units” surplus had been reducing and had a marginal favourable variance of \$0.4m. In this quarter the favourable variance has increased with some one-off revenue recovery, January budgets largely reflecting a normal month whereas lower costs are incurred, some higher revenues (part associated with higher costs) offset by some catch-up with higher maintenance incurred and higher NZTA operating revenue. Manager expectation is that this favourable variance is not expected to continue with forecast of remaining expenditure for the year to be higher than budgeted. Future direction of this is dependent on actual cost of future service delivery and external event impacts.

For the annual report, performance is against the annual budget and not the revised budget as in this report. As above for the annual report the “Operating – Controllable Surplus” would now have a favourable variance of \$1.9m however for the other components to the Net Result the current unfavourable variance is expected to continue. Depreciation is likely to exceed budget following the higher revaluation of infrastructural assets last year and cash derived non-operating revenue is likely to be lower than budget should the associated capital programmes not be completed. The effect of these is that the annual budget net result of \$13.4m may not be achieved unless the current operating surplus continues. The current Net Result YTD variance is effectively minimal to

annual budget but may become unfavourable if capital revenues phased to be received are not received, depreciation will continue to exceed budget and further expenses are incurred.

Other major items affecting the year include:

- Actual year to date capital expenditure is 31% or \$6.9m higher than last year. Compared to full year budget capital expenditure spend year to date has decreased compared to last year and is now the same – overall 42.4% of full year budget incurred compared to 42.4% last year when 63% of the full year budget was achieved. The current year percentages have been reduced with the addition of a further \$1.1m in approved programmes to the capital budget this month.
- Controllable unit operating variance has increased from last month with higher revenue received than budgeted.
- In the year to date unbudgeted operating costs have been incurred, including:
 - Central Energy Trust Arena remedial work for fire protection requirements \$389k
 - City Enterprises Operations Building Trades redundancies
- The operating variance includes one-off variances to budgets, including:
 - Dividend from PNAL \$219k more than budget
 - Insurance cost for the year likely to be \$165k less than budget
- A substantial unfavourable cost relates to professional service costs required to be incurred. Management consider these are essential to provide services, they are a necessary and prudent cost in meeting the expectations of service delivery by Councillors and rate-payers, and the cost ensures programme implementation momentum is continued. Often there will be offsetting savings in other areas or additional revenue is generated. Examples include:
 - providing resources necessary to enable timely processing of the higher volume of building consent applications received. This generates additional revenue to offset the cost and enables achieving maximum performance against statutory requirements.
 - cover temporary staffing needs, for example until vacancies are filled, during illness or parental leave with some having offsetting lower salary costs.
 - providing expertise for projects for which Council does not seek to resource due to their short term project nature. Examples include resource consents with some costs recovered as part of revenue, health and safety and strategic planning.
 - conduct consent hearings requested by third parties with costs able to be recovered from that party within revenue.
 - some projects are requiring higher costs year to date or had no budget for which progressing is essential, for example with wastewater consent review requirements and in relation to the proposed Manawatu Gorge alternative roading network to ensure the future interests of the region are achieved.
- The lower capital expenditure results in lower cash non-operating capital revenues being received. Should this continue the full year budget cash non-operating revenues may not be received, affecting achievement of the budget net result.
- Depreciation is likely to exceed budget following the higher revaluation of infrastructural assets last year.



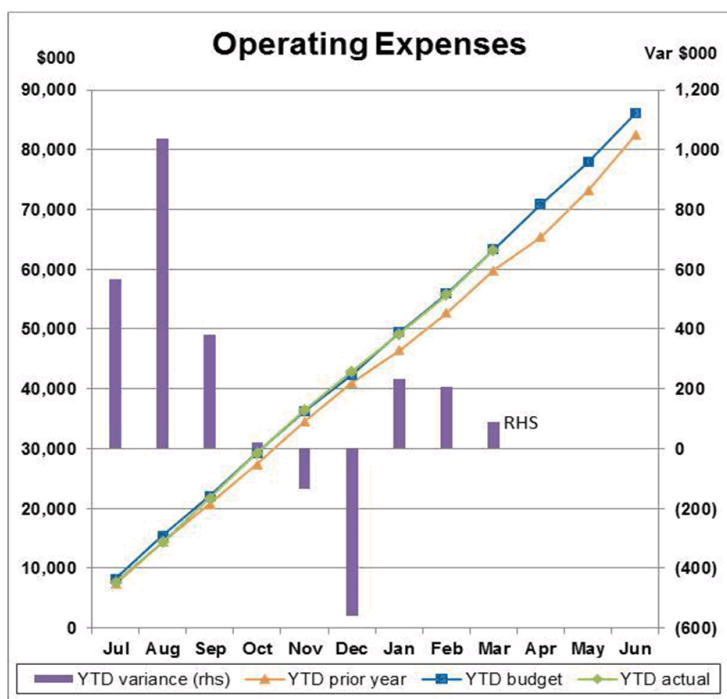
Higher revenue from:

- ↑ Regulatory
 - parking meters and infringements
- ↑ NZTA opex
 - Conference & Function Centre (with offsetting costs)
- ↑ Central Energy Trust Arena (with offsetting costs)
- ↑ value of recycling material sales
 - Dividends.

Lower revenue from:

- ↓ Wastewater collection fees
 - rubbish collection bags
 - parking rent.

Year to date:
 Actual \$21.5m
 Budget \$19.8m
 Variance \$1.7m



Lower expenses for:

- ↓ employee direct costs
- ↓ utilities
- ↓ maintenance, service delivery costs
 - insurance.

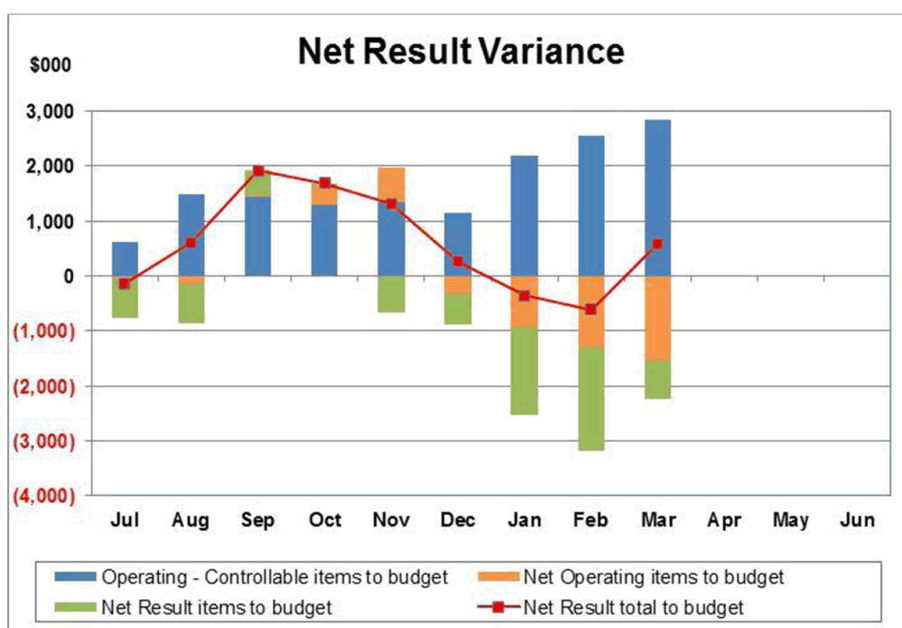
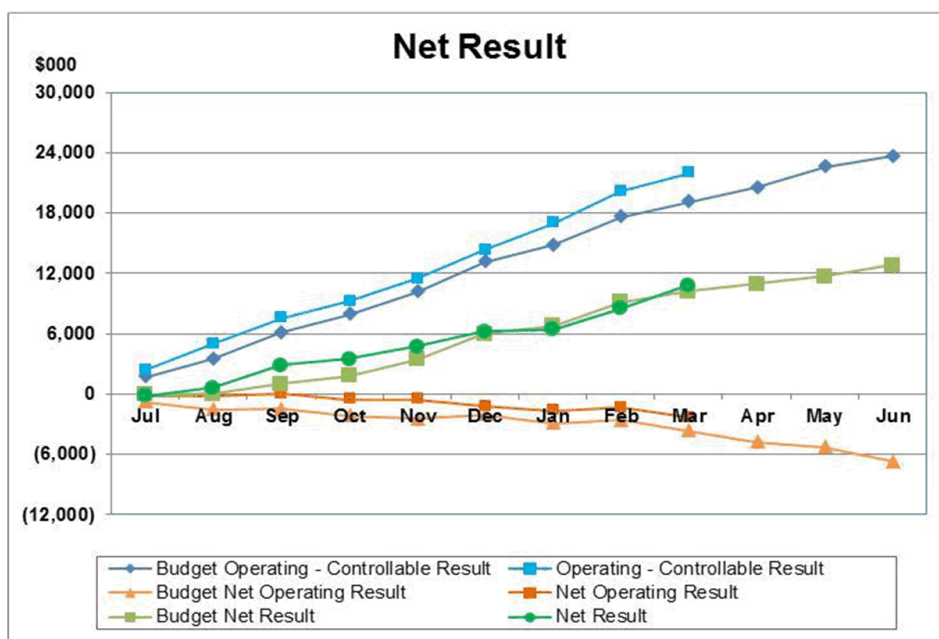
Higher expenses for:

- ↓ professional service costs.

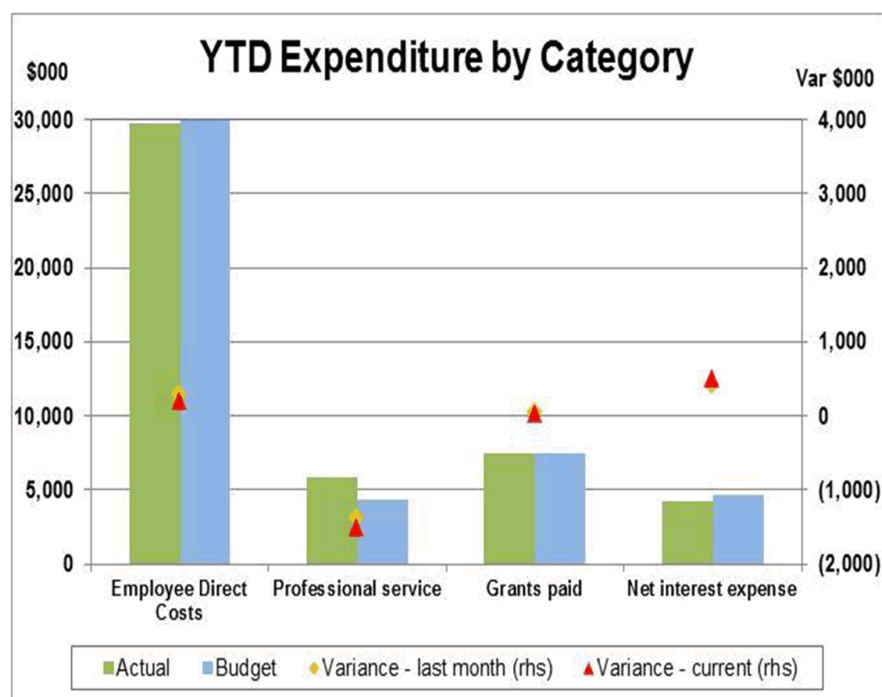
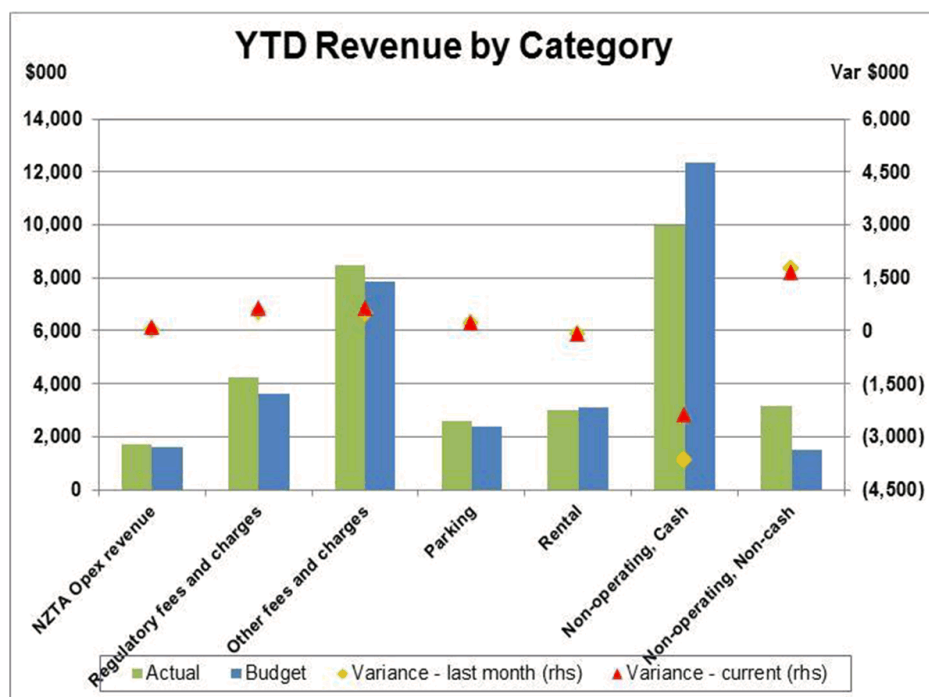
Year to date:
 Actual \$63.3m
 Budget \$63.4m
 Variance \$0.1m

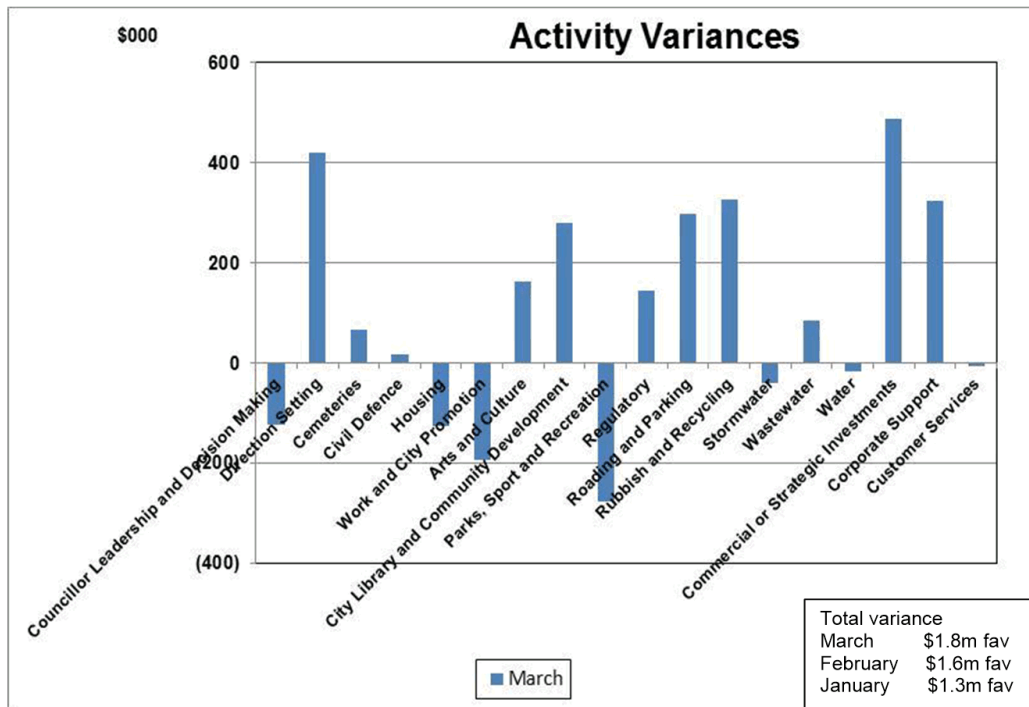
Note – on all variances a positive number is favourable, negative is unfavourable. In the text boxes the heading describes the year to date variance effect with the following symbols reflecting:

- ↑ Favourable movement in the month
- ↓ Unfavourable movement in the month

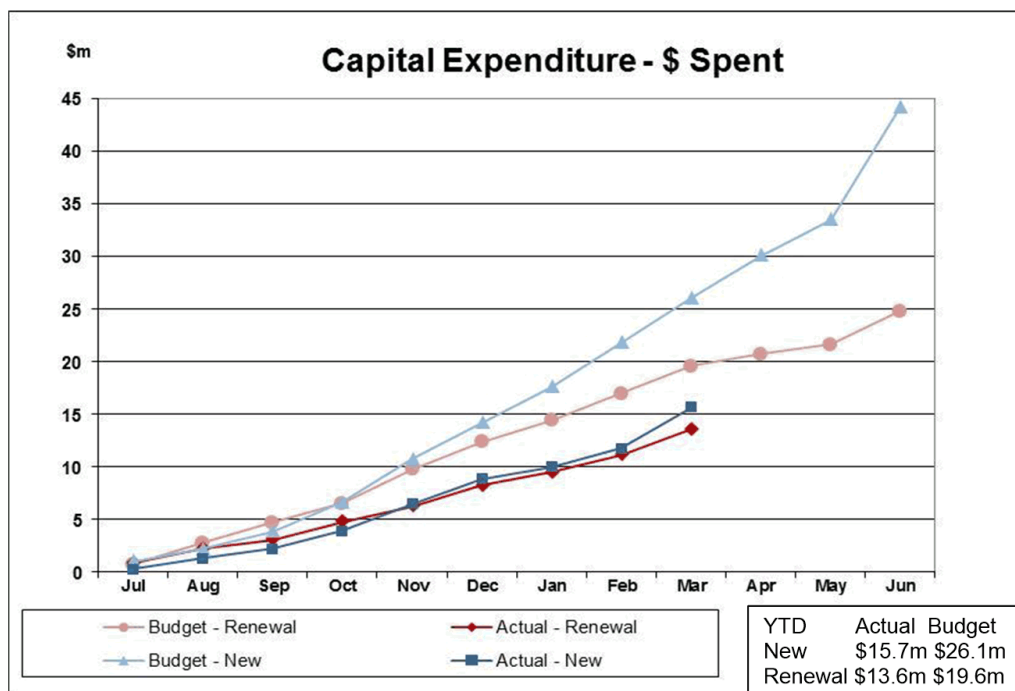


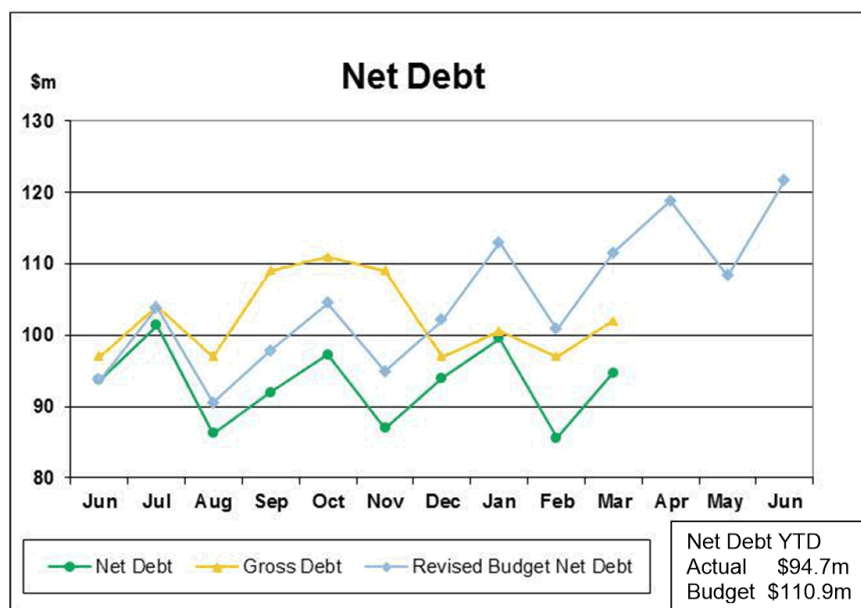
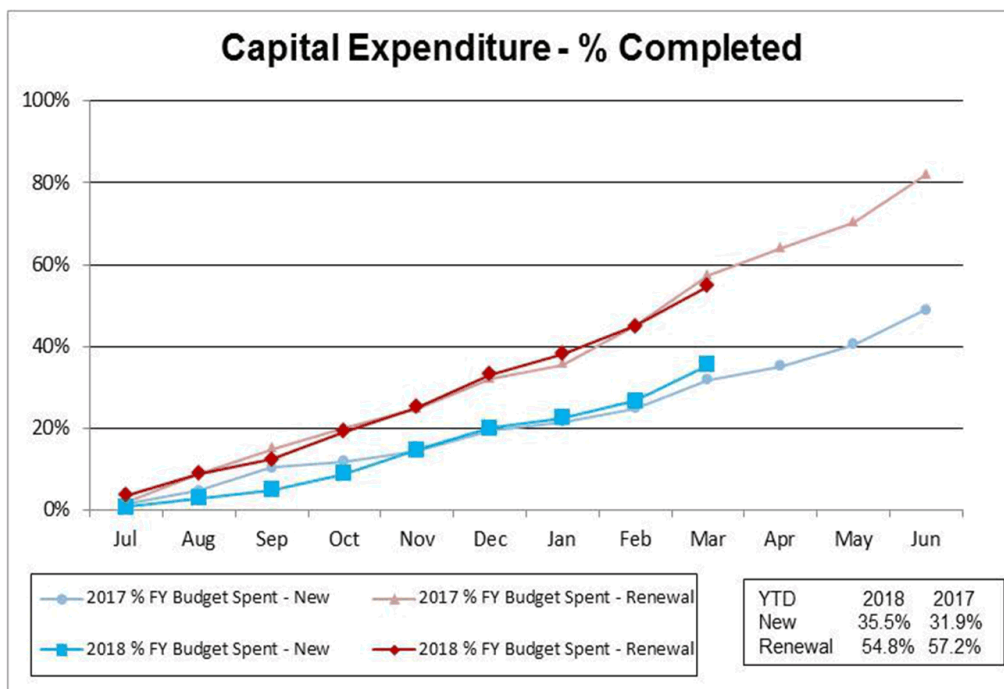
- Operating – controllable surplus items are favourable with the items then included to net operating result higher than budget (depreciation unfav). Those items included to the net result are less than budget (higher vested assets, development contributions, lower revenue for capex, NZTA capex revenue). Items in the net result are difficult to budget.
- Overall the favourable YTD Operating – Controllable surplus is decreased by the unfavourable movements within the Net Operating Result and then further reduced by the unfavourable Net Result movement to give an overall favourable variance to budget.

