

# Chief Executive's Report for April 2018

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<b>TO</b>	Council
<b>FROM</b>	Rob Williams - Chief Executive
<b>DATE</b>	06 June 2018
<b>SUBJECT</b>	<b>Chief Executive's Report for month ended 30 April 2018</b>

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## 1 Purpose of report

This report provides Council with an overview on the performance of the organisation in relation to:

- Our financial performance
- How projects are progressing with respect to time, budget and delivery
- Whether services are meeting the desired performance measures
- Any emerging challenges or opportunities
- Non-financial performance measures are for the quarter ended 31 March 2018

## 2 Background

The financial and performance measure data is based on the latest month to date information available at the time of the agenda distribution and the latest quarterly performance measure reporting.

## 3 Suggested resolution(s)

That the Thames-Coromandel District Council:

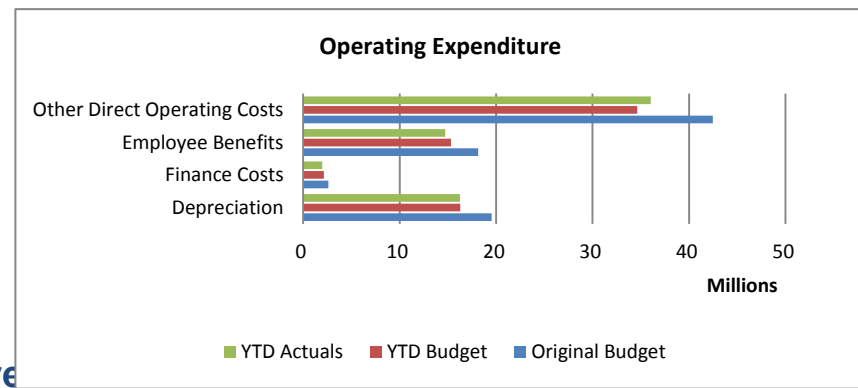
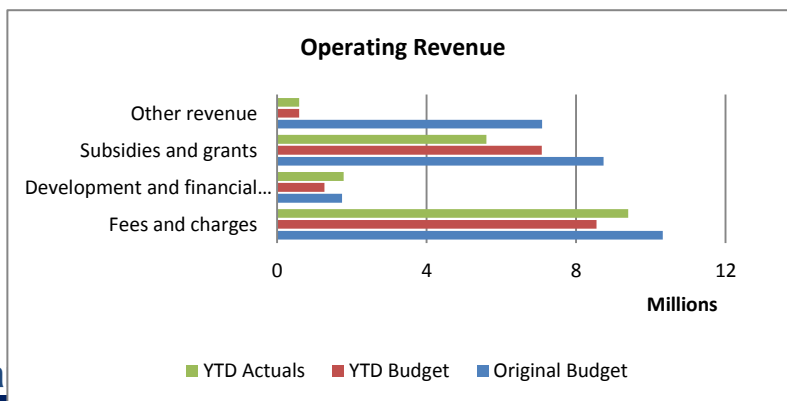
1. Receives the 'Chief Executive's report for month ended 30 April 2018' dated 6 June 2018.

# Thames-Coromandel District Council Financial Measures

## Key Indicators - For the period ending 30 April 2018

<b>Rates Revenue</b> <i>Received from ratepayers</i>  <b>\$64.23m</b>  <b>Favourable YTD</b> <b>\$0.29m</b> Full year budget <b>\$64.14m</b>  Full year forecast <b>\$64.14m</b>	<b>+</b>	<b>Other Operating Revenue</b> <i>User charges, subsidies &amp; grants, development contributions, finance revenue and other revenue</i>  <b>\$17.37m</b>  <b>Unfavourable YTD</b> <b>(\$0.11m)</b> Full year budget <b>\$27.88m</b>  Full year forecast <b>\$27.88m</b>	<b>-</b>	<b>Operating Expenditure</b> <i>Personnel, Depreciation, Finance and Other Expenses</i>  <b>\$68.96m</b>  <b>Unfavourable YTD</b> <b>(\$0.57m)</b> Full year budget <b>\$82.77m</b>  Full year forecast <b>\$82.77m</b>	<b>=</b>	<b>Operating Net Surplus/(-) Deficit</b>  <b>\$12.63m</b>  <b>Unfavourable YTD</b> <b>(\$0.39m)</b> Full year budget <b>\$9.25m</b>  Full year forecast <b>\$9.25m</b>
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<b>Personnel Costs</b> <i>Salaries and Wages</i>  <b>\$14.71m</b>  <b>Favourable YTD</b> <b>\$.62m</b> Full year budget <b>\$18.15m</b> Full year forecast <b>\$18.15m</b>	<b>Depreciation and Amortisation</b>  <b>\$16.26m</b>  <b>Favourable YTD</b> <b>\$0.01m</b> Full year budget <b>\$19.52m</b> Full year forecast <b>\$19.52m</b>	<b>Finance Costs</b> <i>Interest on external debt</i>  <b>\$01.97m</b>  <b>Favourable YTD</b> <b>\$0.17m</b> Full year budget <b>\$2.62m</b> Full year forecast <b>\$2.62m</b>	<b>Other Expenses</b>  <b>\$36.02m</b>  <b>Unfavourable YTD</b> <b>(\$1.38m)</b> Full year budget <b>\$42.46m</b> Full year forecast <b>\$42.46m</b>
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## Key Indicators - For the period ending 30 April 2018