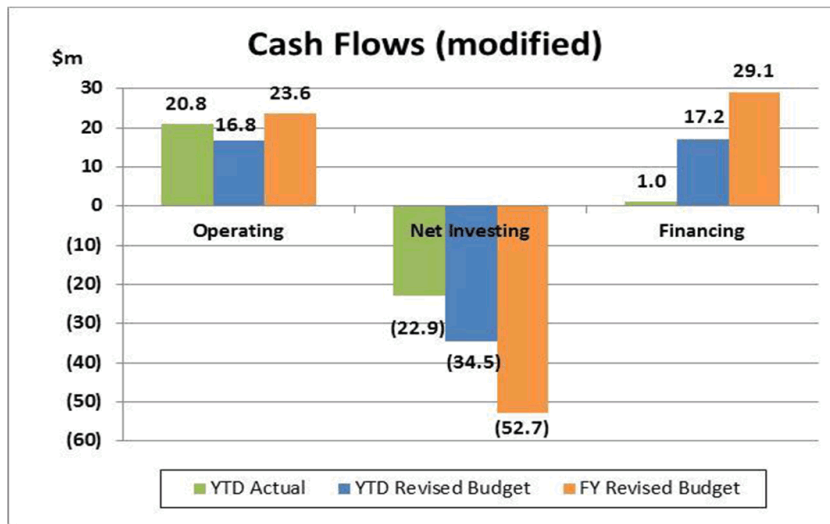




Refer Attachment 1 for activity variance explanations.

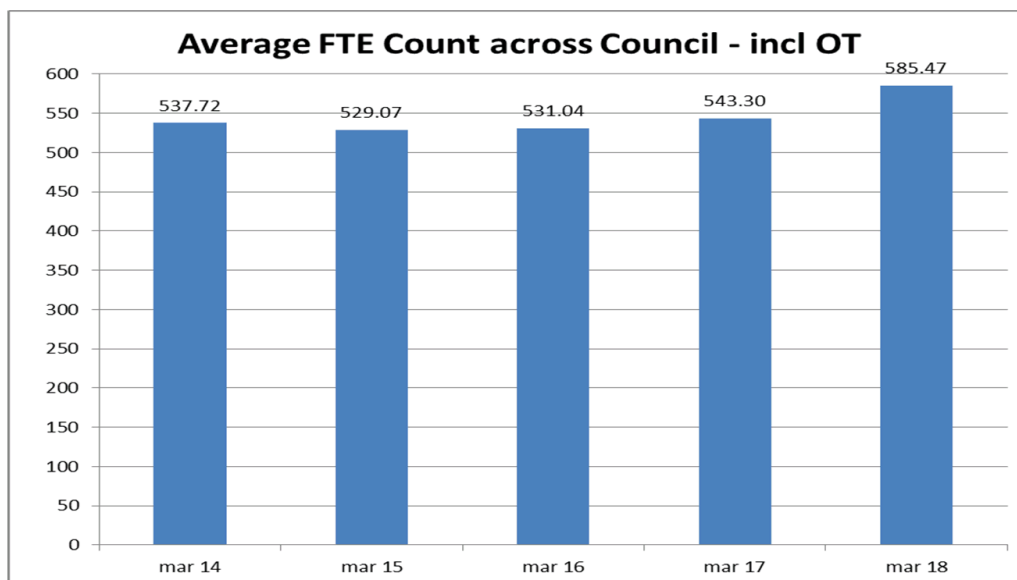






Personnel

The following graph shows the movement each year of monthly average standard full time equivalent employees. This includes all labour paid through the payroll system but excludes labour hire, for example through agencies, contractors.



Attachments

1. Activity variance explanation
2. Groups of Activities, Net Result Statement
3. Capital Expenditure
4. Net Debt
5. Financial Position and Cash Flow

Attachment 1 - Activity Variance Explanation
March 2018

The following table identifies and explains significant Activity operating-controllable revenue and expense variances from budget.
Criteria - 5% variance to budget on either revenue or expenses for each activity, minimum \$30k variance to December, \$50k from January.

Activity	Variance \$000	% Favourable, unfavourable, or timing	Revenue or expense	Variance Category	Explanation
Councillor Leadership & Decision	144	1611% Fav	Revenue	Other revenue.	Recovery of hearing costs.
	267	10% Unfav	Expenses	Professional service.	Higher professional service costs to date, related to hearings (part recovered) and required advice.
Direction Setting	148	100% Unfav	Revenue	Planning revenue.	Minimal with no private plan change requests received, offset by lower expenses.
	567	14% Fav	Expenses	Professional service, net personnel costs, operating costs.	Lower costs incurred to date, partly relating to the lower revenue.
Cemeteries	70	17% Fav	Revenue	Revenue.	Revenue higher than budget however lower than last year.
Housing	100	7% Unfav	Expenses	Maintenance.	Higher cost for maintenance and painting.
Work & City Promotion	63	9% Fav	Revenue	Revenue.	Higher revenue to date received by Conference & Function Centre, particularly for cost recovery.
	256	7% Unfav	Expenses	Net personnel costs, conference costs.	Higher net personnel costs for economic development support (unbudgeted overhead recovery, offset by lower cost in other activities), conference costs (offset by revenue recovery).
City Library and Community Development	66	16% Unfav	Revenue	Material hire.	Revenue from material hire 12% lower than 2017, lower than budget.
Parks, Sport & Recreation	107	7% Fav	Revenue	Central Energy Trust Arena, Recreational facilities and reserves.	Higher revenues received at Central Energy Trust Arena with some offsetting higher expenses. Revenue to date generally higher from recreational facilities and reserves, some recovery of bad debt provisions.
Regulatory	973	28% Fav	Revenue	Revenue.	Higher revenues, associated with the higher number of building consents submitted and cost recovery.
	829	15% Unfav	Expenses	Professional service costs.	Higher costs incurred, partly relating to processing of consents with higher revenue to enable timely performance of statutory processing requirements, some costs able to be recovered, partly offset by lower operating costs to date.
Rubbish and Recycling	279	6% Fav	Expenses	Operating costs.	Lower operating costs incurred to date.
Commercial or Strategic Investments	298	11% Fav	Revenue	Dividend, cost recovery.	Higher dividend received from PNAL than budgeted and higher revenue from cost recovery for external contracts.
	191	15% Fav	Expenses	Operating costs.	Overall lower net internal cost incurred for services provided to internal units than budgeted.
Corporate Support	308	35% Fav	Expenses	Operating costs.	Lower costs incurred to date in providing support services.

Attachment 2 - Groups of Activities, Net Result Statement

Following is the detailed Net Result by Group of Activities. The table includes that most Groups of Activities had favourable variances for the period to March 2018, with four showing unfavourable variances. Year to date these unfavourable variances are currently offset by favourable variances in other activities.

As provided in the Delegations Manual the Chief Executive has approved variations to the Activity Operating Budgets to enable transfer of forecast savings to those Activities which are forecasting to exceed budget. These variations are not incorporated into the following table. They are monitored for internal reporting so that the designated savings and overall revised budget operating-controllable result can be achieved.

Details of variance explanations are in Attachment 1 with the favourable variances currently offsetting the unfavourable variances. The following comments relate to specific items expected to affect full year performance:

- Rubbish and Recycling activity is now favourable but had been adversely affected by unbudgeted expenditure related to lease site cleansing.
- Leisure includes the cost of unbudgeted Central Energy Trust Arena remedial work for fire protection requirements of \$389k as this is required to be maintenance and operating.
- There have been favourable variances for items that should remain unchanged for the remainder of the year:
 - Dividend from PNAL \$219k more than budget
 - Insurance cost for the year likely to be \$165k less than budget
- Rates variance includes favourable variances to budget for penalties, \$148k, and water by meter, \$26k.
- Capital revenues are below that budgeted with lower cash capital revenues, mainly relating to the lower capital expenditure incurred. This is likely to continue and affect the overall year end financial performance.

The result for each Group of Activities includes the direct results of that Group. Within Support Services, External Contracts includes operating service units providing services to the other Groups of Activities. From December the net variance from budget of these activities are allocated to underlying activities to reflect a more accurate cost of each activity. This allocation will then occur each quarter. Support Services also includes Customer Services which is budgeted to be fully allocated to other activities. The net variance of this will be allocated to those other activities each quarter.

The full year revised budget will be amended to include Council approved variations to the 2017/18 Annual Budget. These are included in the full year revised budget column in the Activity Net Result Statement following and comprise the following approved amendments:

	<u>\$000</u>
Annual plan net result	13,362
Caccia Birch grant increase	(4)
Capital grant for skate park	250
Te Manawa concept plan	(40)
Contribution and economic grant	(758)
Economic development event grants	(70)
Falling Waters sculpture grants	40
CET Wildbase Aviary	25
Revised budget net result	<u>12,805</u>

Palmerston North City Council Detailed Groups of Activities	ACTIVITY STATEMENT									
	NET RESULT - Surplus/(Deficit)									
	2017/18 \$'000's									
For the nine months ending 31 March 2018	ACTUAL - Year to Date			REVISED BUDGET - Year to Date			FULL YEAR			
	Revenue	Expenses	Net Surplus / (Deficit)	Revenue	Expenses	Net Surplus / (Deficit)	Variance Actual to Budget: fav / (unfav)	Revised Budget Net Surplus / (Deficit)	Annual Plan Budget Net Surplus / (Deficit)	
Leadership	154	6,308	(6,155)	157	6,609	(6,452)	297	(8,807)	(8,812)	
Community Support	2,341	2,542	(201)	2,296	2,454	(157)	(44)	(98)	(106)	
Work and City Promotion	781	3,805	(3,024)	707	3,539	(2,832)	(192)	(3,506)	(2,982)	
Leisure	1,969	22,243	(20,274)	1,924	22,362	(20,438)	164	(28,136)	(27,834)	
Regulatory	4,486	6,414	(1,929)	3,512	5,586	(2,073)	144	(2,902)	(2,902)	
Roading and Parking	4,753	9,235	(4,482)	4,531	9,311	(4,780)	297	(6,703)	(6,703)	
Rubbish and Recycling	2,302	4,302	(1,999)	2,256	4,581	(2,325)	326	(3,107)	(3,107)	
Stormwater	9	1,124	(1,115)	2	1,077	(1,075)	(39)	(1,457)	(1,457)	
Wastewater	676	4,088	(3,413)	694	4,191	(3,496)	84	(4,568)	(4,568)	
Water	53	3,235	(3,182)	18	3,184	(3,166)	(16)	(4,281)	(4,281)	
Support Services	3,973	(49)	4,022	3,658	443	3,215	807	3,822	3,912	
TOTAL GROUP OF ACTIVITIES	21,496	63,249	(41,752)	19,757	63,336	(43,579)	1,827	(59,743)	(58,840)	
Total Rates	67,891	-	67,891	67,381	-	67,381	509	89,842	89,795	
Interest	199	4,392	(4,193)	13	4,709	(4,696)	503	(6,460)	(6,445)	
OPERATING - CONTROLLABLE RESULT - Surplus/(Deficit)	89,586	67,641	21,945	87,151	68,045	19,106	2,839	23,639	24,511	
Plus Non-controllable operating										
Depreciation	-	24,364	(24,364)	-	22,739	(22,739)	(1,625)	(30,321)	(30,321)	
Gain/(Loss) on disposal of Fixed Assets	25	-	25	-	-	-	25	-	-	
Investment Fund revaluation	39	-	39	-	-	-	39	-	-	
Derivative financial instrument valuation	28	-	28	-	-	-	28	-	-	
NET OPERATING RESULT - Surplus/(Deficit)	89,678	92,005	(2,327)	87,151	90,784	(3,633)	1,306	(6,682)	(5,810)	
Plus Non-operating revenue										
Vested Assets	3,156	-	3,156	1,500	-	1,500	1,656	2,000	2,000	
Development Contributions	1,959	-	1,959	1,298	-	1,298	661	1,731	1,731	
Revenues for capex	2,244	-	2,244	3,744	-	3,744	(1,500)	4,737	7,103	
NZTA for capex	5,790	-	5,790	7,324	-	7,324	(1,535)	11,019	8,338	
Taxation Losses Received	-	-	-	-	-	-	-	-	-	
NET RESULT - Surplus/(Deficit)	102,827	92,005	10,822	101,018	90,784	10,234	588	12,805	13,362	
The revised budget is after adjusting the 2017/18 Annual Plan budget for the following Council approved changes:										
Annual Plan Net Result	13,362									
Caccia Birch grant increase	(4)									
Capital grant skate park	250									
Te Manawa concept plan	(40)									
Contribution and economic grant	(758)									
Economic development event grants	(70)									
Falling Waters sculpture grants	40									
CET Wildlife Aviary	25									
Revised Budget Net Result	12,805									

Attachment 3 - Capital Expenditure**Actual Result**

Capital expenditure:	<u>YTD</u>	<u>FY</u>
YTD actual	\$29.3m	
YTD Revised budget	\$45.7m	\$69.1m
Annual budget		\$63.3m

The year to date actual capital expenditure includes only those amounts where liability for payment has been accepted for work completed. At any time there will be substantial additional commitments for future work to be completed pursuant to contracted obligations.

The table below summarises capital expenditure for the year to date together with how that expenditure is to be funded. In total actual year to date capital expenditure is 31% or \$6.9m higher than at the same time last year.

\$000's	YTD Actual	YTD Revised Budget	FY Revised Budget	FY Annual Plan Budget
Renewal Capital Expenditure				
Incurred to date	13,616	19,613	24,560	23,763
Additional expenditure			275	
Funded by:				
Borrowing				
External revenue	(898)	(1,741)	(2,199)	(2,199)
Cash effect of three year averaging			(3,699)	(2,627)
Net funded by rates	12,718	17,872	18,937	18,937
New Capital Expenditure				
Incurred to date	15,710	26,090	41,695	39,505
Additional expenditure			2,581	
Funded by:				
External revenue	(9,095)	(10,625)	(15,288)	(14,973)
Net funded by borrowing	6,615	15,465	28,988	24,532

Included in external revenue for new capital expenditure are amounts received for development contributions. These development contributions are to enable city growth and primarily relate to new capital expenditure incurred in prior years.

The revised budget incorporates:

- Update to carry forward programmes from 2016/17 to:
 - For programmes in the 2017/18 Annual Budget adjustment of that amount to the actual budget available being the programme budget less actual expenditure or, if lower, the carry forward requested
 - For other programmes the actual budget available where estimated expenditure had been less to June 2017, as reported to Finance & Performance Committee
 - These are included in the full year revised budget "Incurred to date" total.
- Additional expenditure approved by Council.

Summary

The capital budget includes some programmes that required further approvals, pre-requisite events or external funding to be obtained. Until these are satisfied those programmes cannot be completed and has delayed the start to some programmes. The following table summarises the current expectation for programmes included in the 2017/18 annual budget with the effect that significant programmes may not be completed by 30 June 2018, totalling \$16,424k. Additionally the "Able to complete – to complete" total is largely committed and underway however completion by 30 June 2018 of all programmes included is uncertain at this time. It is likely further carry forwards will be required for these committed programmes. Timing of completion could also impact on the amount of capital revenues to be received compared to budget.

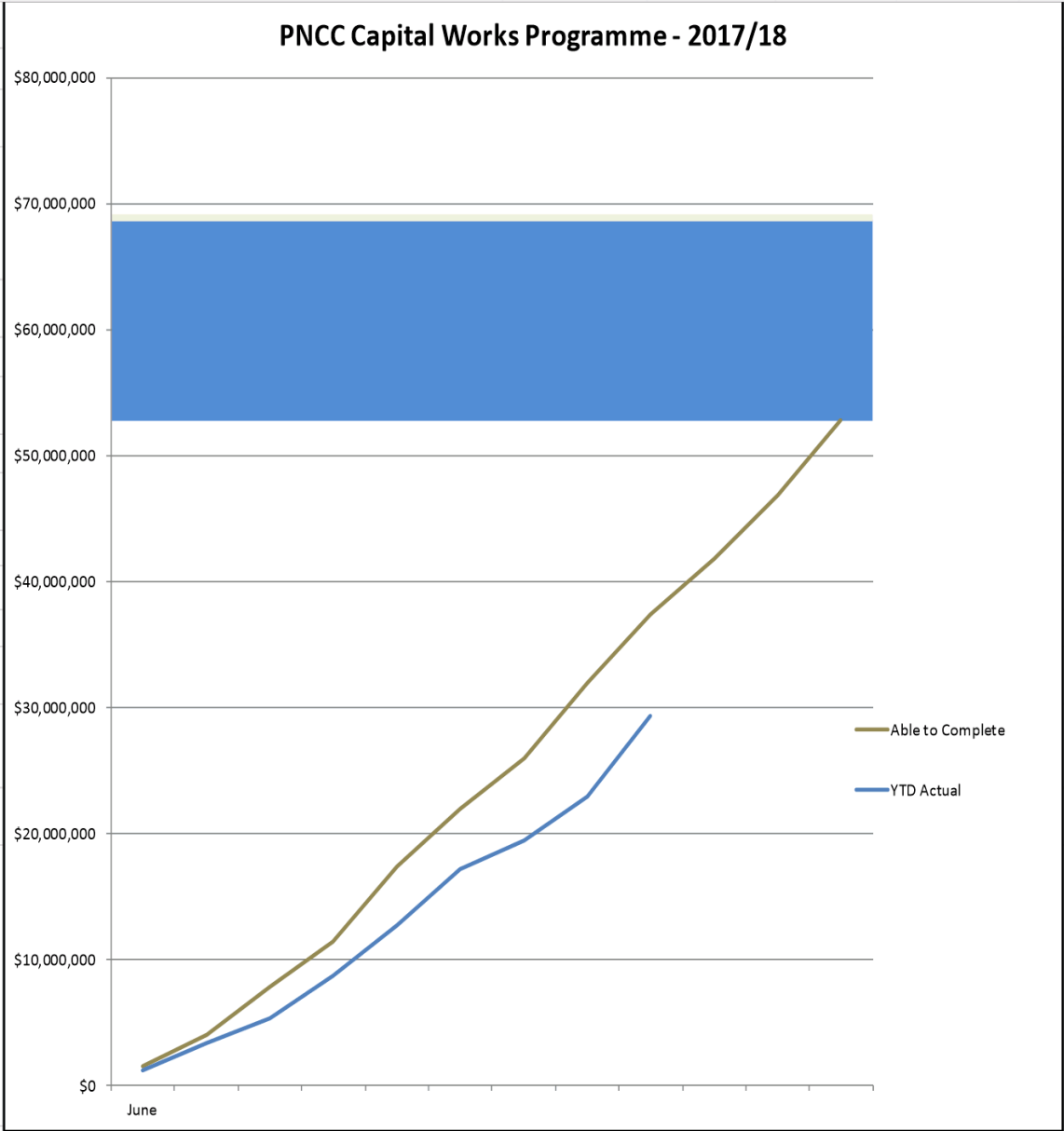
Further details by programme are in the following "Capital Works Programme" schedules, including the current progress status of programmes underway and those which may require carry forward to 2018/19.

\$000	New Capital	Renewal Capital
Able to complete – completed year to date	15,710	13,616
Able to complete – to complete	15,294	8,068
Development/growth awaiting requirement determination	572	-
Third party funding required	5	-
Probable budget risk, delayed while extra funding is defined	40	-
Council, organisation decision required to proceed	-	-
Regulatory/compliance risk may delay	-	-
Insufficient resource to develop	-	-
Unallocated, savings, carry forward, additional spending	12,656	3,151
Total	44,277	24,835
Total Capital Revised Budget	69,112	

Programme Variances

The Capital Works Programme section following includes details of programme progress. Current year expenditure to date shows no significant unfavourable variances to full year revised budget, except for the following programmes.

Description	Prog ID		FY 2018 Budget \$000	YTD 2018 Actual \$000	Explanation of Variance
Mangaone Stream shared path – underpass at Botanical Road	1037	New	nil	\$64k	Additional work required to prevent storm/flood water from scouring out the newly created embankments.
Mangaone Stream shared path – underpass at Highbury Ave	1038	New	nil	\$35k	
Holiday Park renewals	270	Renewal	\$62k	\$116k	For two ablution blocks in desperate need of renewal with work exceeding that allowed in the budget.
Walkways construction	95	New	\$71k	\$107k	
Sportsfields and Outdoor Courts - Changing Room Refurbishments	234	Renewal	\$213k	\$239k	Skoglund, Coronation, Colquhoun Parks changing room completion.



Financial Position (Total - All Areas)		March
YTD Budget (Able to Complete)	\$	37,398,277
YTD Actual	\$	29,325,330
Variance:	\$	8,072,947

The Notable Differences are listed on Page 2. These are the subtotals
Note: This compares Council's budget YTD with actual expenditure and does not factor in "Able to Complete" adjustments as per the graph above.

Capital New Actual <i>Behind</i> Budget:	\$	9,221,499
Capital New Actual <i>Ahead of</i> Budget:	-\$	714,783
Capital Renewal Actual <i>Behind</i> Budget:	\$	5,785,825
Capital Renewal Actual <i>Ahead of</i> Budget:	-\$	376,489

Able to Complete		A programme which has no barriers to completing during 17/18 yr.
Programmes	\$ 52,768,525	X programmes which are proceeding as per the Annual Plan
Development/Growth		A Programme pegged to local land development/growth, Progress will only occur when and if an external agency progresses their plans.
Programmes	\$ 572,165	51-City-wide - Stormwater Subdivision Contributions, 73-City-wide - Wastewater Subdivision Contributions, 210-Urban Growth - Installation of Wastewater Systems for New Industrial Areas - NEIZ Extension Area, 246-City-wide - Water Subdivision Contributions, *1000-Urban Growth - Whakarongo - Installation of Wastewater Systems, *1004-Urban Growth - Whakarongo - Installation of Water Supply Systems, 1005-Urban Growth - Installation of Water Supply Systems to an Expanded North East Industrial Zone
Third Party Co-Fund Required		A Programme which relies on external funding (eg grants or communitiy funding). Progress will only occur when and if the total of Council and external funding equals the total amount required to complete the works.
Programmes	\$ 5,000	990-Central Energy Trust Arena Manawatu - Covered Embankment, *1330-Placemaking Co-created Project
Probable Budget Risk		A Programme which, by leiu of current market forces, the budget is deemed to be inadequate and delays will occur while the extra funding is defined and sought from either/both Council or an external agency
Programmes	\$ 40,000	1282-Panieri Park - Purchase of Adjacent Land,
Council/Organisation Decision Required		A programme which has been funded but still requires Council/Organisation go-ahead for reasons other than budget.
Programmes	\$ -	
Regulatory/Compliance Risk		A programme which may be delayed due to complex Regulatory/Compliance issues.
Programmes	\$ -	
Insufficient Resource to Deliver		A programme with a significant design (or other, inc. construction) component, for which resource (much of which may be specialist) is proving difficult to aquire.
Programmes	\$ -	*57-Manawatu River - Downstream Pedestrian/Cycle Bridge Construction, *829-City Wide Undergrounding of Power & Telecom Cables, *977-Manawatu River(Fitzherbert Bridge to Linton) Cycle/Pedestrian Pathway, *1108-Hokowhitu Lagoon-Bank Renewal, *1131-City Boundary Entrance Treatments
/Saving/Carry Forward		A Programme (or part of) which is currently considered to be either surplus or to be recommended to Council for Carrying Forward.
Programmes	\$ 15,807,397	85-Council's Depot Buildings and Structures - Replacement of Components as Required, *139-City-wide - Sealed Road Resurfacing, *175-Traffic Signals Renewal, 178-Central Library Replacement of Furniture & Fittings, Citizens & Services(New), *180-City Wide Community Housing Refurbishments, 202-Central Library Interior Design Renewals, 336-City Archives Additional Storage, 311-Gordon Kear Forest Replant, *357-Papaioea Place Redelopment, *651-Seismic Strengthening of Water Structures, 742-Campbells Road - Bridge Renewal, *1000-Whakarongo Installation of Wastewater Systems, *1004-Whakarongo-Installation of Water Supply System, *1101-City of the Future, 1137-Digital Technology to Support 21st Century Citizens, *1138-Digital Tecnology to Support Citizens & Services(Renewal), 1139-Library RFID Materials Management, 1141-Community Learning & Transformation, 1150- City Libraries-Building Security System Replacement, *1176-Globe Theatre Mobility Access to Main Auditorium, 1330-Placemaking Co-created Project

*Programme to be part delivered. For Further comment see following pages.

Purpose of Report

- * This report provides an overview of the 2017/18 Capital Works programmes (Renewals & Capital New) regarding delivery during the financial year.
- * Those programmes where there is certainty of completion have been cashflowed over the financial year against which actual expenditure is being recorded.
- * The first priority is to ensure these programmes are delivered.
- * The report also groups programmes where there is uncertainty of delivery into six different categories.
- * The second priority is to "barrier-bust" why programmes in these categories cannot be recategorised as "Able to Complete".
- * When programmes are reclassified in this way the cashflow will be revised to reflect the change.
- * Where programmes are packaged together to form a larger project (e.g. Library of the Future) the combined performance of these will be reported elsewhere.

Notable Differences - Capital New Programme (Greater than \$100,000)			Notable Differences - Capital Renewal Programme (Greater than \$100,000)			
Actual behind Budget			Actual behind Budget			
368-Central Energy Trust Wildbase Recovery Centre (subject to part external funding)	\$ 1,635,009	Previous on-site difficulties are now behind, projected finish June/July '18..	115-City-wide - Sealed Pavement Renewals		\$ 1,231,070	Contractor failed to complete pre-seal repairs on time. Assurance has been sought that all work will be completed within the contract period.
829-City-wide - Undergrounding of Power and Telecom Cables	\$ 1,198,827	A programme has been agreed with Chorus which was behind the initial baseline. Physical progress good, but Chorus have not invoiced Council for work..	1291-Library Roof and HVAC Replacement		\$ 1,089,713	Programme on hold until completion of a building condition assessment, due in March '18. This budget proposed to be carried forward
1086-City-wide - Street Lighting Upgrade to Current LEDs	\$ 896,753		180-Social Housing - Citywide - Community Housing Refurbishments		\$ 558,430	Council decided to cancel the bedsit conversions at Andrews Ave. \$100K has been reallocated to bring forward an upgrade to the master key set used in comm. Housing. This budget proposed to be declared as a saving.
977-Manawatu River (Fitzherbert Bridge to Linton) - Cycle/Pedestrian Pathway (subject to part external funding)	\$ 846,682	Works have been tendered and construction started Apl '18. This is behind the baseline cashflow of the budget.	64-City-wide - Footpath Renewals and Replacements		\$ 549,589	The Cuba Street Refurbishment is the largest component of this programme and construction only began in January 18.
167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4	\$ 789,738	Programme delayed at Tender, now well underway	281-Operational Property -Civic Administration Building - Refurbishments		\$ 495,290	The main project was let for keen price on the basis that the contractor could execute 2 months later than expected. All work should be complete by year end
279-City Wide - Minor Road Safety Improvements	\$ 711,473	An external Project Manager has been engaged to advance projects within this programme	1056-Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Renewal)		\$ 459,394	This is caused by delays with the screen manufacturer. Installation of final screen estimated to occur in July '18.
57-Manawatu River - Downstream Pedestrian/Cycle Bridge Construction (subject to part external funding)	\$ 467,929	Contractor established on site. Delays have arisen while gaining construction approvals for alternative design. Construction started.	63-Council's Plant and Vehicles - Replacements		\$ 433,034	Work progressing on procurement, purchases will be complete prior to year end.
25-Forest Hill Road - Seal Extension	\$ 436,580	The external consultant did not meet the dates for design, that they had given to Council. A construction contract has just been let.	139-City-wide - Sealed Road Resurfacing		\$ 257,477	Contractor failed to complete pre-seal repairs on time. Assurance has been sought that all work will be completed within the contract period.
651-City-wide - Seismic Strengthening of Water Structures	\$ 303,266	Programme physically on revised schedule which is behind initial baseline programme	68-Aerial Photography		\$ 185,000	
1342-Fitzherbert Park - Cricket Ground Enhancements (subject to part external funding)	\$ 265,854		1062-City-wide - Stormwater Renewal Works		\$ 140,831	
357-Social Housing - Papaioea Place Redevelopment	\$ 249,530	Consents will be issued Apl'18, demolition of first block started at month end.	621-Totara Road Wastewater Treatment Plant - Digester Lids Refurbishment		\$ 133,486	
732-Summerhill Drive - Pedestrian and Cycle Improvements	\$ 242,530	Design Delays have hampered progress, construction started March '18.	175-City-wide - Traffic Signals Renewals		\$ 128,935	Works largely physically complete.
902-Property - Seismic Strengthening of Council Owned Buildings	\$ 225,957	There has been difficulty in finding available specialist seismic design skills which has slowed progress. Project is still estimated to be completed by year end.	53-Computer Replacement - Rolling Replacements		\$ 123,576	Procurement Progressing - all purchases expected by year end.
1106-Recycling - Install RFID Tags on Existing Recycling Wheelie Bins	\$ 170,031	Programme has fallen behind baseline due to concerns over intergration of software and hardware. Tender let and works will be largely complete before June 30.				
246-City-wide - Water Subdivision Contributions	\$ 148,075				\$ 5,785,825	
210-Urban Growth - Installation of Wastewater Systems for New Industrial Areas - NEIZ Extension Area	\$ 140,949		Actual Ahead of Budget			
1005-Industrial Growth - Installation of Water Supply Systems to an Expanded North East Industrial Zone	\$ 135,708		218-City-wide - Water Pipe Replacements		-\$ 376,489	The recent dry weather has enabled City Enterprises to continue making good progress
985-Kelvin Grove Water Supply Zone - New Bore	\$ 120,430				-\$ 376,489	
243-City Centre Streetscape Plan - Main Street East (Bus Terminal & Canopies)	\$ 119,178					
94-Walkways and Shared Path - Purchase of Land to Extend Network	\$ 117,000					
570-Totara Road Wastewater Treatment Plant - Replacement	\$ 107,704	Programme was initially delayed by additional investigations. Still forecast to be complete by June 30.				
	\$ 9,221,499					
Actual Ahead of Budget						
1101-The Library of the Future	-\$ 156,899	Money Expended prior to Project being put on hold - all budget placed in period 12.				
1084-Central Energy Trust Arena - Masterplan Priority 1 Projects	-\$ 557,884	Project on Track, Cash-flow ahead of original due to Officers being offered a better tender, by agreeing to a 40% deposit prior to manufacture.				
	-\$ 714,783					

Programme	2017/18 Budget	Able to Complete			Risk Categories							Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress	Saving/Carry Forward	Development /Growth	Third Party Co-Fund Required	Probable Budget Risk	Council/Org. Decision Required	Regulatory /Compliance Risk	Insufficient Resource to Develop	
PNCC Total Capital Works Programme	\$ 69,111,696	\$ 52,768,525	\$ 29,325,330		\$15,807,397	\$ 572,165	\$ 5,000	\$ 40,000	\$ -	\$ -	\$ -	
Capital New	\$ 44,276,322	\$ 31,084,270	\$ 15,708,622		\$12,656,278	\$ 572,165	\$ 5,000	\$ 40,000	\$ -	\$ -	\$ -	
Cemeteries	\$ 111,767	\$ 111,767	\$ 43,178		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
107-Cemeteries - Kelvin Grove - Ash Plot developments and Childrens area extension	\$ 37,528	\$ 37,528	\$ 21,750	50%								
147-Cemeteries - Kelvin Grove, Ashhurst and Bunnythorpe - New Burial Berms	\$ 74,239	\$ 74,239	\$ 21,428	35%								
Housing	\$ 1,583,026	\$ 1,004,138	\$ 260,616		\$ 578,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
357-Social Housing - Papaioea Place Redevelopment	\$ 1,583,026	\$ 1,004,138	\$ 260,616	4%	\$ 578,888							The first part of the year is dedicated to gaining Resource and Building Consents, as well as a urban design review. The review has been done and consents gained. Construction will start in Qtr 4.
Arts and Culture	\$ 474,348	\$ 245,306	\$ 111,556		\$ 229,042	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
367-Public Sculptures/Art Funding	\$ 60,000	\$ 60,000	\$ 60,000	100%								Programme complete
902-Property - Seismic Strengthening of Council Owned Buildings	\$ 270,988	\$ 111,946	\$ 45,031	83%	\$ 159,042							Priority projects are Square Edge and the crematorium. A structural engineer has been engaged to produce contract documentation for the Square Edge building and a structural engineer has been engaged for the crematorium.
1176-Globe Theatre - Mobility Access to Main Auditorium (subject to part external funding)	\$ 143,360	\$ 73,360	\$ 6,525	86%	\$ 70,000							The design has been agreed and construction will occur in Qtr 4. This work has been estimated at \$73K and the previous \$70K contribution by the theatre will be declared as a saving.
City Library and Community Development	\$ 4,254,513	\$ 420,171	\$ 243,966		\$ 3,915,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
336-City Archives - Additional Storage	\$ 470,998		0	0%	\$ 470,998							Part of LOTF. See Prog. 1101
1101-The Library of the Future	\$ 3,295,620	\$ 188,620	\$ 156,899	1%	\$ 3,107,000							The Stage 1 Square West Entrance and a building condition assessment are being prepared independently and will be presented in a councillor workshop 8 May.
1137-Digital Technology to Support 21st Century Citizens	\$ 102,961		0	0%	\$ 102,961							Part of LOTF. See Prog. 1101
1141-Community Learning and Transformation Space	\$ 182,604		0	0%	\$ 182,604							Part of LOTF. See Prog. 1101
1150-City Libraries - Building Security System Replacement	\$ 52,173		0	0%	\$ 52,173							Part of LOTF. See Prog. 1101
1306-Library HVAC Upgrade	\$ 150,157	\$ 231,551	\$ 87,067	25%								Currently a Building condition assessment is being carried out which will determine the scope of the project.
Parks sport and Recreation	\$ 11,183,114	\$ 9,962,083	\$ 5,286,240		\$ 1,181,031	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	
92-Ashhurst Domain - Upgrade of Entranceway Through to Camping Ground	\$ 40,000	\$ 40,000	\$ 40,000	100%								Programme Complete
93-City Reserves - Memorial Park Reserve Development Plan Implementation	\$ 52,122	\$ 52,122	\$ 22,386	34%								
94-Walkways and Shared Path - Purchase of Land to Extend Network	\$ 238,673	\$ 238,673	\$ 28,000	9%								Negotiations continuing at three sites (ANZAC Cliffs, Aokautere Drive & Sardinia Grove), expect agreements to be made before year end.
95-Walkways and Shared Path - Construction	\$ 70,885	\$ 70,885	\$ 106,637	76%								
111-Neighbourhood Reserves - Roslyn - Edwards Pit Park Development	\$ 52,122	\$ 52,122	\$ 12,911	44%								Work continuing in association with the Lions.
157-Citywide - Playground Development	\$ 166,789	\$ 166,789	\$ 97,615	59%								Design, procurement & construction well underway. All playgrounds will be completed this year.
158-Citywide - Safety Improvements to Reserves	\$ 34,400	\$ 34,400	\$ 32,838	85%								
160-Citywide - Improved Access to Reserves for Persons with Disabilities	\$ 37,528	\$ 37,528	\$ -	46%								
161-Public Toilets - Citywide programme	\$ 344,003	\$ 344,003	\$ 127,962	45%								
165-Outdoor Adventure Reserves - Arapuke Forest Park/Kahuterawa Development	\$ 44,303	\$ 44,303	\$ 20,826	63%								
285-Freyberg Pool - Modifications to Toddler Pool	\$ 231,701	\$ 231,701	\$ 155,382	100%								
354-Arapuke Forest Park - Infrastructure and Replanting	\$ -	\$ -	\$ 83	100%								
368-Central Energy Trust Wildbase Recovery Centre (subject to part external funding)	\$ 5,389,355	\$ 4,839,355	\$ 2,240,256	56%	\$ 550,000							Previous site issues now overcome, but these have affected completion which is now estimated to be July '18.
587-Neighbourhood Reserves - Kelvin Grove - Linklater Reserve Development	\$ 292,320	\$ 292,320	\$ 230,390	76%								Project on Track
697-Clearview Reserve Development	\$ 31,577	\$ -	\$ -	0%	\$ 31,577							Work dependent on Developer completing earthworks. It appears the work will not occur this year so the budget has been recommended to be carry forwarded.
738-Skatepark Facility	\$ 249,946	\$ 249,946	\$ 258,867	100%								Programme Complete
752-Manawatu River - Framework Implementation	\$ 275,942	\$ 275,942	\$ 183,377	49%								
967-Edibles Planting	\$ 5,212	\$ 5,212	\$ 837	60%								
990-Central Energy Trust Arena Manawatu - Covered Embankment (subject to part external funding)	\$ 499,950	\$ 100,000	\$ 6,468	0%	\$ 399,950							A feasibility study was commissioned. This is likely to cost less than \$50K. The rest of the budget will be declared surplus. The covered embankment will be considered as part of the next Master Plan.

Programme	2017/18 Budget	Able to Complete			Risk Categories							Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress	Saving/Carry Forward	Development /Growth	Third Party Co-Fund Required	Probable Budget Risk	Council/Org. Decision Required	Regulatory /Compliance Risk	Insufficient Resource to Develop	
1076-City Reserves - Victoria Esplanade - Junior Road Safety Park (Improvements 100k from Council)	\$ 432,156	\$ 408,652	\$ 408,651.59	100%	\$ 23,504							Programme Complete, Surplus Declared
1077-Citywide - Biodiversity Enhancement Through Native Planting	\$ 20,369	\$ 20,369	\$ -	0%								
1084-Central Energy Trust Arena - Masterplan Priority 1 Projects	\$ 1,835,000	\$ 1,835,000	\$ 1,137,883.53	67%								Project currently on track. Purchase of 103 Cuba was settled November. Retractable seating ordered and all work is on track.
1100-Waitoetoe Dog Socialisation Area	\$ 99,000	\$ 99,000	\$ 8,325.01	37%								Corrections undertaking physical work. Steady progress being made.
1171-City-wide - Increased Smokefree Signage	\$ 10,424	\$ 10,424	\$ 1,838.50	0%								This work will take the form of a mural at the Highbury Whanau Centre.
1172-Drinking Fountains at Recreational Facilities	\$ 36,573	\$ 36,573	\$ 3,663.12	58%								
1175-Citywide - Shade Trees	\$ 26,061	\$ 26,061	\$ 25,030.33	59%								
1182-Citywide - Recreation spaces - Improved Lighting	\$ 20,849	\$ 20,849	\$ -	22%								
1282-Panieri Park - Purchase of Adjacent Land	\$ 40,000		\$ -	22%				\$ 40,000				A meeting has been held with a representative of the Trust that owns the land. Negotiations are proving not to be straightforward and are ongoing .
1318-Central Energy Trust Arena - New Generator	\$ 120,000	\$ 120,000	\$ 120,637.51	100%								
1320-Sportsfields - Hokowhitu Lagoon Supplementary Water Take from River Canoe Polo	\$ 220,000	\$ 44,000	\$ 15,376.34	20%	\$ 176,000							External Designer has had great difficulty in finding practical solution to achieve the programme objective.
1342-Fitzherbert Park - Cricket Ground Enhancements (subject to part external funding)	\$ 265,854	\$ 265,854	\$ -	9%								Manawatu Cricket are coordinating the project. A design has been approved by Council and work will commence as soon as practicable.
Roading and Parking	\$ 19,037,542	\$ 14,274,328	\$ 6,936,265		\$ 4,758,212	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	
25-Forest Hill Road - Seal Extension	\$ 500,000	\$ 300,000	\$ 63,420	31%	\$ 200,000							Contract let, construction to start Qtr 4. Also rectifying some land issues to ensure the current road is in public ownership.
57-Manawatu River - Downstream Pedestrian/Cycle Bridge Construction (subject to part external funding)	\$ 5,544,730	\$ 4,122,142	\$ 2,896,110	44%	\$ 1,422,586							Construction started in Qtr 3 with foundation work in the river. This work cannot carry on through the winter, but steel fabrication will continue. Funds not expended this year will be applied for Carry forward.
114-City-wide - New Cycle Stands and Shelters	\$ 17,600	\$ 17,600	\$ 11,188	77%								
148-City-wide - Bus Stop Improvements	\$ 36,235	\$ 36,235	\$ 8,870	61%								
163-City-wide - New Street Tree Planting	\$ 65,953	\$ 49,953	\$ 12,254	32%	\$ 16,000							Cuba Street Component will not be complete until Sept 18
167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4	\$ 2,626,066	\$ 1,907,050	\$ 860,839	44%	\$ 719,016							Contract Let, Work commenced on site early November with a tight programme. Now expect to complete all works by August 2018.
201-City-wide - Roading Subdivision Contributions	\$ 165,647	\$ 165,647	\$ 158,695	36%								Contract obligations to purchase will likely exceed budget. Pacific Drive has been settled, Johnstone Drive though flagged is yet to be triggered . Council report will be required to seek additional funding.
235-Manawatu River (Ashhurst to Riverside Drive) - Cycle/Pedestrian Pathway	\$ -		\$ 4,725	100%								Additional costs for 2016/17 programme within that years programme budget.
243-City Centre Streetscape Plan - Main Street East (Bus Terminal & Canopies)	\$ 166,819	\$ 166,819	\$ -	0%								Report to be forwarded to Council to seek repriorisation of funding. Officers believe this budget should be used to design work in the area known as "Square East".
279-City-wide - Minor Road Projects	\$ 1,048,796	\$ 1,013,796	\$ 231,313	48%	\$ 35,000							An external Consultant is project managing 9 projects in this programme to ensure their completion. Rest of programme is being managed in house and on track for completion. Cuba Street will not be complete until Sept. '18
506-City Wide Public Space Rubbish & Recycling Bins	\$ 22,010	\$ 22,010	\$ 1,009	15%								
578-Tremaine Avenue/North Street - Traffic Signal Installation	\$ -		\$ 1,135	100%								Additional costs for 2016/17 programme within that years programme budget.
674-Church/Ruahine Streets - Roundabout Safety Improvements	\$ 558,000	\$ 558,000	\$ 519,340	100%								
732-Summerhill Drive - Pedestrian and Cycle Improvements	\$ 253,500	\$ 253,500	\$ 10,970	34%								
829-City-wide - Undergrounding of Power and Telecom Cables	\$ 1,211,578	\$ 375,000	\$ 12,751	8%	\$ 836,578							Chorus commissioned to install UFB ducts. Utility owners has advised Council they have no other undergrounding work planned for this year.
977-Manawatu River (Fitzherbert Bridge to Linton) - Cycle/Pedestrian Pathway (subject to part external funding)	\$ 1,800,163	\$ 641,131	\$ 208,764	47%	\$ 1,159,032							Contractor appointed, construction to start in Qtr 4.
1003-Urban Growth - Whakarongo - Intersection Upgrades	\$ 167,207	\$ 167,207	\$ 42,658	40%								This work will be carried out as part of James Line reconstruction
1037-Mangaone Stream Shared Path - Underpass at Botanical Road	\$ -		\$ 63,947	100%								incidents which delayed the Contractor completing his Contract and caused Council to be liable for Contract Variations.
1038-Mangaone Stream Shared Path - Underpass at Highbury Avenue	\$ -		\$ 35,173	100%								Completion 2016/17 programme. Work site was subject to several flooding incidents which delayed the Contractor completing his Contract and caused Council to be liable for Contract Variations.
1086-City-wide - Street Lighting Upgrade to Current LEDs	\$ 3,922,411	\$ 3,672,411	\$ 1,627,744	69%	\$ 250,000							Procurement of "compliant lamps" underway and installation will be complete by year end. "Non-compliant" lamps will also be replaced, but due to delays in gaining approval it is uncertain they will be finished this year.
1131-City Boundary Entrance Treatments	\$ 495,755	\$ 375,755	\$ 30,404	36%	\$ 120,000							The NZTA gorge by-pass work at Ashhurst means there is some uncertainty over installation of the Ashhurst Entrance Treatment.
1155-City-wide - Street Seats	\$ 35,388	\$ 35,388	\$ 8,120	27%								
1216-City-wide - Additional Cycle Lanes	\$ 102,100	\$ 102,100	\$ 14,784	2%								
1257-City-wide - Cycle Phases at Intersections	\$ 40,840	\$ 40,840	\$ 1,670	14%								

Programme	2017/18 Budget	Able to Complete			Risk Categories							Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress	Saving/Carry Forward	Development /Growth	Third Party Co-Fund Required	Probable Budget Risk	Council/Org. Decision Required	Regulatory /Compliance Risk	Insufficient Resource to Develop	
1259-Broadway Avenue Upgrade	\$ 141,744	\$ 141,744	\$ 96,358	74%								
1315-Walker's Road - New Shared Pathway	\$ 100,000	\$ 100,000	\$ 6,163	25%								Contract Let - Work Underway
1330-Placemaking Co-created Project	\$ 15,000	\$ 10,000	\$ 7,862	70%			\$ 5,000					
<i>Rubbish & Recycling</i>	\$ 599,014	465,128	232,597		133,886	-	-	-	-	-	-	
18-Waste Minimisation - Introduction of Recycling Wheelie Bins	\$ 30,428	\$ 30,428	\$ 28,557	100%								Programme Complete
375-Awapuni Landfill - Commercial lease site Development	\$ 40,000	\$ 40,000	\$ 49,723	98%								
561-Events Waste Management & Minimisation	\$ 35,000	\$ 35,000	\$ 29,707	95%								
657-Recycling - City Wide Wheelie Bins and Crates to Additional Properties	\$ 36,700	\$ 36,700	\$ 45,765	76%								
721-Awapuni Landfill - Landscaping	\$ 83,886	\$ 60,000	\$ 40,050	70%	\$ 23,886							This work can only be completed during the summer months and is dependent on the volume of compost which meets the standard for use as cover material.
1106-Recycling - Install RFID Tags on Existing Recycling Wheelie Bins	\$ 300,000	\$ 240,000	\$ 12,969	40%	\$ 60,000							Final tender assessments underway, successful contractor will supply hardware and start commissioning this year.
1524-Water & Waste Furniture Refresh	\$ 23,000	\$ 23,000	\$ 25,826	89%								Office Refresh Occuring during February
1533-Materials Recovery Facility - Air Quality Improvements	\$ 50,000	\$ -	\$ -	0%	\$ 50,000							This programme has only just been approved by Council. Will not be able to be completed this year.
<i>Stormwater</i>	\$ 1,164,215	1,058,028	908,815		-	106,187	-	-	-	-	-	
51-City-wide - Stormwater Subdivision Contributions	\$ 106,187		\$ -	0%		\$ 106,187						
1001-Urban Growth - Whakarongo - Installation of Stormwater Systems	\$ 350,000	\$ 350,000	\$ 250,970	62%								Will be completed as part of contract for James Line road reconstruction.
1060-City-wide - Stormwater Improvement Works	\$ 708,028	\$ 708,028	\$ 657,845	70%								
<i>Wastewater</i>	\$ 1,785,874	1,227,645	587,381		452,042	106,187	-	-	-	-	-	
73-City-wide - Wastewater Subdivision Contributions	\$ 106,187		\$ 2,620	2%		\$ 106,187						
198-City-wide Pump Stations - Flow Capacity Improvements	\$ 25,014	\$ 25,014	\$ -	50%								
210-Urban Growth - Installation of Wastewater Systems for New Industrial Areas - NEIZ Extension Area	\$ 200,000	\$ 100,000	\$ 11,541	8%	\$ 100,000							Th work to extend services in the road easement requires design and consultation prior to physical construction in Q4 of the financial year.
570-Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Growth)	\$ 474,606	\$ 459,606	\$ 366,902	58%	\$ 15,000							The final installation of the last screen is now estimated to be complete July'18.
572-Totara Road Wastewater Treatment Plant - Replacement of Grit Removal Systems (Growth)	\$ 10,189	\$ 10,189	\$ -	50%								
630-City-wide - Seismic Strengthening to Wastewater Structures	\$ 200,000	\$ 97,958	\$ 3,917	5%	\$ 102,042							Design for replacement above ground superstructure on College St PS delayed by external design capacity
906-Bunnythorpe Wastewater Connection to Palmerston North	\$ 100,000	\$ 100,000	\$ 10,369	48%								Easement legalisation well underway, but waiting for third party utility input before project can be completed.
1000-Urban Growth - Whakarongo - Installation of Wastewater Systems	\$ 520,000	\$ 285,000	\$ 165,511	65%	\$ 235,000							\$220K will be delivered as part of the James Line road reconstruction. The rest is reliant on the adjacent development being advanced.
1048-Totara Road Wastewater Treatment Plant - Construction of New Food Waste Facilities	\$ 149,878	\$ 149,878	\$ 26,522	49%								Design and selection of equipment completed with construction in Qtr 4.

Programme	2017/18 Budget	Able to Complete			Risk Categories							Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress	Saving/Carry Forward	Development /Growth	Third Party Co-Fund Required	Probable Budget Risk	Council/Org. Decision Required	Regulatory /Compliance Risk	Insufficient Resource to Develop	
Water	\$ 3,750,649	\$ 1,983,417	\$ 1,126,393		\$ 1,407,441	\$ 359,791	\$ -	\$ -	\$ -	\$ -	\$ -	
91-Turitea Water Treatment Plant - Construction of Duplicate Water Pipeline from Lower Dam to Harts Road Reservoirs	\$ 200,000	\$ 92,637	\$ 38,160	34%	\$ 107,363							Construction postponed due to the delay of forest harvesting as a result of road slips.
246-City-wide - Water Subdivision Contributions	\$ 220,657		\$ 17,417	0%		\$ 220,657						
592-Turitea Water Treatment Plant - Sludge Handling and Disposal Improvements	\$ 200,000	\$ 86,800	\$ 12,614	3%	\$ 113,200							The scope of this project is under review, resulting a projected saving.
593-Water Safety and Security Mitigation	\$ 407,838	\$ 170,838	\$ 115,839	52%	\$ 237,000							
610-Turitea Valley Road/Pacific Drive - New Water Supply Link Pipe and Reservoir	\$ 199,076	\$ 171,286	\$ 171,285	100%	\$ 27,790							Programme Complete
651-City-wide - Seismic Strengthening of Water Structures	\$ 558,030	\$ 355,000	\$ 146,734	30%	\$ 203,030							Request for Proposal due late February. Lack of Specialist Expertise is hampering progress
794-BC - Longburn - Water Collection Source and Storage Improvement	\$ 25,000	\$ 25,000	\$ 14,813	100%								Programme Complete
893-Turitea Water Treatment Plant - New Retaining Walls on Access Road	\$ 470,001	\$ 470,001	\$ 396,180	100%								
985-Kelvin Grove Water Supply Zone - New Bore	\$ 644,058	\$ 240,000	\$ 73,229	10%	\$ 404,058							Bore complete. Design of pump and reservoir well underway, Consents are in place and a tender is being let.
986-Turitea Upper Dam - Installation of Aeration Facility	\$ 25,989	\$ 25,989	\$ 20,714	100%								Programme Complete
1004-Urban Growth - Whakarongo - Installation of Water Supply Systems	\$ 600,000	\$ 285,000	\$ 66,483	40%	\$ 315,000							The \$250K will be completed as part of the James Line road reconstruction. The timing of the rest is dependent on the adjacent development. At this stage none of the various landowners who are within the development area have confirmed their intention to commence.
1005-Industrial Growth - Installation of Water Supply Systems to an Expanded North East Industrial Zone	\$ 150,000	\$ 10,866	\$ 14,293	33%		\$ 139,134						All work which is expected to be triggered by development this year has been completed.
1331-Fluoridation for Bunnythorpe and Longburn water schemes	\$ 50,000	\$ 50,000	\$ 38,632	98%								
Commercial or Strategic Investments	\$ 23,119	\$ 23,119	\$ -			-	-	-	-	-	-	
245-Gordon Kear Forest - Development of Internal Roothing	\$ 23,119	\$ 23,119	\$ -	20%								Work on schedule for execution between March and May 2018.
Corporate Support	\$ 309,140	\$ 309,140	-\$ 28,384			-	-	-	-	-	-	
60-Information Management Strategic plan - New software Applications	\$ 104,140	\$ 104,140	-\$ 28,384	18%								This is work to enable software purchases related to the delivery of the IM plan. Currently most of the work has been done in house so there has been no external spend. The credit relates to a correction from a previous year, but will not be used to increase spending in this year.
1185-Non Financial Reporting System	\$ 205,000	\$ 205,000	\$ -									

Programme	2017/18 Budget	Able to Complete			Risk Categories							Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress	Saving/Carry Forward	Development /Growth	Third Party Co-Fund Required	Probable Budget Risk	Council/Org. Decision Required	Regulatory /Compliance Risk	Insufficient Resource to Develop	
Capital Renewal	\$ 24,835,374	\$ 21,684,255	\$ 13,616,707		\$ 3,151,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Cemeteries	\$ 196,853	\$ 196,853	\$ 70,331		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
37-Cemeteries - Terrace End - Site Enhancements	\$ 9,216	\$ 9,216	\$ 6,853	100%								Work Complete
278-Cemeteries - Kelvin Grove - Roading and Footpath Refurbishment	\$ 70,885	\$ 70,885	\$ 63,478	90%								
564-Cemeteries - Kelvin Grove - Replacement of Cremator Refractory Brick Lining	\$ 116,752	\$ 116,752	\$ -	0%								Contractor selected, construction to occur April/May '18.
Housing	\$ 738,554	\$ 202,481	\$ 103,070		\$ 536,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
180-Social Housing - Citywide - Community Housing Refurbishments	\$ 654,143	\$ 118,070	\$ 18,070	14%	\$ 536,073							The bed-sit conversion project has been cancelled. \$100K will be re-allocated to other work on the complexes.
304-Social Housing - Replacement of Structures, Internal Fitout and Services	\$ 84,411	\$ 84,411	\$ 85,000	100%								Programme Complete
Work and City Promotion	\$ 162,280	\$ 162,280	\$ 88,040		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
251-Convention Centre - Replacement of Equipment	\$ 34,958	\$ 34,958	\$ 27,784	75%								Well advanced in equipment replacement programme
989-Venues Manawatu - Replacement of Booking system	\$ 80,505	\$ 80,505	\$ 23,639	40%								Advanced. Considerable planning done on identifying requirements and will progress further towards end of year.
1166-Convention Centre - Equipment Purchases	\$ 46,817	\$ 46,817	\$ 25,617	40%								On target and equipment identified.
1165-Convention Centre - Kitchen Upgrade	\$ -		\$ 11,000	100%								Additional costs for 2016/17 programme substantially within that years programme budget. Timing out as should have been included at back end of last year.
Arts and Culture	\$ 133,798	\$ 133,798	\$ 24,112		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
213-Cultural Facilities - Replacement of Structures, Internal Fit Out and Services	\$ 133,798	\$ 133,798	\$ 24,112	45%								Design of fire protection system for Square Edge building underway.
City Library and Community Development	\$ 2,710,875	\$ 928,447	\$ 624,969		\$ 1,782,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
178-Central Library Replacement of Furniture and Fittings	\$ 175,620		\$ -		\$ 175,620							Part of LOTF. See Prog. 1101
188-Replacement and Purchase of New Library Materials	\$ 767,918	\$ 767,918	\$ 570,859	75%								On Target. Programme will be completed
202-Central Library Interior Design Renewals	\$ 304,405		\$ -		\$ 304,405							Part of LOTF. See Prog. 1101
203-Interior Design of Community Libraries, Youth Space & Mobile Library.	\$ 52,122	\$ 52,122	\$ -									
265-City-wide - Community Centre Refurbishments	\$ 40,115	\$ 40,115	\$ 37,977	100%								
1138-Digital Technology to Support 21st Century Citizens	\$ 104,345		\$ -		\$ 104,345							Part of LOTF. See Prog. 1101
1139-Radio Frequency Identification (RFID) Materials Management	\$ 104,345		\$ -		\$ 104,345							
1143-Pataka Ipurangi (Archives Digital Library)	\$ 62,607	\$ 62,607	\$ 10,448	20%								On Target. Programme will be completed
1291-Library Roof and HVAC Replacement	\$ 1,099,398	\$ 5,685	\$ 5,685	1%	\$ 1,093,713							Project on hold - will take guidance from rest of LOTF

Programme	2017/18 Budget	Able to Complete			Risk Categories							Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress	Saving/Carry Forward	Development /Growth	Third Party Co-Fund Required	Probable Budget Risk	Council/Org. Decision Required	Regulatory /Compliance Risk	Insufficient Resource to Develop	
<i>Parks, Sport and Recreation</i>	\$ 3,345,975	\$ 3,139,818	\$ 2,360,794		\$ 206,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
98-Citywide Reserves - Renewals (Victoria Esplanade, Memorial Park, Ashhurst Domain and The Square)	\$ 250,184	\$ 250,184	\$ 122,276	53%								
173-Citywide - Playground Renewals	\$ 260,608	\$ 260,608	\$ 164,310	75%								
174-Citywide - Replacement of Furniture on Reserves	\$ 60,461	\$ 60,461	\$ 14,966	58%								
177-Citywide - Replacement of Gardens on Reserves	\$ 31,273	\$ 31,273	\$ 17,558	59%								
184-Walkways and Shared Paths - Refurbishments and Replacements	\$ 45,867	\$ 45,867	\$ 61,284	26%								
190-Citywide - Replacement of Trees on Reserves	\$ 13,030	\$ 13,030	\$ 4,739	60%								
194-Citywide - Renewal of Bridges on Reserves	\$ 72,970	\$ 65,673	\$ 32,406	42%	\$ 7,297							
195-Citywide - Renewal of Hardsurface Areas on Reserves	\$ 66,716	\$ 66,716	\$ 7,558	13%								
234-Sportsfields and Outdoor Courts - Changing Room Refurbishments	\$ 212,997	\$ 212,997	\$ 238,661	62%								
254-City-wide - Sportsfield Carpark and Hardsurface Area Resurfacing	\$ 192,850	\$ 192,850	\$ 116,845	68%								
257-Sportsfields and Outdoor courts - Fitzherbert /Manawaroa/Ongley Parks - Cricket Block Replacements	\$ 46,909	\$ 46,909	\$ 2,750	46%								
258-Citywide - Refurbishment and Replacement of Boundary Fences on Reserves	\$ 45,867	\$ 45,867	\$ 9,588	61%								
266-Sportsfields and Outdoor Courts - Fitzherbert Park - Hockey Turf Refurbishment	\$ 536,852	\$ 526,478	\$ 524,976	100%	\$ 10,374							Programme complete, Surplus Declared
271-Sportsfields and Outdoor courts - Awapuni Tennis Court Renewals	\$ 52,122	\$ 52,122	\$ 2,990	24%								
596-Aquatics - Lido Pool - Asset Renewals	\$ 278,127	\$ 278,127	\$ 161,841	46%								
598-Aquatics - Freyberg Community Pool - Asset Renewals	\$ 63,453	\$ 63,453	\$ 62,503	100%								Programme Complete
819-Central Energy Trust Arena - Replacement of Equipment	\$ 44,151	\$ 44,151	\$ 12,840	40%								On target. Planning has been done on requirements.
1051-Central Energy Trust Arena Manawatu - Combined Asset Refurbishment	\$ 863,052	\$ 863,052	\$ 787,470	90%								All 17 projects proceeding smoothly and delivery is assured
1108-Cultural/Heritage Reserve - Hokowhitu Lagoon - Bank Renewal	\$ 208,486	\$ 20,000	\$ 15,233	11%	\$ 188,486							Negotiating a Resource Consent with Horizons, construction will not proceed this year.
<i>Regulatory</i>	\$ 6,096	\$ 6,096	\$ 3,419		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
1269-By-Law Signage - Replacement	\$ 6,096	\$ 6,096	\$ 3,419	50%								\$1k difference between YTD actual and YTD budget is due to the timing for replacement of alcohol signage in the Square being delayed as a result of it taking longer to consult with key stakeholders, budget will however be spent in full by year end
<i>Roading and Parking</i>	\$ 6,065,708	\$ 5,692,833	\$ 2,548,579		\$ 372,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
64-City-wide - Footpath Renewals and Replacements	\$ 1,194,097	\$ 1,055,631	\$ 446,642	50%	\$ 138,466							Cuba Street Component will not be complete until Sept 18
74-City-wide - Street Light Replacements	\$ 134,588	\$ 134,588	\$ 100,458	88%								
82-City-wide - Off Street Parking Resurfacing, Remarking and Signage Replacement	\$ 10,353	\$ 10,353	\$ -	91%								
115-City-wide - Sealed Pavement Renewals	\$ 1,468,266	\$ 1,468,266	\$ 187,196	23%								Cuba Street Component will not be complete until Sept 18
122-City-wide - Road Drainage Replacements	\$ 607,759	\$ 607,759	\$ 459,181	75%								Cuba Street Component will not be complete until Sept 18
139-City-wide - Sealed Road Resurfacing	\$ 1,600,000	\$ 1,600,000	\$ 794,086	89%								
155-City-wide - Street Tree Replacements	\$ 62,118	\$ 62,118	\$ 36,859	58%								
162-City-wide - Vehicle Crossing Replacements	\$ 459,919	\$ 421,075	\$ 303,195	79%	\$ 38,844							Cuba Street Component will not be complete until Sept 18
175-City-wide - Traffic Signals Renewals	\$ 432,294	\$ 288,494	\$ 221,065	100%	\$ 143,800							Surplus Declared
181-City-wide - Bus Shelter Upgrades and Replacements	\$ 33,544	\$ 33,544	\$ 4,800	86%								
648-City-wide - Replacement of Deteriorating Cycle Stands	\$ 11,005	\$ 11,005	\$ -	66%								
742-Campbells Road - Bridge Renewal	\$ 51,765		\$ -		\$ 51,765							Currently on-hold while Gorge and Ring Road is finalised. Council disagrees with NZTA that the replacement bridge should only be 70% of class One.
747-BC - Pavement Rehabilitation	\$ -		-\$ 4,902	100%								For prior years programme. Contract price reduction on payment of contract retention.
<i>Rubbish & Recycling</i>	\$317,563	313,348	182,175		4,215	-	-	-	-	-	-	
185-Closed Landfills and Transfer Stations - Site Infrastructure Renewals	\$ 125,063	\$ 125,063	\$ 100,746	85%								
612-Recycling - City Wide Wheelie Bin and Crate Renewals	\$ 50,000	\$ 45,785	\$ 35,120	76%	\$ 4,215							Work driven by ratepayer demand, estimate a saving a year end, this year.
649-Recycling - Materials Recovery Facility Renewals	\$ 131,000	\$ 131,000	\$ 34,808	59%								
1085-Awapuni Resource Recovery Park - Replacement of Access	\$ 11,500	\$ 11,500	\$ 11,501	100%								
<i>Stormwater</i>	\$266,207	\$ 266,207.00	\$ 125,376		-	0	0	0	0	0	0	
1062-City-wide - Stormwater Renewal Works	\$ 266,207	\$ 266,207	\$ 125,376	47%								

Programme	2017/18 Budget	Able to Complete			Risk Categories							Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress	Saving/Carry Forward	Development /Growth	Third Party Co-Fund Required	Probable Budget Risk	Council/Org. Decision Required	Regulatory /Compliance Risk	Insufficient Resource to Develop	
Wastewater	\$3,665,458	3,527,881	2,651,529		137,577	-	-	-	-	-	-	
54-City-wide - Wastewater Pipe Renewal	\$ 1,442,949	\$ 1,442,949	\$ 1,296,503	94%								
65-City-wide - Wastewater Pump Station Renewal	\$ 144,784	\$ 144,784	\$ 144,891	100%								
179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals	\$ 63,712	\$ 63,712	\$ 50,506	88%								
621-Totara Road Wastewater Treatment Plant - Digester Lids Refurbishment	\$ 555,000	\$ 555,000	\$ 281,514	34%								
1050-Totara Road Wastewater Treatment Plant - Replacement of PLCs and SCADA	\$ 27,418	\$ 27,418	\$ 41,371	98%								
1056-Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Renewal)	\$ 1,389,666	\$ 1,252,089	\$ 795,230	37%	\$ 137,577							Commissioning of last screen now scheduled for july 18.
1059-Totara Road Wastewater Treatment Plant - Replacement of	\$ 41,929	\$ 41,929	\$ 41,514	65%								
Water	\$3,275,786	\$ 3,275,786	\$ 2,681,774		-	-	-	-	-	-	-	
199-City-wide - Water Bore Headworks and stations Renewal	\$ 200,000	\$ 200,000	\$ 148,032	85%								
207-Turitea Water Treatment Plant - Equipment and Facility Renewals	\$ 160,000	\$ 160,000	\$ 100,416	84%								
214-City-wide - Water Toby and Meter Replacements	\$ 160,000	\$ 160,000	\$ 127,316	76%								
218-City-wide - Water Pipe Replacements	\$ 2,076,193	\$ 2,076,193	\$ 1,788,280	83%								
625-Water Safety and Security Renewal Projects	\$ 99,362	\$ 99,362	\$ 100,880	100%								
1058-City-wide - Groundwater Bores Renewal	\$ 554,469	\$ 554,469	\$ 412,801	85%								All Work under this programme well underway and will be completed this year.
1063-Turitea Water Treatment Plant - Replacement of SCADA System Hardware and Software	\$ 25,762	\$ 25,762	\$ 4,050	100%								
Commercial or Strategic Investments	\$ 1,367,880	\$ 1,344,519	\$ 607,137		\$ 23,361	-	-	-	-	-	-	
63-Council's Plant & Vehicles - Replacements	\$ 1,002,958	\$ 1,002,958	\$ 319,186	27%								Officers expect to make further transactions prior to year end.
80-Council's Plant and Equipment	\$ 166,368	\$ 166,368	\$ 154,317	28%								Officers expect to make further transactions prior to year end.
86-Council Wide - Furniture Replacements	\$ 10,270	\$ 10,270	\$ -	0%								
270-Investment Properties - Holiday Park - Renewals	\$ 62,423	\$ 62,423	\$ 116,148	100%								For two ablation blocks in desperate need of renewal with work exceeding what budget allowed.
311-Gordon Kear Forest Replant	\$ 23,361		\$ -	100%	\$ 23,361							Budget not required, all replanting complete 16/17
784-Replacement of Council's Photocopiers/Printers	\$ 102,500	\$ 102,500	\$ 17,486	5%								Replacing As Required
Corporate Support	\$ 2,582,341	\$ 2,493,908	\$ 1,545,402		88,433	-	-	-	\$ -	-	-	
53-Computer Replacements	\$ 463,001	\$ 463,001	\$ 273,282	25%								Replacements are on a 4 year refresh cycle, we will hit 50% in January as planned. This process is done in quarterly or bi-annual phases based on availability of equipment.
55-Application Software Upgrade	\$ -		-\$ 980.00	100%								To correct 2016/17 cost to expense an operational portion that was originally coded to this Capital Programme.
58-Network Additions and Upgrades	\$ 40,707	\$ 40,707	\$ 20,645	20%								This is an fund to replace network devices such as switching etc. it's performed on an as required (when things break or need replacing) it's not able to be phased.
68-Aerial Photography	\$ 197,000	\$ 197,000	\$ 12,000	30%								Satellite and aerial work to be completed by Feb at which time we will start processing progress payments. This work will be completed by May.
85-Council's Depot Buildings and Structures - Replacement of Components as Required	\$ 88,433		\$ -		\$ 88,433							Decision on Depot Deferred, Budget provision already made in future years so budget surplus
272-Staff Cafeteria - Replacement of Equipment	\$ 5,690	\$ 5,690	\$ 392	30%								Identifying equipment replacement requirements.
281-Operational Property -Civic Administration Building - Refurbishments	\$ 1,707,712	\$ 1,707,712	\$ 1,207,422	75%								
318-Telecommunications Replacement - Council Buildings	\$ 79,798	\$ 79,798	\$ 32,641	24%								There has been a further \$19K of mobile phone replacements ordered and have been dispatched.

Summary of Programmes Spanning Multiple Years as at 31 March 2018																	
The following summarises capital programmes which were intended to span more than one year and be viewed in total. As such expenditure is ongoing with the programmes to be viewed against both past and future budgets. Variances reflect the difference to budget at a point in time and not the full programme or what may ultimately occur.																	
Included below are the full year budgets for each year and actual expenditure. For the current year actual expenditure is year to date with work to be completed within the full year budget shown in the "Current Year Available" column. In previous years budgeted work in some cases has been unable to be completed with remaining budget carried forward forward to subsequent years or to be completed in the following year within that budget. In these instances the budget is shown in the initial year approved and if carried forward that part of the "Prior Years Variance" will be applied against subsequent programme expenditure. Refer to the comments below for explanation of the status of each programme.																	
Assumptions:																	
1.	Includes those programmes scheduled to be completed over multiple years to report total cost.																
2.	Includes "new" programmes only. Renewal programmes are excluded as these relate to renewals each year and are not a cumulative, ongoing programme.																
3.	Budget includes adjustment for carry forward amounts to exclude these and include the approved annual plan budget only, less any budget transferred to another programme.																
4.	Excludes programmes which span a year purely due to not being completed by year end and requiring carry forward to complete.																
	These are managed by adjusting revised budget to remaining budget with any material overspend reported as part of programmes over budget.																
5.	Excludes those programmes which are continuous in nature and managed on an annual basis, for example subdivision contribution programmes.																
6.	Includes costs incurred to the date of the report above.																
			\$000 Actual Cost (from 2014)						Annual Plan Budget (from 2014)				Annual Plan Budget		Prior Years	Current Year	Total Budget
Programme Name		ID	2014	2015	2016	2017	2018	Actual Total	2014	2015	2016	2017	2018	Total	Variance	Available	Available
New																	
Community Housing - Papaioea Place eco friendly unit replacements		357	-	-	-	54	262	398	2,573	(3,066)	250	-	1,387	1,719	196	1,125	1,321
Victoria Esplanade-New Aviary		368	142	91	-	578	2,243	3,180	737	(478)	2,675	(533)	3,293	5,793	1,563	1,050	2,613
Central Energy Trust Arena - Masterplan Priority		1084			263	260	1,138	1,661			250	256	1,835	2,341	(17)	697	680
Roading - Manawatu River - Ashhurst to Riverside Drive cycle/pedestrian pathway		235, 1225	205	29	(288)	322	5	1,040	378	575	-	-	-	1,671	636	(5)	631
Manawatu River - downstream pedestrian/cycle bridge		57	-	-	-	505	2,923	3,428	-	-	850	-	5,200	6,050	345	2,277	2,622
Manawatu River Fitzherbert Bridge to Linton pedestrian/cycle pathway		977	-	-	419	481	209	1,109	-	400	1,000	500	800	2,700	1,000	591	1,591
City Wide - street lighting upgrade to LED		1086	-	-	69	2,100	1,628	3,796	-	-	2,530	1,000	2,561	6,091	1,361	933	2,295
Turitea Valley Rd/Pacific Dr new water supply and reservoir		127, 610	52	398	2,301	1,909	171	4,878	208	1,740	709	2,257	(255)	4,905	454	(426)	28
The Library of the Future		1101				600	170	770				961	2,935	3,896	361	2,765	3,125
The Square - streetscape upgrade																	
The Square East Side - Streetscape Upgrade		244				8	-	8				193	-	193	185	-	185
Whakarongo urban growth																	
Whakarongo, James Line upgrade (2016 on)		167			181	143	861	1,184			2,247	703	-	2,950	2,626	(861)	1,765
Urban Growth Whakarongo installation of wastewater		1000	-	18	-	-	166	183	-	18	30	190	300	538	220	134	355
Urban Growth Whakarongo installation of stormwater		1001	-	-	-	-	251	251	-	-	350	-	-	350	350	(251)	99
Urban Growth Whakarongo installation of water supply		1004	-	-	-	-	66	66	-	-	502	98	-	600	600	(66)	534
Urban Growth installation of water supply north-east industrial		1005	-	-	-	-	14	14	-	-	150	-	-	150	150	(14)	136
Total			400	536	2,944	6,959	10,106	21,966	3,895	(811)	11,542	5,625	18,055	39,947	10,031	7,949	17,980
Comments																	
Community Housing - Papaioea Place eco friendly unit replacements																	
2011, 2012, 2013, 2014 - feasibility studies continuing. Budget carried forward to 2012, 2013 and 2014 however 2013 c/f limited to \$500k, so budget reduced to this.																	
From 2015/16 new budget amount applicable for all expenditure from 1 July 2015.																	
Victoria Esplanade-New Aviary																	
At 1/7/15 remaining budget \$5,414k with \$4,916k by external funding. To 30/6/15 was net budget, from 1/7/15 grossed up so reduced to budget available. 2017 \$533k carried forward to future year however was not added to 2018 in error, now adjusted following approval. Budget further increased 2018 \$550k.																	
Roading - major upgrade of main bus terminal																	
Balance of programme applied to fund Ngahere Rd bridge additional approval.																	
City Wide - street lighting upgrade to LED																	
\$170k of programme transferred to fund additional approval undergrounding of cables.																	
Turitea Valley Rd/Pacific Dr new water supply and reservoir																	
Prog 127 c/fwd 2013 limited to \$235k, 2015 to \$1,698k, so budget reduced to this, then combined with prog 610. Net of part programme surplus, transferred to other programmes. In 2017/18 budget \$104k with \$359k transferred to other programmes, including from c/fwd.																	
Urban Growth installation of water supply north-east industrial																	
Prog 1001 had \$460k carried forward to future year.																	
Prog 1005 had \$500k transferred to prog for new water bore, \$172k carried forward to future year.																	

Palmerston North City Council		CAPITAL EXPENDITURE					
Detailed Groups of Activities		2017/18 \$'000'S					
For the nine months ending 31 March 2018							
	ACTUALS	REVISED BUDGET YTD			FULL YEAR		
		Expenditure YTD	Variance Actual to Budget YTD	Variance ahead/ behind Budget	Revised Budget Full Year	Annual Budget Full Year	
Leadership		-	-	par	-	-	
Community Support	477	1,238	(760)	behind	2,630	2,580	
Work and City Promotion	88	118	(30)	behind	162	162	
Regulatory	3	6	(3)	behind	6	6	
Roading and Parking	9,485	17,704	(8,219)	behind	25,103	23,491	
Rubbish and Recycling	415	672	(257)	behind	917	767	
Stormwater	1,034	1,298	(264)	behind	1,430	1,236	
Wastewater	3,239	4,403	(1,164)	behind	5,451	4,782	
Water	3,808	4,550	(742)	behind	7,026	6,328	
Leisure	8,652	12,381	(3,728)	behind	22,103	19,625	
Support Services	2,124	3,334	(1,210)	behind	4,282	4,291	
TOTAL GROUP OF ACTIVITIES	29,326	45,703	(16,377)	behind	69,112	63,268	
The revised budget is after adjusting the 2017/18 Annual Budget capital expenditure budget for the following Council approved variations:		Summary:					
Annual Budget Total Capital Expenditure Budget		Actual expenditure YTD		Total		New	
Adjust annual budget carry forwards to actual		63,268		29,326		15,710	
programme amount available to carry forward		2,453		Development/growth awaiting requirement determination		23,362	
Adjust carry forward CET Wildbase Aviary		534		Third party funding required		572	
Council approved variations:		200		Probable budget risk, delay extra funding defined		5	
Church/Ruahine roundabout		35		Council, organisation decision required		40	
Events waste management		40		Regulatory/compliance risk may delay		-	
Wetlands café, Ashhurst Domain		250		Insufficient resource to develop		-	
Skate Park		535		Programmes carry forward required to 2018/19		-	
Arena land		145		Unallocated, savings, carry forward, additional spending		15,807	
Walkways land		290		Total Revised Budget		69,112	
Turtlea Water Plant access road		182		Total revised budget includes:		12,656	
Cuba Street renewals		60		Carry forward from 2016/17		44,277	
Falling Waters sculpture		550		Additional carry forward required to budget		14,921	
CET Wildbase Aviary		28		Adjustment to reduce to budget available		3,327	
Extend walkways		542				(340)	
Water and Waste programmes						17,908	
Revised Budget Total Capital Expenditure		69,112				14,963	
						2,945	

Summary of Capital Programmes Applied to an Overall Project					
March 2018					
The following shows the source programmes or part of that programme applied to a common project and the current year progress compared to the 2017/18 budget assigned to that project.					
Project	Annual Budget Programmes sourced from	Type	Actual costs YTD \$	Revised Budget YTD \$	Revised Budget FY \$
Cuba Street refurbishment					
	64-City-wide - Footpath Renewals and Replacements	Renewal	23,391	29,819	252,000
	115-City-wide - Sealed Pavement Renewals	Renewal	101,855	108,452	390,000
	122-City-wide - Road Drainage Replacements	Renewal	48,299	35,564	190,000
	279-City Wide - Minor Road Safety Improvements	New	9,198	11,251	75,500
	1155-City-wide - Street Seats	New	-	-	18,000
	163-City-wide - New Street Tree Planting	New	-	-	22,000
	Total		182,743	185,086	947,500
Edgeware Road					
	64-City-wide - Footpath Renewals and Replacements	Renewal	35,156	38,628	38,628
	162-City-wide - Vehicle Crossing Replacements	Renewal	55,998	55,999	55,999
	122-City-wide - Road Drainage Replacements	Renewal	165,827	198,209	198,209
	Total		256,981	292,836	292,836
James Line reconstruction					
	167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4	New	860,839	1,650,577	2,626,066
	1000-Urban Growth - Whakarongo - Installation of Wastewater System	New	165,511	204,720	285,000
	1001-Urban Growth - Whakarongo - Installation of Stormwater System	New	250,970	313,352	345,000
	1003-Urban Growth - Whakarongo - Intersection Upgrades	New	42,658	48,448	167,207
	1004-Urban Growth - Whakarongo - Installation of Water Supply System	New	66,483	49,004	285,000
	Total		1,386,460	2,266,101	3,708,273
Tremaine Ave Sealed Pavement Renewals					
	115-City-wide - Sealed Pavement Renewals	Renewal	16,622	189,506	318,895
	Total		16,622	189,506	318,895
Walkers Road pathway					
	1315-Walker's Road - New Shared Pathway	New	6,163	100,000	100,000
	279-City Wide - Minor Road Safety Improvements	New	3,690	50,000	170,000
	Total		9,853	150,000	270,000
Totara Road Wastewater Treatment Plant - Inlet Screens					
	1056-Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Renewal)	Renewal	795,230	1,254,624	1,389,666
	570-Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Growth)	New	366,902	474,606	474,606
	Total		1,162,132	1,729,230	1,864,272
The Library of the Future					
	1101-The Library of the Future	New	156,899	-	3,295,620
	Services	New	-	-	102,961
	1141-Community Learning and Transformation Space	New	-	-	182,604
	336-City Archives - Additional Storage	New	-	-	470,998
	178-Central Library Replacement of Furniture and Fittings	Renewal	-	-	175,620
	1138-Digital Technology to Support 21st Century Citizens and	Renewal	-	-	104,345
	202-Central Library Interior Design Renewals	Renewal	-	-	304,405
	1306-Library HVAC Upgrade	New	87,067	150,157	150,157
	1291-Library Roof and HVAC Replacement	Renewal	5,685	1,095,398	1,099,398
	Total		249,651	1,245,555	5,886,108

Attachment 4 - Net Debt

The table following summarises the net debt movement year to date with "Net Debt" being gross debt less the investment fund. The investment fund was fully realised in December 2017.

\$M	March 2018	March 2018 Revised Budget	February 2018	June 2017	Full Year Revised Budget	Full Year Annual Budget
Gross Debt	(102.0)	(111.5)	(97.0)	(97.0)	(123.4)	(115.3)
Investment Fund	-	-	-	2.7	-	-
Cash and investments	7.3	0.6	11.4	0.6	0.6	
Cash Movement Net Debt	(94.7)	(110.9)	(85.6)	(93.7)	(122.8)	(115.3)
Investment Fund: - Revaluation	-		-	-		-
Net Debt	(94.7)	(110.9)	(85.6)	(93.7)	(122.8)	(115.3)

Note full year budget is budget movement added to the actual opening balances.

Council in June 2017 approved the increase in net debt as required in the 2017/18 annual budget and shown in the full year annual budget column above. Since that time Council has approved increases in operating expenditure and capital expenditure which may require additional debt as reflected above in the full year revised budget column, should or when all budgeted costs and capital expenditure be incurred.

At March 2018 net debt is similar to June 2017 year end. Debt is lower than budgeted due to the favourable operating variance and lower capital expenditure incurred offset by a higher working capital requirement to that budgeted due to substantial accrual of capital revenues.

The budget includes that during the year there will be an increase in net debt required to fund new capital expenditure, less planned debt repayment included in rates. Net debt during the year is also influenced by:

- Operating cashflow generated and working capital requirements. Operating cashflow is used to fund renewal capital expenditure and debt repayment. Operating cashflow is above budget due to the favourable YTD operating variance with net operating working capital balances lower than budgeted.
- Renewal capital expenditure less capex revenue, funded by operating cashflows. Net renewal capital expenditure is lower than budget.
- New capital expenditure less capex revenue with the net funded by borrowing. Net new capital expenditure is lower than budget.
- Associated capital revenue is below budget and has a further unfavourable variance to the budgeted working capital balance.

Overall the effect of these is that year to date cash movement net debt is lower than that budgeted.

To conform with PBE accounting standards interest rate swap derivative instruments are revalued quarterly, the last being as at 31 March 2018. Management have limited control over these and they are included in the net operating result. As non-cash items neither were intended to affect rates with budgets including no allowance for revaluation.

Council utilises the interest rate swap agreements to manage interest rates over a period of years so as to provide certainty of cashflows, and minimise the overall cost over the period of years while removing the volatility that changes in interest rates could create on rates (including targeted rates) required from ratepayers. The effective cash incurred interest rates are incorporated in budgets and the LTP.

Attachment 5 - Financial Position and Cash Flow for the Period

Following are a Statement of Financial Position and Statement of Cash Flows for the year to date, including a full year revised budget to reflect the requirements of approvals subsequent to the 2017/18 annual budget.

The statement of financial position is similar to at June 2017 with movements reflecting changes in working capital, rates accrued, rates prepaid, capital expenditure, plus associated movement in net borrowing required (including short term deposits).

Net trade receivables are higher than June 2017 with payables substantially lower, as is normal for this time of the year. Overall this reduces net working capital with increase in debt resulting.

The year to date budget amounts in the Statement of Cash Flows incorporates estimated cash receipt and payment timing differences from the amounts recorded for accrual accounting purposes using timings as applied in previous years.

Operating cash flows for the period are higher than the phased budget reflecting:

- higher rates received mainly due to an increase in rates prepaid, increasing operating cash flows
- other revenues received similar to budget
- level of interest paid lower than budget
- lower level of expenses paid than budgeted, increasing operating cash flows.

Cash flows show a cash flow surplus from operating activities of \$20.8m for the period (excluding GST and capital revenues), compared to a budgeted surplus of \$16.8m. This is required to fund operating costs plus over the year property, plant and equipment renewal expenditure and planned debt repayment. Current year rates collections are similar to that expected with the amount outstanding marginally higher than same time last year. The amount of penalties charged year to date is higher than last year.

Receivables

The following table summarises the total trade and rates receivables at the end of the period with comparison to the same month last year.

At 31 March 2018:

\$000	Current	1 Month	2 Months	3 Months	Unallocated	Total
Trade Receivables						
Current Year	2,248	331	205	1,418	(89)	4,113
	54.7%	8.0%	5.0%	34.5%	(2.2%)	
Prior Year	1,228	496	84	1,162	(165)	2,805
	43.8%	17.7%	3.0%	41.4%	(5.9%)	
Rates Receivables	Current Year	1 year	2 years	> 2 years		
Current Year	1,560	80	13	4		1,657
Prior Year	1,498	88	21	1		1,608

Rates are as at 3 April each year.

Palmerston North City Council				
Statement of Financial Position				
as at 31 March 2018				
	2017/18			2016/17
	as at 31 March 2018		Full Year	As at 30 June 2017
	Actual	YTD Rev Budget	Rev Budget	Actual
	\$000s	\$000s	\$000s	\$000s
Current Assets				
Cash & Short Term Deposits	7,450	1,279	1,279	1,279
Trade and other receivables	11,082	7,760	7,619	7,650
Inventory	307	528	528	528
Derivative financial instruments	-	-	-	-
Non-current assets held for sale	-	-	-	-
Total Current Assets	18,839	9,567	9,426	9,457
Non-Current Assets				
Property, plant and equipment	1,544,579	1,560,832	1,577,160	1,536,369
Intangible Assets	1,467	1,644	1,644	1,644
Biological Assets	1,248	1,248	1,248	1,248
Investment Properties	5,335	5,335	5,335	5,335
Investments & Advances	13,354	13,464	13,464	16,055
Derivative financial instruments	-	33	33	33
Total Non-Current Assets	1,565,983	1,582,555	1,598,883	1,560,684
Total Assets	1,584,822	1,592,123	1,608,309	1,570,141
Current Liabilities				
Bank overdraft	-	-	-	-
Trade and other payables	14,564	13,333	14,961	16,101
Provisions	1,456	1,531	1,531	1,531
Current Employee Entitlements	5,357	4,772	4,821	4,821
Current Portion - Term Liab	30,000	27,000	27,000	27,000
Derivative financial instruments	164	226	226	226
Total Current Liabilities	51,542	46,863	48,539	49,679
Non-Current Liabilities				
Provisions	713	713	713	713
Term Employee Entitlements	1,303	1,310	1,310	1,310
Term Liabilities	72,000	84,564	96,503	70,000
Derivative financial instruments	8,440	8,439	8,439	8,439
Total Non-Current Liabilities	82,456	95,026	106,965	80,462
Total Liabilities	133,998	141,889	155,504	130,141
Assets less Liabilities	1,450,824	1,450,234	1,452,805	1,440,000
Public Equity				
Retained earnings	1,038,761	1,038,172	1,040,743	1,027,938
Other reserves	412,062	412,062	412,062	412,062
Total Public Equity	1,450,824	1,450,234	1,452,805	1,440,000

Palmerston North City Council						
Statement of Cash Flows						
Year to Date Period Ended March 2018						
			Year to Date		Full Year	
			Actual	Revised Budget	Revised Budget	Annual Budget
Cash Flows From Operating Activities						
Receipts from rates revenues			68,717	67,927	89,842	89,795
Interest received			241	36	40	40
Dividends received			525	300	300	300
Operating subsidies and grants			2,090	1,960	2,758	2,757
Receipts from other revenue			17,271	16,902	23,264	23,265
Capital subsidies and grants			4,358	9,929	14,616	15,441
Development contributions			1,959	1,298	1,731	1,731
Receipts from tax losses			-	-	-	-
Interest paid			(4,335)	(4,685)	(6,462)	(6,462)
Payments to suppliers and employees			(63,662)	(65,641)	(86,103)	(85,184)
Goods and Services Tax (net)			474	499	-	-
			27,639	28,525	39,986	41,683
Cash Flows From Investing Activities						
Proceeds from sale of property			129	-	-	-
Proceeds from sale of biological assets			-	-	-	-
Purchase of property, plant and equipment - new			(15,710)	(26,091)	(44,277)	(39,504)
Purchase of property, plant and equipment - renewal			(13,616)	(19,613)	(24,835)	(23,764)
Net other advances repayment received/(made)			57	24	31	-
Net increase in investments			(80)	-	-	-
			(29,220)	(45,680)	(69,081)	(63,268)
Cash Flows From Financing Activities						
Investment fund reductions			2,750	2,591	2,591	2,591
Net borrowing proceeds/(repaid)			5,000	14,564	26,504	18,994
Repayment of borrowings			-	-	-	-
Repayment of leases			-	-	-	-
			7,750	17,155	29,095	21,585
Net Increase			6,169	-	-	-
Cash at Beginning			1,279	1,279	1,279	1,279
Cash at Month End			7,448	1,279	1,279	1,279

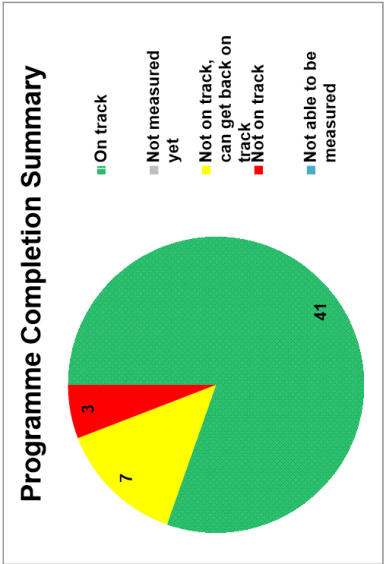
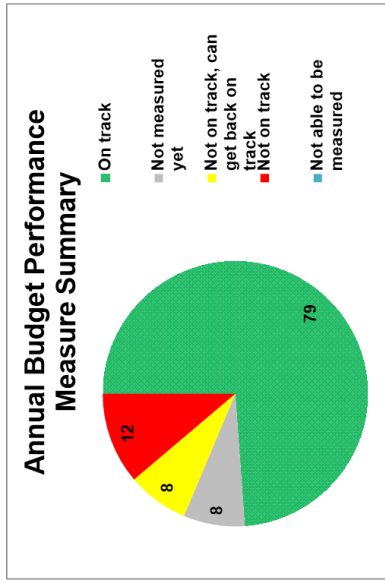
Section Three : What difference are we making out there?

This part of the report looks at how well the Council is delivering on the performance measures, major projects and whether services are being provided within the budgeted annual operating work programme.

The performance measures and major projects have been updated in accordance with the 10 Year Plan 2015-25 and subsequent annual budgets. For programmes comment has also been added for the focus for the next period.

The report is organised by Activities. Each Activity page has "traffic lights" to show progress towards the 10 Year Plan:

W	not measured yet
G	on track
Y	not on track, Manager can get back on track
R	not on track, unlikely to get back on track
B	not able to be measured or completed, due to circumstances outside of Council's control



2

Synopsis and common themes

There are over 150 10 Year Plan indicators (performance measures and programmes/major projects) and the majority of these are green. That means Council is on track to achieve a significant number of its objectives.

Within the 10 Year Plan performance measures (i.e. excluding programmes and major projects) there are 85 measures that have been achieved or 86% of those that have been measured.

There are 12 red KPI indicators. Of these nine relate to response to requests, service completion or network provision and three to exceeding budget.

There are three programme red indicators relating to a programme, all of which may not be able to be completed. There are however some similar yellow programmes.

Note programmes are measured based on the groupings detailed and therefore do not include all individual programmes.

LEADERSHIP

3

Councillor Leadership and Decision Making

Performance Measures (Page 86 of Annual Budget)		Comments	Sept	Dec	Mar	June
1. Decision Making Council prepares an Annual Report on its Significance and Engagement Policy. (Report prepared and key outcomes described.)		Report has been prepared and will go to May Planning and Strategy meeting. Council is engaging with residents through a wide range of techniques, particular online and social media. This approach is meeting most peoples' expectations.	W	W	G	
2. Decision Making Council holds at least 20 "Let's Talk with a Councillor" meetings each year.		There were 50 let's talk session for the past three quarters.	G	G	G	
3. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided however budget exceeded due to higher professional service costs to date, related to required advice.	G	R	R	

Direction Setting

4

Performance Measures (Pages 87-88 of Annual Budget)		Comments	Sept	Dec	Mar	June
1. 10 Year Plan A 10 Year Plan that gives effect to Council's strategic direction is adopted every three years. In the other years an Annual Plan is adopted.		The Council's proposed 10 Year Plan is based on its new Vision, Goals and Strategies. The Council released its 10 Year Plan Consultation Document in March and consultation is running through until 23 April. The Council will then consider this feedback and adopt the final Plan by the end of June.	G	G	G	
2. District Plan The District Plan is reviewed in a way that gives effect to Council's strategic direction. (Plan reviewed. Specific projects will be identified from the Annual Plan.)		Notification of Plan Change 22, the final plan change in the Sectional District Plan Review, is scheduled for April.	G	G	G	
3. Strategic Direction City strategies are reviewed and monitored in a way that gives effect to Council's strategic direction. (Strategies reviewed. Specific strategies will be identified from the Annual Plan.)		All Council's current strategies have fed into the development of the Council's new strategic direction. Six strategies and 28 plans are being consulted on as part of the 10 Year Plan process.	G	G	G	
4. Strategy Monitoring An Annual Strategy Monitoring Report is prepared. (Report prepared and key outcomes described.)		There won't be a specific monitoring report on the old strategy framework beyond the summary provided in this quarterly report system. A new monitoring framework is being developed to contribute to the first strategy monitoring report (against the new goals) in August 2019. This new system will comprise of an annual report of around 60 strategy indicators, and an additional 120 measures for the 28 plans.	G	G	Y	
5. Regional Networking Council participates in Regional InterAgency Network (RIN) Meetings. RIN consists of central and local government social and economic agencies. Its purpose is shared understanding of strategic issues, sharing data and trend information, and ensuring a co-ordinated approach. (Meetings attended. Council will describe the Network's key achievements.)		The RIN has been reviewed and revitalised following workshops on its future. Council is actively participating in this and the Mayor is RIN's Deputy Chair.	G	G	G	

6. Urban Design Major projects include urban design principles and design review processes. (Specific projects will be identified from the Annual Plan.)	Design has informed catalyst projects. Further work required to establish a process for identifying day-to-day projects. Report prepared for MT with associated recommendations.	G	G	G	
7. Advocacy Council advocates on relevant issues. (Council will describe topics it has advocated on.)	The major item for Council advocacy in the last few months has been the Manawatu Gorge alternative options. Other issues are road safety and Horizons Regional Facilities. Council is preparing submissions on neighbouring Councils' 10 Year Plans.	G	G	G	
8. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided within budget.	G	G	G	

Programmes or Major Projects (Pages 27-28 of Annual Budget)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
9. District Plan Review (OP)	Sectional District Plan Review coming to a close. Mediation occurring on PC15, 20 and 21.	Addressing final matters following hearing on PC23 Hokowhitu Residential Area and notification of PC22. Preparing a programme for District Plan to be updated to reflect new vision, goals and strategies. Preparing District Plan Change to align with requirements of Local Alcohol Bylaw.		G	G	G	
10. Residential Growth (OP)	Addressed in new City Development Strategy. Agreed to high growth scenario years 1-10. Progressing Hokowhitu Residential Area.	Initiate rezoning and structure plan work for Racecourse, Napier Road and Aokautere. Scope Roxborough Crescent work.		G	G	G	
11. Strategy/Plans Review (OP)	All strategies are now in final draft form (as per new strategic framework).	Engaging on the strategies as part of the 10 Year Plan. Developing a monitoring framework.		G	G	G	

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12. Completion of all other operating programmes	<p>The Massey University Living Lab Sustainability partnership has completed two research papers on barriers to active transport in Palmerston North. The research will be presented in October. The Delivering Change programme has assisted with funding reviews on a variety of residential and commercial developments.</p>	<p>Develop a new research focus for the Living Lab. Continue to work with development community to achieve positive urban design outcomes.</p>	\$93k	G	G	G
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COMMUNITY SUPPORT

7

Cemeteries

Performance Measures (Page 89 of Annual Budget)	Comments	Sept	Dec	Mar	June
1. Asset Management Plan A 30 year asset management plan is in place for the cemeteries. The plan is reviewed three-yearly, with the next review due by June 2018.	2017 Asset Management Plan completed through to external peer review with final amendments and Council adoption to come.	G	G	G	
2. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided within budget however some additional costs have been required for maintenance of grounds at key times.	G	G	G	

Programmes or Major Projects (Pages 29-30 of Annual Budget)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
3. Completion of all capital programmes	"Programme 37 Terrace End Cemetery Site Enhancements. Work completed. Programme 278 Kelvin Grove Road and Footpath Refurbishment. Construction approx. 90% completed. Programme 564 Crematorium Replacement of Cremator Refractory Brick Lining. Following cremator service decision has been made to complete the cremator reline. Work has been commissioned. Programme 107 Kelvin Grove Cemetery Ash Plot Developments. Niche wall constructed at Ashhurst. Two niche walls completed at Kelvin Grove Cemetery. Programme 1336 Carry Forward New Burial Berms. Work started on beam construction.	n/a Construction to continue. Work to be completed prior to scheduled June maintenance service. Balance of the budget will be used for ash burial plots at Kelvin Grove Cemetery. Beam construction to be completed by end of 2017/18 FY.	\$9K \$71K \$117K \$38K \$74K	G	G	G	

Civil Defence

8

Plan Performance Measures (Page 90 of Annual Budget)		Comments	Sept	Dec	Mar	June
1. Legislative Compliance - Civil Defence Plan The Council's Civil Defence Plan is consistent with the Manawatu-Wanganui Civil Defence and Emergency Management Group Plan. Key annual actions described. (Plans consistent. Priorities will be set once the Group Plan is reviewed.)		Focus for this quarter has been on the adoption of new recovery legislation and a regional fuel plan.	G	G	G	
2. Volunteers The Council has trained volunteers able to respond to emergencies. (At least 90 emergency operating centre (EOC), rural fire and REST (Rescue Emergency Support Team) volunteers.)		Training is still in progress to achieve the desired numbers to meet full operational capability	Y	Y	Y	
3. Preparedness Council engages residents and organisations on civil defence preparedness through presentations, events and other information. (Engagement techniques will be described.)		Community presentations have been delivered to Linton, Ashhurst and Bunnythorpe in preparation for community response plans. Participated in meetings with Neighbourhood Support and the Police Open Day.	G	G	G	
4. Regional and City Meeting Participation Council participates in Coordinating Executive Group (CEG) and Emergency Management Committee (EMC) meetings attended. (Meetings attended. Council will describe the Group's key achievements.)		CEG meeting held 28 February 2018. EMC meeting was held on 15 February 2018. Updates given on the new proposed EOC.	G	G	G	
5. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided within budget.	G	G	G	

Performance Measures (Page 91 of Annual Budget)		Comments	Sept	Dec	Mar	June
1. Provision Units are in demand and tenanted. (At least 95% of available Units are tenanted.)		Occupancy at 98%. This data excludes 13 units at Papaioea Place which are empty due to pending redevelopment. Actively moving tenants out of some blocks at Papaioea Place to allow for the building works to proceed.	G	G	G	
			R	R	R	
2. Warrant of Fitness Standards Units meet University of Otago Medical School Supported Warrant of Fitness standards. (All Units meet standards.)		All properties assessed to date meet the criteria excluding Papaioea Place. Redevelopment of that property is expected to commence in the 2017/18 year.				
3. Asset Management Plan A 30 year asset management plan is in place for community housing. The plan is reviewed three-yearly, with the next review due by June 2018.		Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the proposed 10 Year Plan.	G	G	G	
4. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided however budget exceeded due to higher maintenance, including exterior painting work and lower rent.	G	Y	R	

Programmes or Major Projects (Pages 32-33 of Annual Budget)		YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
5. Papaioea Place Community Housing (CN-357 and 1277)		Resource consent and building consent lodged. A new external project manager has been appointed.	Consent approvals. Demolition of two existing blocks. Report to Finance and Performance Committee. Construction to start.	\$1,583K Due to delays the full budget for the current financial year will not be spent.	G	G	Y	
6. Completion of all other capital programmes		Programme 180 Citywide Community Housing Refurbishments. Bedsit conversion projects have been ceased. Focus of current year programme is renewal of social housing buildings.	Identification of renewal works.	\$654K	G	G	G	
		Programme 304 Public Rental Housing Replacement of Structures, Internal Fit-out and Services. Wood St villa upgrade completed.	Wood St about to be tenanted.	\$84K				

WORK AND CITY PROMOTION

10

Performance Measures (Page 92 of Annual Budget)	Comments	Sept	Dec	Mar	June
1. Contracted Organisations - Support Priority Economic Areas CEDA reports against the achievements of its Statement of Intent every six months. (SOI focusses on supporting business growth, growing education and skills, and enhancing the reputation of the region.)	CEDA 6-monthly report highlights the following initiatives: • Market Development and Student Experience Working Groups established under the International Education Strategy; • Regional Skills Gap Analysis Project completed; • Planning for Sort It Job Expo and AgriFood Week; • Research undertaken for Marketing Strategy and Regional Identity; • Developed and launched Major Events Fund; • Increase in Social Media presence; • Business Hub Proposal in progress.	G	G	G	
2. Contracted Organisations - Achieve Economic Development Objectives KPI and target to be set through negotiation with the new Economic Development CCO. (CEDA reports six monthly.)	New reporting to be established for 2017-18 and will be reported at the end of 30 June 2018.	G	G	G	
3. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided however budget exceeded due to higher net personnel costs for economic development support (unbudgeted overhead recovery, offset by lower cost in other activities) and Conference & Function Centre exceeding budget.	G	Y	Y	

Programmes or Major Projects (Pages 34-35 of Annual Budget)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
4. Palmy Unleashed (OP-1273)	Extensive programme delivered over summer with a good balance of community led and Council delivered activities Regular Laze and Graze food truck event has been re-established over summer Facebook and Instagram presence continues to grow.	Ongoing programme of activations Evaluate Laze and Graze food truck event Explore engagement with CBD retailers	\$165k	G	G	G	

5. Completion of all other operating programmes.		Continued follow up work with international partner cities. Participation in NZ-China Forum. Public seminar on delegation.	\$346k	G	G	G	
6. Completion of all capital programmes	Range of activities including equipment replacement and booking system upgrades at both Central Energy Trust Arena and Conference & Function Centre.	Continue replacement programme and enhancements related to ticketing and booking systems.	\$162k	Y	G	G	

LEISURE

12

Arts and Culture

Performance Measures (Page 93 of Annual Budget)		Comments	Sept	Dec	Mar	June
1. Arts Strategy Major projects from the Arts Strategy are implemented. Networking opportunities are provided. (Annual projects and networking opportunities and their outcomes will be described.)		A review of the Artist in Residence MOU has been held with Massey University and Community Arts Palmerston North and a new MOU is being prepared for signing. New bilingual signage has been unveiled for the repaired King St Mosaic Planters. The Palmerston North Arts Committee will become the Arts Powerhouse Forum reflecting more Council's new vision and goals. Ongoing discussion with the PN Sculpture Trust re future activities and the development of a new MOU.	G	G	G	
2. External Organisations - Funding Arts and Culture Funding is distributed. The Council will report on the achievements of the funded organisations. (Funding is distributed and the general outcomes achieved will be described.)		Round 2 of the Creative Communities Scheme resulted in \$46k allocated across 25 successful applications. 36 applications were received in total. The annual performance review process is presently underway for all fee for service contracts (including arts). We are currently running a funding round to reallocate returned fee for service funding, some of which is tagged for arts outcomes.	G	G	G	
3. Facility Provision The Council provides a mix of studio, performance, rehearsal, exhibition, retail and office space for the arts (e.g. Square Edge and The Stomach). (Facilities provided for a diverse range of arts groups and outcomes described.)		Range of facilities and financial support (Grants/Fee for Service) continue to be provided for a wide range of activities that meet the required performance measure - the Stomach, Square Edge, Globe and Regent Theatres, Te Manawa and Centrepoint. Six month reports and draft statements of intent received from CCOs.	G	G	G	
4. Asset Management Plan 30 year asset management plans are in place that cover Te Manawa, the Regent, Globe Theatre and Caccia Birch. The plan is reviewed three-yearly, with the next review due by June 2018.		Asset Management Plans were adopted by the Council in December 2014 and are currently being reviewed for the proposed 10 Year Plan.	G	G	G	
5. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided within budget.	G	G	G	

Programmes or Major Projects (Pages 36-37 Annual Budget)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
6. Seismic Strengthening of Council Owned Buildings (CN-902 and 1016)	Structural engineer commissioned for design work of Square Edge. Design work underway.	Completion of design and documentation.	\$271k	G	G	G	
7. Globe Theatre - Mobility Access to Main Auditorium (CN-1176) (Carry forward Programme 1325)	Design agreed. Supplier to provide new seating.	To complete construction.	\$143K	G	G	G	
8. Completion of operating programmes	WW1 - Ongoing Contract for delivery of NZ Tattoo is in place and event planning is in full swing.	WW1 - Ongoing series of commemorative public talks is in place ANZAC Day commemorations is next significance event	\$316k	G	G	G	
9. Completion of all other capital programmes	Programme 213 Cultural Facilities Replacement of Structures, Internal Fit-out and Services. Square Edge fire protection design work underway. Falling Waters sculpture purchased.	Tender and construction	\$194k	G	G	G	

City Library and Community Development

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Performance Measures (Pages 94-96 Annual Budget)		Comments	Sept	Dec	Mar	June
1. Service Availability Library weekly opening hours. (The Central Library is open at least 53 hours; community libraries at least 26 hours each; and the mobile library has at least 38 stops.)		The Libraries were all open for the required hours and were closed for 5 holidays over Quarter 3.	G	G	G	
2. Services and Resources Total issues or uses of physical materials and online materials (e.g. books, magazines, DVDs, CDs, e-books, and subscriptions). (Note: the use of physical materials is expected to decrease or plateau, while use of e-books and digital content databases is expected to increase.) (Total use of materials and resources matches or exceeds the previous year's figure.)		Overall, we are seeing physical issues plateauing or slightly declining and ebook and eaudiobook use sharply increasing. We are currently taking steps to improve the quality of the metrics for our digital content collections, to allow for more informative reporting on these growing resources (e.g. databases). This is expected to be completed to enable more improved levels of reporting from 1 July 2018. New methods are also being facilitated to provide stronger connections between collections and other services, such as programmes to increase awareness of resources and reduce barriers to use.	Y	Y	Y	
		Total Issues (print and digital): 782,898 ytd (same period last year 814,239 a 3.8% decrease)				
		Physical Issues: 744,549 ytd (same period last year: 787,756 a 5.4% decrease)				
		eBook Issues: 27,911 ytd (same period last year: 20,384 a 37% increase)				
		eAudiobook Issues: 10,438 ytd (same period last year: 6,099 a 71% increase)				

<p>3. Members and Events</p> <p>Number of members and visitors to the library facilities and events in community spaces.</p> <p>(Membership and visitor numbers at least match the annual average of the previous 3 years.)</p>	<p>There were 622,982 total visitors to Central Branches, Youth Space, and the Mobile Library over this period (ytd). This is a 4.9% decrease on last year (654,896), but still above the 3 year average. Anecdotal reports suggest that uncertainty regarding the upgrade of the Central Library is a significant factor in these figures. The need for increased marketing activity for Community Events has also had an impact on Library usage, as it has reduced internal capacity to provide adequate promotion of Library programmes, services and content. It is anticipated that progress towards addressing this issue will take place in collaboration with the new Marketing and Communications unit.</p> <p>As of the end of Quarter 3 there were 33,756 active library members (National definition: customers who have used their Library card within the last 12 months). Same period last year: 35,749 a 5.5% decrease.</p> <p>2,904 new members were registered over this period, compared to 3,156 new members over the same period last year (an 8% decrease).</p> <p>Library website page views: 632,973 an increase of 81%. 212,883 visitors visited the Library website a 19% increase. The Library website hosted 353,005 separate sessions a 47% increase. (same period last year page views: 349,359; visitors: 179,108; sessions: 239,827).</p> <p>Note: Event numbers are reported under Lifelong Learning, as the term in this instance relates to Library programmes rather than community events.</p>	G	G	G
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<p>4. Lifelong Learning</p> <p>Number of participants in lifelong learning initiatives such as Summer Holiday Reading Programme, Local History Week, and Stepping Up Programmes.</p> <p>(The number of participants will at least match the previous year's number. The Council will also report on their expectations and the actual outcomes.)</p>	<p>Total programmes:</p> <p>3rd Quarter - 367 programmes delivered (2016/17 - 449)</p> <p>Total attendance - 19,734 (incl Lantern parade delivered by programmes Team this year) (2016/17 - 17,213)</p> <p>YTD - 1148 programmes delivered (2016/17 - 1376)</p> <p>45,895 attendees (2016/17 - 50,581)</p> <p>These programmes included heritage programmes, literacy programmes such as Summer Reading, informational literacy programmes and lifelong learning programmes and workshops.</p> <p>Events meet the following community outcomes:</p> <p>Creative expression, Cultural Expression, Digital Literacy, Heritage, Informational Literacy, Lifelong Learning, Literacy, Social Connectivity/Inclusion.</p>	Y	G	Y	
<p>5. Digital Engagement</p> <p>Number of digital and non-digital help sessions run.</p> <p>(The number and length of time spent on one-on-one engagements in all sites and in community spaces is more than in the previous year.)</p>	<p>10 Digital Literacy programmes in this quarter. 177 people attended these programmes.</p> <p>There were 2,693 digital enquiries and 2,274 informational enquiries recorded for this period.*</p> <p>*We are testing a new system for capturing this information and therefore do not have comparable data for previous years. Reporting in this area to date has been very reliant upon manual systems that are dependent upon individual reporting.</p>	W	W	W	

6. Online Access Use of internet and Wi-Fi. (Total Wi-Fi and internet sessions, unique sessions and length of sessions increase. Within this PC usage is expected to plateau.)	Wifi sessions are now consistently outpacing pc sessions. There has been a marked decline in internet use this year compared to last year. We are investigating potential internal and external reasons for this decline, but are also aware that internet speed is becoming an increasing issue - as many applications are simply not functional with the current slow and variable quality. We are also undertaking a review of barriers to access to PC and Wifi. Total internet sessions: 156,212 (same period last year: 175,360 an 11% decrease.) Internet PC sessions: 73,479 (same period last year: 86,203 a 15% decrease.) Wifi Sessions: 82,733 (same period last year: 89,157 a 7% decrease.)	G	G	Y
7. Social Well-being Forum The Council organises an annual Social Well-Being Forum that identifies outcomes and actions to achieve these. (Forum held. Outcomes and actions will be described.)	Planning for the 2018 Social Well Being Forum began in January and the date was set as Friday 4th May. This forum will focus on the main issues raised at the 2017 forum (housing, funding and capacity/ capability building) and what has progressed since that forum. There will be expo style exhibits showcasing projects that are relevant to these issues. These will demonstrate different service delivery approaches and models.	G	G	G
8. Community Groups Funding Funding is distributed to community groups. (Funding distributed and the outcomes achieved will be described.)	The annual performance review process is currently underway for all fee for service contracts. This is to ensure the providers have performed as expected in the first half of their three-year contracts. We are currently running a funding round to reallocate some returned fee for service funding, to be tagged towards safety and arts outcomes. Fee for service payments are up to date, with the exception of one organisation (Maori Wardens) – payments for this organisation are on hold because of overdue reporting. Council's new online funding system has been taken up by applicants with only minor support needed.	G	G	G
9. Hancock Community House Hancock Community House is available for community office space and is used by a wide range of community groups. (Community House space available and tenanted by a diverse range of groups.)	All office spaces remain fully tenanted although Youthline have indicated that they are planning to move to bigger premises as they expand their services. A report on the future administration of this facility was presented to the March meeting of the Community Development Committee and follow up report on options will be presented back to this Committee in August. Also in March there was the unveiling of signage in the facility, acknowledging Merv Hancock, with his daughter Mary in attendance.	G	G	G

		Y	W	W
10. Community Centres Community centres are available and well used. (This KPI is to be reviewed as part of the Community Centre Review.) (Each centre used for at least 1,000 hours a year.)	Reporting on this KPI will commence again from 2018/19, with a new target of at least 1400 hours and the addition of some qualitative information. The Community Advisor is currently working with each committee to reestablish reporting structures which currently vary considerably across the centres. She has also recently facilitated an inaugural meeting of representatives of each committee to share ideas. This was extremely well received, with unanimous support for regular catch ups.			
11. Celebrating Communities Funding Celebrating Communities funding is distributed to help achieve Council's Events Strategy. (Funding distributed and the outcomes achieved will be described.)	Six CCF applications were received during the quarter, with two approved, one declined and three still to be decided. 28% of the budget remains to be allocated for the year. The following events took place this quarter with a total \$6k in support from CCF: 1. Bhutanese Society of New Zealand's "Youth Night" 2. Wacky Water Day 3. Awesome Awapuni Family Fun Movie Night	G	G	G
12. Youth Space Youth Space usage and number of events and activity sessions. Key outcomes will also be described. (The number of visits, events and programmes at least matches the previous year. The outcomes of these will also be described.)	Quarterly total usage numbers: 17,540 (2017 - 14,848) Quarterly total number of events/activities: 101 (2017 - 106) - A busy quarter for events and activities with a focus on community collaboration and shared decision making with young people. Quarter Highlights include: Week long youth centric Waitangi programme focussed on engaging people in conversation about Te Tiriti. The programme saw collaboration with Te Wānanga o Aotearoa, Te Tihi, Whakapāi Hauora, Te Kokiri Inc., and celebrated locally based carver Craig Kawana. Tedx alumni speaker Emilia Lahti's 'Sisu not Silence' workshop. Mike King's 'I am Hope' Tour event that saw over 160 people attend; Partnership with Palmy Youth Network to run a Healthy Relationships Session with our Youth; Festival of Cultures 'Beat of the Drum' event that brought together 6 drumming communities in chorus	G	G	G
13. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided within budget.	G	G	G

Programmes or Major Projects (Pages 38-40 of Annual Budget)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
14. Library Roof and HVAC Replacement and upgrade (CR-1291 and 1306)	The Library Roof and HVAC replacement and upgrade project is running behind time as a full building assessment (including a detailed seismic assessment) has been undertaken. The focus for project is currently on the completion of this further due diligence. The detailed seismic report is due to be completed by mid-May. The building assessment has been completed and reports have been received by the project team for the programming and costing of future works.	Compiling all building and seismic assessment information and developing programmes for Council consideration. A councillor briefing is confirmed for 7 May.	\$1,249K	Y	R	R	
15. The Library of the Future (CN-1101)	The Library of the Future project is running behind time as a full building assessment (including a detailed seismic assessment) has been undertaken. The focus for project is currently on the completion of this further due diligence. The detailed seismic report is due to be completed by mid-May. The building assessment has been completed and reports have been received by the project team for the programming and costing of future works.	Compiling all building and seismic assessment information and developing programmes for Council consideration. A councillor briefing is confirmed for 7 May.	\$3,296K	Y	R	R	
16. Completion of all operating programmes		On track	\$249k	G	G	G	

17. Completion of all other capital programmes	Several capital programmes are linked to The Library of the Future project eg additional RFID gates and improved CCTV. Timing is dependent upon integration within the overall project. Collection purchases on track.	As above.	\$2,420k		Y	Y	Y
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Performance Measures (Pages 97-99 of Annual Budget)		Comments	Sept	Dec	Mar	June
1. Central Energy Trust Arena - Events and Usage Key projects from the Arena Master Plan are implemented.		New masterplan adopted by Council with budgets to go through the 10 Year Plan process. Covered embankment has been superseded by new masterplan. Retractable seating contract awarded and project to be completed by 30 June 2018. Arena Masterplan steering group is meeting monthly to guide this process.	R	G	G	
2. Parks and Reserves - Asset Management Plan A 30 year asset management plan is in place for parks and reserves. The plan is reviewed three-yearly, with the next review due by June 2018.		2017 Asset Management Plan completed through to external peer review with final amendments and Council adoption to come.	G	G	G	
3. Sportsfields - Availability Sportsfields are available for weekend organised sports use. (At least 85% of the time.)		There has been 97% playing field availability for weekend organised sport, i.e. there has been one weekend of full citywide sports field closures out of the 40 weekends in the first three quarters. One individual park was also fully closed for one weekend out of the 40 weekends in the first three quarters.	G	G	G	
4. Sportsfields - Asset Management Plan A 30 year asset management plan is in place for sportsfields. The plan is reviewed three-yearly, with the next review due by June 2018.		2017 Asset Management Plan completed through to external peer review with final amendments and Council adoption to come.	G	G	G	
5. Swimming Pools - Compliance Lido and Freyberg pools comply with NZ recommended standards for pool supervision and water quality. (100% compliance.)		100% compliance. The Lido Aquatic Centre and the Freyberg Community Pool meet all New Zealand compliance standards.	G	G	G	
6. Swimming Pools - Asset Management Plan A 30 year asset management plan is in place for swimming pools. The plan is reviewed three-yearly, with the next review due by June 2018.		2017 Asset Management Plan completed through to external peer review with final amendments and Council adoption to come.	G	G	G	
7. Public Toilets - Facilities Number of public toilet facilities (87 facilities in 2016/17 increasing by at least one per year.) (There will be at least 88 facilities.)		Arapuke and Mahanga Kakariki toilets have been completed. Planning underway for Rangitane Park toilets, and expected to be completed by 30 June 2018. Ruamahanga Wilderness Reserve public toilet due to be installed in April 2018.	G	G	G	
8. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided however budget has been exceeded due to the requirement for remedial fire compliance work at Central Energy Trust Arena to be treated as an unbudgeted operating cost.	Y	R	R	

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Programmes or Major Projects (Pages 41-45 of Annual Budget)	YTD Progress	Focus for Next Quarter	Budget	2017/18			
				Sept	Dec	Mar	June
9. Contribution toward the Riverbank protection of the Ashhurst Domain (OP-1348)	Horizons have started construction; three groyne have been completed and work is continuing.	Horizons managing construction. Completion of construction.	\$500k	G	G	G	
10. Hockey Turf - Grant for Share of Construction (OP-1212)	MOU between PNCC, Massey University and Hockey Manawatu signed. Project being managed by Massey. Currently calling for proposals from designers - these are due in April.	Design and tendering and documentation for construction of the new hockey turf. The construction may not start in the 2017/18 FY. PNCC attending as members of steering group and operations group with Massey.	\$500k	G	G	G	
11. Fitzherbert Park - Hockey Turf Refurbishment (CR-266)	Construction completed.	n/a	\$537k	G	G	G	
12. Central Energy Trust Arena - Combined Asset Refurbishment (CR-1051)	Speedway lights completed. Other renewals progressing on schedule.	Continuation of renewals programme.	\$863k	G	G	G	
13. Linklater Reserve Development (CN-587)	Drainage completed. Path, toilet and picnic area work completed. Log scramble still to be completed. Walking path in new area to be opened up - construction underway. Design of flying fox completed.	Completion of walking path extension, fencing and log scramble. Construction of flying fox.	\$292K (overall project includes an additional \$65k of work funded from programme 157)	G	G	G	

14. Central Energy Trust Wildbase Recovery Centre (subject to part external funding) (CN-368)	Construction underway. Education Centre closed and englazed. Precast concrete panel boundary wall 95% complete. Aviary work underway - for detail refer to Finance & Performance Report in March 2018.	Flooring in Education Centre to be completed. Aviaries and pools to be erected. Landscaping to start.	\$5,389k	G	G	G	
15. Central Energy Trust Arena - Masterplan Priority 1 Projects (CN- 1084)	Contract has been awarded for retractable seating and project due for completion 28 June.	Seating to be shipped and installed.	\$1,835k	G	G	G	
16. Junior Road Safety Park (C/fwd CN-1278 and 1076)	Construction completed.	n/a	\$432k	G	G	G	
17. Skatepark Facility (CN-738) (subject to external funding)	Construction completed.	n/a	\$250k	G	G	G	
18. Central Energy Trust Arena - Covered Embankment (subject to part external funding) (CN-990)	Project superceded by new masterplan.	Planning will occur in the 2018/19 FY in conjunction with the Masterplan.	\$500k	R	Y	Y	
19. Completion of all other operating programmes	Staff are underway managing these operational programmes.	Implementation of programmes.	\$384K	G	G	G	

20. Completion of all other capital new programmes	For all projects not listed below: Time spent planning and pricing works for the year. Programme 752 Manawatu Riverside Framework Implementation. Concept design approx. 50% completed.	Implementation of projects over the drier months of the year.	\$1,723K	G
	Programme 1320 Supplementary Water Take from Manawatu River to Hokowhitu Lagoon. Design and consenting process underway with Tonkin & Taylor. Horizons have requested further information for consent.	Complete design work to concept.	\$276K	G
	Programme 1342 Fitzherbert Park – Cricket Ground Enhancements (subject to part external funding). Working with Manawatu Cricket Association (who are managing the project) to plan four separate projects. Detailed design for the cricket practice nets has been completed and work is out for tender. Design and quotes for the Scorers Box and the Opening up of the Pavilion have been completed, and design for the Practice Wickets and Sightcreens completed.	Complete consenting process. Tendering project and starting construction work.	\$220K	G
		Quotes for Practice Wickets and Sightcreens to be received, then all design and quote information will be submitted as part of Lion Foundation application. Commence implementation of projects.	\$266K	G

21. Completion of all other capital renewal programmes	<p>For all projects not listed below: Time spent planning and pricing works for the year.</p> <p>Programme 98 Citywide Reserves – Renewals (Victoria Esplanade, Memorial Park, Ashhurst Domain and The Square).</p> <ul style="list-style-type: none"> - Replacing lime pathways with paving in The Square. Pavers installed. Concrete lime path in Events Quadrant to start 26 March. - Memorial Park retaining wall completed. - Ashhurst Domain camp ground power outlets completed. - Pou Whenua restoration in The Square: Pou Whenua have been taken down. - Paddling pool, pergola and path in The Esplanade: Investigation completed. 	<p>Implementation of projects over the drier months of the year.</p> <p>Implementation of projects.</p> <ul style="list-style-type: none"> - Complete lime path in Events Quadrant. Plan for paving around clock tower for the 2018/19 FY. - n/a - n/a. - Waiting for Pou Whenua to dry. Restoration work will commence once drying completed in the 2018/19 FY. - Work to be completed after closing the pool for the season (4th quarter). 	\$1,157K	G	G	G
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	Programme 173 Citywide Playground Renewals. Kaimanawa Reserve and Papaioea Park completed. Apollo Park is approx. 90% completed.	Complete works at Apollo Park.	\$261K						
	Programme 596 Lido Pool Asset Renewals. - Roof maintenance to replace corroded roofing screws and lining layers. Investigated internal gutter issues. External wall cladding replaced. All completed. - Replacement of boiler for outdoor pools. Leaking pipes have been replaced. - Access changing rooms. Currently pricing and planning project.	- n/a - Installation of new boiler. - Engaging builder and starting construction.	\$278K						

REGULATORY

Performance Measures (Pages 100-101 of Annual Budget)		Comments	Sept	Dec	Mar	June
1. Dog Attack Complaints 100% of complaints regarding dog attacks are responded to by an Animal Control Officer within 30 minutes of the call being received by Council.		100% of complaints were responded to within 30 minutes. Average response year to date was less than 5 minutes.	G	G	G	
2. Building Consents An increasing proportion of building consent applications are processed within statutory timeframes. (at least 97%.)		89.2% of building consents were processed on time (695 out of a total of 779). The number of consents processed on time was 99% in January, 88% in February and 97% in March. This was an improvement from the first 6 months whereby 88% of consents were processed on time. Performance continued to be impacted by the introduction of the new online system as well as the Christmas/New Year break and some staff being on long term leave. Although the KPI will not be met by year end it is expected performance will continue to improve.	Y	R	R	
3. Accreditation The Council keeps its status as an accredited building consent authority.		BCA Accreditation retained	G	G	G	
4. Resource Consents Resource consent applications are processed within statutory timeframes (at least 96%).		92% of resource consents were processed on time (327 out of 354). This was the same result as for the first 6 months. Performance was impacted by the Christmas New Year break and several staff being on a higher level of sick leave than normal. There was also a continuing high volume of work compared to usual levels (20% more than the same period in 2016/17) which is expected to continue for the foreseeable future. A review of resourcing needs is nearly concluded, which will define medium to long term solutions to address the expected workload going forward.	Y	R	R	
5. Food Businesses - Inspection Food businesses registered under the food hygiene regulations receive annual inspections. (100%.)		(This measure is no longer applicable given the new Food Act regime)	W	W	W	
6. Food Businesses - Audit Food businesses registered with a Risk Based Measure receive an annual audit. (100%.)		On target for all required audits to be undertaken by 30 June 2018.	G	G	G	
7. Noise Complaints Complaints about noise are responded to within one hour (see note 7). (At least 95%.)		97% of complaints received year to date were responded to with 60 minutes	G	G	G	

8. Satisfaction An increasing proportion of customers surveyed are satisfied with the friendliness, professionalism, and knowledge of the service they receive. (Surveys to be undertaken throughout the year.) (At least 60%.)	Overall 94% of customers were satisfied with the service provided. This consisted of the following results for each part of the services: Animal Control – 81% Health Inspections/Audits – 99% Liquor Licences – 100% Liquor Inspections – 100% Noise – 94% Building Consents –77 % Building Inspections – 86% Resource Consents – 100%	G	G	G	
9. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided within budget.	G	G	G	

7. The Council responds directly to noise complaints within one hour after 10pm on Sunday-Thursdays and after 11pm on Friday and Saturday nights. Prior to these times the Council asks the complainant to ring back within 30 minutes if the noise continues. In these cases the one-hour time starts at that point.

ROADING AND PARKING

29

Performance Measures (Pages 102-103 of Annual Budget)		Sept	Dec	Mar	June
1. Road Smoothness (Mandatory) The average quality of ride on the sealed local road network, measured by smooth travel exposure. (At least >80 and <140 good rating. New measure.)	87% Two yearly survey completed June 2017. Roughness of 89% measured for the urban network and 82% for rural network.	W	G	G	
2. Crashes (Mandatory) The change in the number of fatal and serious injury crashes from the previous financial year on the City's local roading network. (Fewer than the previous year.)	On a calendar year basis there was an increase in fatal and serious crashes of 15 from 19 in 2016 to 34 in 2017 on the city's local road network. 20 crashes occurred during the last six months of 2017 which means that the total for the financial year is likely to be higher than previously. This is similar to national statistics and against the long term trend of reducing crash numbers.	W	R	R	
3. Road Resurfacing (Mandatory) Percentage of sealed roads that are resurfaced each year. (Over 3.5%.)	End of year measure	W	W	W	
4. Footpaths - Grading (Mandatory) The percentage of footpaths receiving a grade 4 or 5 condition rating on a 1 (best) to 5 (worst) scale. (Less than or equal to 1%.)	Survey completed in 2017. Initial results for the number footpaths assessed as condition 4 or 5. has been independently checked with the final number yet to be determined. It is expected that the final number of footpaths in the worst categories will be around 3-3.5%. For future years we are looking at a revised methodology based on the IPWEA standard. (Refer footnote.)	W	R	R	
5. Footpaths - Complaints and Requests Reduction in the number of complaints and requests for service about footpaths.	310 requests for service were received by the end of the third quarter.	G	G	G	
6. Asset Management Plan A 30 year asset management plan is in place for Council's roading. The plan is reviewed three-yearly, with the next review due by June 2018.	Draft 2018 Asset Management Plan has been prepared and accepted by NZTA as meeting its criteria. AMP is due for adoption as part of 10 Year Plan process in next quarter.	G	G	G	
7. Response to Requests (Mandatory) Percentage of requests for service relating to roads and footpaths responded to (with at least an initial formal response) within three working days. (At least 95%.)	4170 requests for service received at the end of the third quarter with 2925 (70%) responded to within three working days. Improvements are being worked through in the reporting systems used by our contractors to improve this statistic.	R	R	R	
8. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided within budget.	G	G	G	

4. Footpaths - While it is not expected that the footpath condition has changed significantly the previous footpath grading system had limitations and essentially only determined renewal. A more scientific and repeatable system is being developed in association with the Institute of Public Works Engineering of Australasia (IPWEA) which can be used to determine both maintenance and renewal needs, however this has given results that are somewhat offset from previous survey methods and the originally set target will need to be modified for the future in line with the new methodology.

Programmes or Major Projects	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
9a. Bikes in Schools (OP-1214) (PNCC funding)		Expressions of interest from schools currently being assessed. Grant to be made for each school in programme.	\$50k	G	G	G	
9b. Bikes in Schools (OP-1214) (external funding)	Report adopted by PNCC in December 2017.	Expressions of interest from schools currently being assessed. Grant to be made for each school in programme.	\$nil	W	G	G	
10. Manawatu River (Fitzherbert Bridge to Linton) - Cycle/Pedestrian Pathway (CN- 977 and C/fwd 1229)	Tenders invited for most of remainder of Stage 2 of pathway.	Stage 2 of pathway awarded and construction commenced. Complete design of Kahuterawa Bridge and pathway section in NZDF land and let contract.	\$1,800k	G	G	G	
11. Manawatu River - Downstream Pedestrian/Cycle Bridge Construction (CN- 57 and 1275)	Tender for bridge construction accepted in October 2018. Cost of bridge is above budget with appropriate adjustments having been accepted by Council.	Detailed design of the alternative tender completed and construction started. (The alternative tender was based on an alternative design and construction methodology which is intended to be more cost effective)	\$5,545k	G	G	G	
12. Street Lighting Upgrade to Current LEDs (CN-1086 and C/fwd 1274)	Three supply contracts awarded for "compliant" traffic route lights. Installation contract awarded. Report to Council on non-compliant areas was adopted in December 2017.	Continuation of LED lighting upgrade installation.	\$3,922k	G	G	G	
13. Broadway Avenue Upgrade (C/fwd CN-749 and 1259)	Lighting upgrade underway. Good progress being made. Approx 100k spent to date.	Complete upgrades	\$142k	G	G	G	
14. James Line Upgrade (CN-167 and C/fwd 1287)	Contract price accepted that is above Annual Plan budget. Construction commenced in November 2018. NZTA subsidy application for \$5125k was successful and will partially offset cost over run.	Continuation of physical works. Completion scheduled for August / September 2018.	\$2,626k	G	G	R	
15. Completion of all other operating programmes	Operating Programmes progressing	Expedite works where possible.	\$443k	G	G	G	

16. Completion of all other capital renewal programmes	Renewal Programmes Progressing	Expedite works where possible. Program 742 Campbells Rd Bridge likely to be deferred \$51,800. Program 139 Sealed Road Resurfacing shortfall in NZTA funding has been resolved.	\$6,066k	G	Y	Y	
17. Completion of all other capital new programmes	Capital New Programmes progressing	Expedite works where possible. 25 Forrest Hill seal extension has consenting issues \$400,000. 829 City Wide - Undergrounding of Power Cables awaiting candidates from utility owners \$837,000. 1131 City Boundary Entrance Treatments uncertainty of Manawatu Gorge final alignment causing delays \$116,000	\$5,002k	G	Y	Y	

RUBBISH AND RECYCLING

32

Performance Measures (Pages 104-105 of Annual Budget)		Comments		Sept	Dec	Mar	June
1. Collection Rubbish and recycling placed in the Council's official receptacles is collected on the stated day. (At least 98%.)		First three quarter missed rubbish collection 124 times. Missed Recycling collection 215 times. Collection rate is 99.97%.		G	G	G	
2. Collection Points Collection points are available and open for the stated hours.		Collection points are available and open for stated hours		G	G	G	
3. Green Waste Green waste facility is available and open for the stated hours.		Greenwaste facility is available and open for the stated hours		G	G	G	
4. Compliance No abatement or infringement notices, enforcement orders, or convictions in relation to resource consents received.		Full Compliance is achieved		G	G	G	
5. Asset Management Plan A 30 year asset management plan is in place for rubbish and recycling. The plan is reviewed three-yearly, with the next review due by June 2018.		AMP draft completed and externally reviewed. Final edits being undertaken and will be complete in April 2018.		G	G	G	
6. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided within budget.		Y	G	G	

Programmes or Major Projects (Pages 54-55 of Annual Budget)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
7. Completion of all operating programmes	Implement Bin the Bin Campaign in the CAB, Online A-Z Tool Launch, Battery Recycling, seatSMART recycling in place for Jan start. Events recycling implementation well underway and a start has been made on the 'recycling champion' project.	Consolidate event recycling, CAB bin recycling follow-up, investigate polystyrene recycling and hazardous waste disposal service options.	\$254k	G	G	G	
8. Completion of all capital programmes	All programmes have been scoped. Majority of works started or scheduled to start in Q3. Final scoping of MRF renewals for 2017/18 well underway. RFID Programme planning well underway.	Award RFID tender and schedule roll-out. Complete MRF renewal programme, tender MRF maintenance and renewals contract and complete compost site improvements.	\$909k	Y	G	G	

STORMWATER

34

Performance Measures (Pages 106-107 of Annual Budget)		Comments	Sept	Dec	Mar	June
1. Flood Protection - Events (Mandatory) The number of flood events per year resulting in stormwater from the Council's stormwater system entering a habitable floor in an urban area. (No more than 2 flood events.)		1 Flood event in 2nd and 3rd January	G	G	G	
2. Flood Protection - Habitable Floors (Mandatory) The number of habitable floors per 1,000 properties within urban stormwater service areas affected by a flood event. (No more than 0.2 habitable floors per 1,000 properties.)		3 Habitable Floors flooding in the January event. This is equal to 0.1 habitable floors flooded per 1000 properties	G	G	G	
3. Response Times (Mandatory) Median time to attend a flooding event. (Less than or equal to 2 hours.) (Council will also report the maximum time.)		Maximum Response time is 12.57 Hours. Median time is 0 hours. For majority of the incidents response time are not recorded. CE Operations staff have been failing to record response times. This continuing non-compliance with the SLA requirements has been raised internally.	G	G	G	
4. Complaints (Mandatory) The number of complaints received about the performance of the Council's stormwater system per 1,000 properties connected. (Less than or equal to 10 complaints per 1,000 properties connected.)		455 complaints in total for the first 3 quarter, this is equal to 14 complaints per 1000 properties connected. The majority of the complaints (240) relate to stormwater ponding in the road, for which no action is required nor justified as this road ponding is part of the stormwater system design.	G	G	R	
5. Compliance No abatement or infringement notices, enforcement orders, or convictions in relation to resource consents received.		100% compliance with resource consent	G	G	G	
6. Asset Management Plan A 30 year asset management plan is in place for stormwater. The plan is reviewed three-yearly, with the next review due by June 2018.		AMP draft completed and externally reviewed. Final edits being undertaken and will be complete in April 2018.	G	G	G	
7. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided however budget exceeded due to higher costs relating to the higher than anticipated subdivision and building consent workload while operations and maintenance activities are within budget.	G	G	Y	

Programmes or Major Projects (Pages 56-57 of Annual Budget)	YTD Progress	Focus for Next Quarter		Sept	Dec	Mar	June
8. Completion of all capital programmes	Napier Road SW duplication project completed apart from minor reinstatement and fencing. Other key capital new and renewal projects in final scoping or design prior to confirming contract prices with City Enterprises or external tendering.	Complete remaining programmed renewal and minor capital works as budget allows, including works in Tremaine Ave, Vernon Ave and Ruahine Street.	\$1,465k	G	G	G	

WASTEWATER

36

Performance Measures (Pages 108-109 of Annual Budget)		Comments	Sept	Dec	Mar	June
1. Overflows - Number (Mandatory) Number of dry weather wastewater overflows from the Council's wastewater system per 1,000 connections per year. (No more than 1 per 1,000 connections.)		20 incident in the last three quarters, this is 0.6 overflows per 1000 connections	G	G	G	
2. Complaints (Mandatory) Odour, system faults, system blockages, and Council's response to issues with the wastewater system. (No more than 1 per 1,000 connections for each category.)		292 Complaints in total, this equals 9.1 complaints per 1000 connections. This target needs to be adjusted for future KPI reporting because DIA rules all RFSs are to be counted as "Complaints". 1 per 1000 is an unrealistic target.	R	R	R	
3. Overflows - Attendance (Mandatory) Median time for attending to overflows resulting from blockages or other faults. (No more than 1.5 hours.) (Council will also report the maximum time.)		Median Response time is 0.19 hours, Maximum Response time is 42.25 hours	G	G	G	
4. Overflows - Resolution (Mandatory) Median time for resolution of overflows resulting from blockages or other faults. (No more than 8.0 hours (total of 9.5 hours).) (Council will also report the maximum time.)		Median Resolution time is 3.2 hours, Maximum Resolution time is 311.78 Hours	G	G	G	
5. Compliance (Mandatory) No abatement or infringement notices, enforcement orders, or convictions in relation to resource consents received.		Full compliance to resource consent is achieved	G	G	G	
6. Asset Management Plan A 30 year asset management plan is in place for wastewater. The plan is reviewed three-yearly, with the next review due by June 2018.		AMP draft completed and externally reviewed. Final edits being undertaken and will be complete in April 2018.	G	G	G	
7. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		Services provided within budget.	G	G	G	

Programmes or Major Projects (Pages 58-60 of Annual Budget)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
8. Totara Road Wastewater Treatment Plant - Consent Renewal Upgrade Options Analysis (OP-1319)	Wastewater BPO project is well advanced in the establishment phase. Draft vision, objectives, and a framework consultation and engagement strategy have been prepared and adopted by Council. A contextual review has been completed which is informing further assessment and technical work packages. Technical packages covering an optimisation review of the plant, a flow and loads assessment and preliminary assessment of land suitability for irrigation and managed aquifer recharge have been initiated and are well underway. BPO is behind programme as advised in the Statement of Intent pending a decision on project branding and launch. Programme is exceeding budget due to a range of unforeseen additional costs – including significantly more consultancy input.	Project launch following finalisation of the communication and engagement strategy and plan. Revision of the project timeline and budgets and completion of final versions of technical work packages on WWTP flows and loads and initial land irrigation and managed aquifer recharge options.	\$620k	G	G	Y	
9. Totara Road Wastewater Treatment Plant (CAP)	Contract for installation of inlet screens has been awarded and construction has started, screen delivery delayed until mid January. Digester Lid refurbishment contract has been awarded and is underway. Associated projects for the new inlet screens are underway and equipment ordered. Food waste facility installation to be tendered separately now to the installation of the new screen wash water project.	Complete construction of service (screen wash) water upgrades. Complete digester lid refurbishment contract, tender, award and construct food waste facility. Achieve 90% completion of inlet screen upgrade.	\$2,713k	G	G	G	
10. Completion of all other capital programmes	Wastewater pipeline renewals on schedule and budget. Relining contract awarded with work scheduled for Q3. Pump replacements at Maxwells line completed as well as electrical replacement at Shirrifs Rd. Te Awe Awe pump replacement 50% complete.	Complete Jickell Street PS renewal, pipe relining projects and designs for 18/19 pipe renewal programme.	\$2,738k	G	G	G	

WATER

38

Performance Measures (Pages 110-111 of Annual Budget)		Comments	Sept	Dec	Mar	June
1. Consumption (Mandatory) Average consumption of drinking water per day per resident. (Less than or equal to 360 litres per day per resident.)		Measured at year end	W	W	W	
2. Compliance - Bacteria (Mandatory) Compliance with Part 4 (bacteria compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (100% compliance.)		Measured at year end. No non-compliances at this time.	W	W	W	
3. Compliance - Protozoal (Mandatory) Compliance with Part 5 (protozoal compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (100% compliance.)		Measured at year end. One technical non-compliance related to the failure to provide monitoring data for a short period of hours.	W	W	W	
4. Complaints (Mandatory) Clarity, taste, odour of the drinking water, continuity of Council's water supply, drinking water pressure or flow, and Council's response to any of these issues. (Less than or equal to 17 complaints per 1,000 properties connected.)		1040 complaints in the last 3 quarters. This equals to 35 complaints per 1000 connections. Main complaint type is leaking toilets and reflect their advancing age and the current low level of renewal investment.	G	G	R	
5. Response - Urgent Call Outs (Mandatory) Median response time for urgent call out time attendance. (Less than or equal to 2 hours.) (Council will also report the maximum time.)		Urgent call out median response time 0.07 hours, maximum response time 2.35 hours	G	G	G	
6. Response - Resolution Urgent Call Outs (Mandatory) Median response time for resolution of urgent call outs. (Less than or equal to 7 hours.) (Council will also report the maximum time.)		Urgent call out median resolution time 1.19 hours, maximum resolution time 251.35 hours	G	G	G	
7. Response - Non-Urgent Call Outs (Mandatory) Median response time for non-urgent call out time attendance. (Less than or equal to 10 hours.) (Council will also report the maximum time.)		Non-urgent call out median response time 1.13 hours, maximum response time 68.63 hours	G	G	G	
8. Response - Resolution Non-Urgent Call Outs (Mandatory) Median response time for resolution of non-urgent call outs. (Less than or equal to 75 hours.) (Council will also report the maximum time.)		Non-urgent call out median resolution time 3.615 hours, maximum resolution time 286.32 hours	G	G	G	
9. Water Loss (Mandatory) Percentage of real water loss from the water reticulation network. (Less than or equal to 20%.)		Measured at year end	W	W	W	

10. Compliance - Resource Consents Compliance with resource consent monitoring conditions that relate to environmental conditions. (100%.)	All consent monitoring requirements met.	G	G	G	
11. Asset Management Plan A 30 year asset management plan is in place for water. The plan is reviewed three-yearly, with the next review due by June 2018.	AMP draft completed and externally reviewed. Final edits being undertaken and will be complete in April 2018.	G	G	G	
12. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.	Services provided however budget exceeded due to network maintenance costs exceeding budget with actions in hand to return to budget.	G	G	Y	

Programmes or Major Projects (Pages 61-63 of Annual Budget)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
13. Turitea Valley Road/Pacific Drive - New Water Supply Link Pipe and Reservoir (CN-610 and 929)	Aokautere reservoir and new Turitea and Silicon Way Pump Stations completed and commissioned. Surplus declared and reallocated to other programmes.	Project now complete	\$181k	G	G	G	
14. Kelvin Grove Water Supply Zone - New Bore (CN-985 and C/fwd 1235)	Bore drilled and flow tested. Pump has been selected and the pump station sized. Following the Havelock North Government Inquiry findings, storage tanks are now to be provided to achieve the disinfection contact time, while providing buffer storage to extend the bore life.	The application for consent is currently being processed following approval of the landscape assessment and proposed mitigation. Detail design is well advanced for the bore headworks including pipework, reservoir and treatment facility. The civil works will be tendered once consent has been received.	\$644k	G	R	Y	
15. Water bores renewal and redevelopments (CR 1058 and 1305).	Papaloa Park Bore headworks construction contract awarded and physical work started. Keith Street Bore Contract tender process completed and contract awarded.	Complete commissioning of the Papaloa Park Bore and complete design, construction and commissioning of the new Keith Street Bore.	\$554k	G	G	G	
16. Completion of all other capital programmes	Pipe and minor treatment plant renewals are tracking ahead of programme in spite of weather delays. Scope of the Turitea sludge dewatering project is under review. Construction on new retaining walls on access road to lower and Upper Turitea dams started. Construction on seismic strengthening for Ngahere Park circular reservoir started.	Complete outstanding renewal programmes at the bores and Turitea WTP works. Complete final scoping of improvements to Turitea WTP to improve sludge management.	\$5,619k	G	G	G	

SUPPORT SERVICES

41

Corporate Support

Programmes or Major Projects (Page 69 of Annual Plan; Page 162 of 10 Year Plan)	YTD Progress	Focus for Next Quarter	Budget	Sept	Dec	Mar	June
1. Civic Administration Building - Refurbishments (CR-281 and C/fwd 953)	Fire protection Stage 1 work has been completed, except for minimal defects which were identified. Design and consenting for Stage 2 is currently underway.	Resolve defects relating to Stage 1. Design and consenting for Stage 2 to continue.	\$1,707k	G	G	G	

Customer Services

42

Performance Measures (Page 112 of Annual Budget)		Comments				Sept	Dec	Mar	June
1. Calls Answered At least 95% of phone calls to the Contact Centre are answered before the customer hangs up. (Excluding calls abandoned in less than 20 seconds.)		97% of calls offered (136,595 out of a total of 140,792) were answered before the customer hung up based on a 20 second threshold. (2016/17 - 97.4%)				G	G	G	
2. Call Wait Time At least 80% of phone calls to the Contact Centre are answered within 20 seconds.		82.6% of calls offered (116,305 out of a total of 140,792) were answered within 20 seconds. (2016/17 - 80.5%)				G	G	G	
3. Requests Percentage of info@pncc, fix-it requests and web chat requests responded to within 30 minutes (see note 1). (At least 80%.)		99.4% of (31,421 out of a total of 31,595) non-phone contacts were responded to within 30 minutes (2016/17 - 99.6%)				G	G	G	
4. Satisfaction Customers are satisfied with the friendliness, professionalism, and knowledge of the service they receive. (At least 90%.) (Annual survey of Front of House and Call Centre.)		99% of customers surveyed (188 out of a total of 190) who utilised the Front of House service were satisfied with the friendliness, professionalism and knowledge of the service they received (2016/17 - 98.8%)				G	G	G	
5. Feedback to Customers Customers who lodge fault and service complaints have their complaints responded to a satisfactory standard. (At least 80%.)		96.8% of customers surveyed who called the Contact Centre (272 out of 281) felt the friendliness, professionalism, and knowledge of the service they received was good or excellent. (2016/17 - 97.2%)				G	G	G	
6. Cost Effectiveness 10 Year Plan levels of service and programmes are achieved within budget.		84.1% of customers surveyed who called the Contact Centre (264 out of 314) were satisfied or partly satisfied with the response they received to the service complaint or fault they lodged. (2016/17 - 89.3%) Services provided within budget.				G	G	G	

- Response time is the time for the initiator of the request to receive acknowledgement from a Customer Services Advisor that the request has been received and sent to the appropriate Unit in Council for action.)

COMMITTEE WORK SCHEDULE

TO: Finance and Performance Committee

MEETING DATE: 23 April 2018

TITLE: Work Schedule - April 2018

RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE

1. That the Finance and Performance Committee receive its Work Schedule dated April 2018.

ATTACHMENTS

1. Work Schedule  

FINANCE AND PERFORMANCE COMMITTEE

PART ICOMMITTEE WORK SCHEDULE – April 2018

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1	August 2018	Property Portfolio	GM, City Networks	Workshop has occurred.	21 February 2011 Clause 10-11
2	March 2018	Process for reallocating and prioritisation of underspending on programmes.	CFO, GM, City Networks	Referred to Audit and Risk Committee	18 September 2017 Clause 59-17
3	April 2018	Solar Panel relating to the Wildbase Recovery Centre	GM, City Networks		18 December 2017 Clause 105-17
4	June 2018	Investigate the establishment of a shelter for walkers at Toko corner – Gordon Kear	GM, City Networks		19 February 2018 Clause 4.5
5	September 2018	Report back on the city water supply options using the Gordon Kear	GM, City Networks		19 February 2018 Clause 4.6
6	May 2018	A detail project plan an timeline around programme 357 Papaoea Place Redevelopment.	GM, City Networks/ GM, Libraries and Community Services		19 February 2018 Clause 5.3
7	May 2018	Present a budget/timeline update for the He Ara Kotahi project	GM, City Networks		26 February 2018 Council
8	April 2018	Artificial Football Turf	GM, City Networks		Part II 12 March 2018 Sport and Recreation
9	April 2018	Purchasing Property to Partner with a housing	GM, City Networks		Part II

DMS # 1166529

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Item No.	Estimated Date	Report	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
			provider – financial report			19 March 2018 Clause 19.3
10	April 2018		Financial Analysis report on fees for household e-waste for a \$0.00 trial for 6 months in FY19	GM, City Networks		19 March 2018 Clause 15.1
11	May 2018		Out of District surcharge – for Chapel and Cremation services	GM, City Networks		19 March 2018 Clause 15.3
12	May 2018		Maintenance and renewal plans and budgets for cultural facilities	GM, City Networks		16 April 2018 Clause 11.5 Arts, Culture and Heritage