<b>Borrowings</b>	<b>Cash and cash equivalents</b>	<b>Net borrowings</b> <i>External debt net of cash and cash</i>	<b>Capital expenditure</b>
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**\$45.00m**

Full year budget	\$35.0m
Full year forecast	\$35.0m

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**\$17.21m**

Full year budget	\$1.01m
Full year forecast	\$1.01m

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*equivalents*

**\$27.79m**

Full year budget	\$33.99m
Full year forecast	\$33.99m

**\$15.84m**

Full year budget	\$30.17m
Full year forecast	\$30.17m

**Capital expenditure - explanation of variances**

Capital expenditure is approximately \$6.3 million under the year to date budget. The majority of the underspend is in the Roothing (\$1.2m) Water (\$2.1m) Wastewater (\$1.7m) and Economic Development (\$0.8m) activities. The remaining underspend is in the planning activity (IT software/hardware - \$0.3m) and representation activity (Thames customer service area renovation - \$0.3m).

Refer to the activity pages for further details.

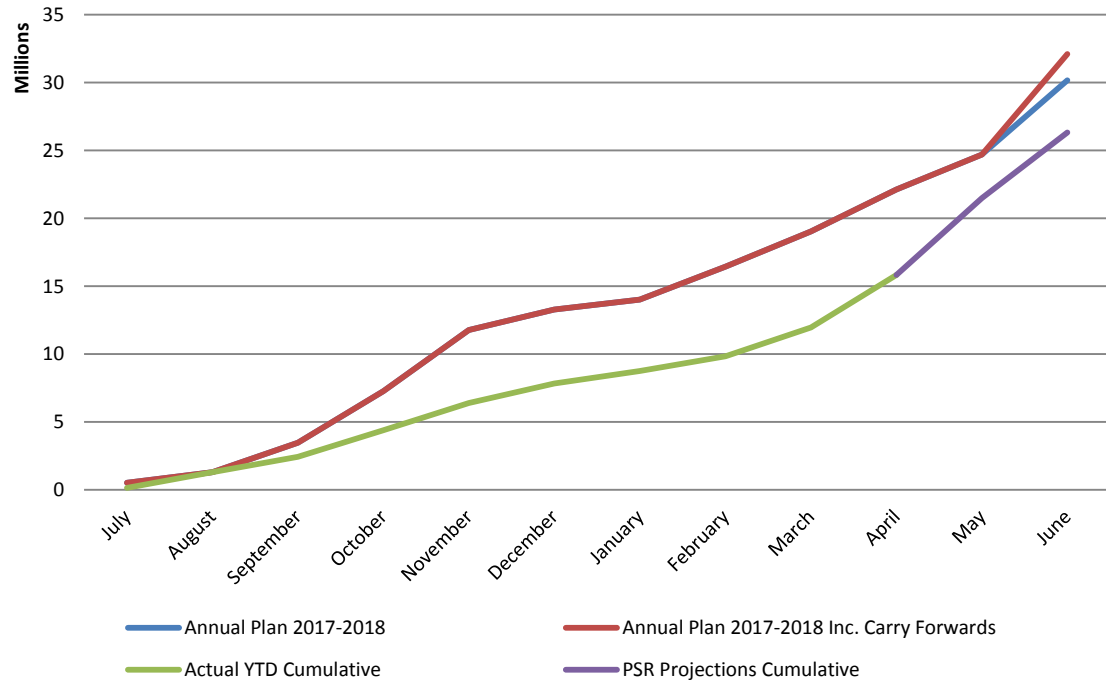
The year end balances of the following projects have been approved for carry forward into the 2018/19 financial year:

**Whitianga Town Centre Upgrade**  
(Roothing, Wastewater, Water, Stormwater and Community Spaces activities)

**Te Ara O Hei (Coromandel Walks)**  
(Economic Development activity)

**Whitianga Boat Ramps**  
(Community Spaces activity)

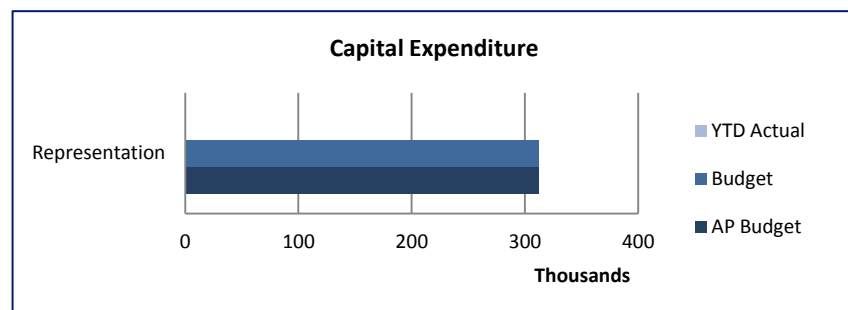
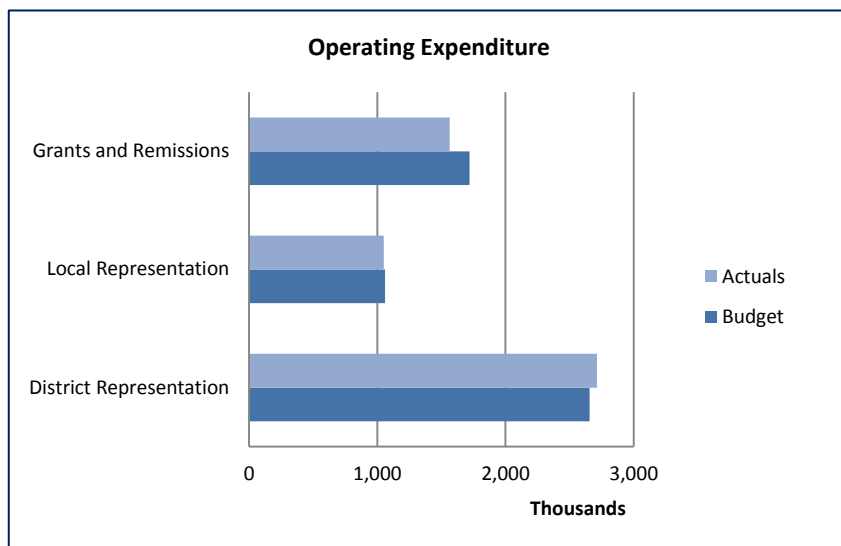
**Capital Expenditure budget vs projected total**



# Representation Financial Measures

## Key Indicators - For the period ending 30 April 2018

<b>Operating Revenue</b> <h3>\$5.05m</h3>		-	<b>Operating Expenditure</b> <h3>\$5.33m</h3>		=	<b>Net Surplus/(-) Deficit</b> <h3>-\$0.28m</h3>		<b>Capital Expenditure</b> <h3>\$0.00m</h3>	
<b>Unfavourable YTD</b> (\$0.32m)			<b>Favourable YTD</b> \$0.11m			<b>Unfavourable YTD</b> (\$0.22m)		<b>Favourable YTD</b> \$0.31m	
Full year budget	\$5.2m		Full year budget	\$6.35m		Full year budget	\$1.15m	Full year budget	\$0.31m
Full year forecast	\$5.2m		Full year forecast	\$6.35m		Full year forecast	\$1.15m	Full year forecast	\$0.31m



**Revenue**  
**Unfavourable YTD made up of**

- The variance is the difference between when we budget for rates revenue and when we receive it.

**Expenditure**  
**Favourable YTD made up of**

- Social development community grants are under budget by \$57,000 and community board discretionary spend is under budget by \$59,000. This is across all board areas.
- The remaining variance consists of a number of insignificant movements.

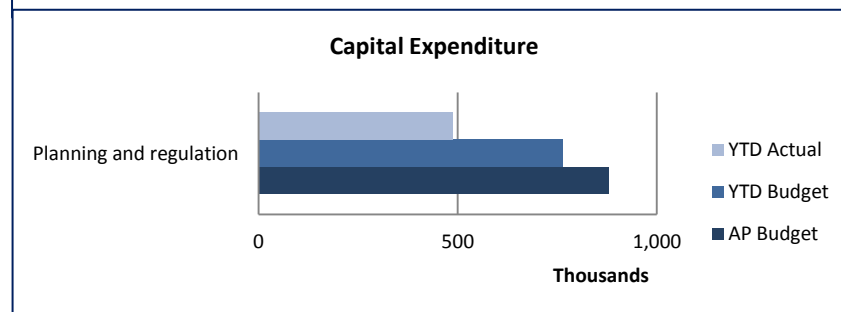
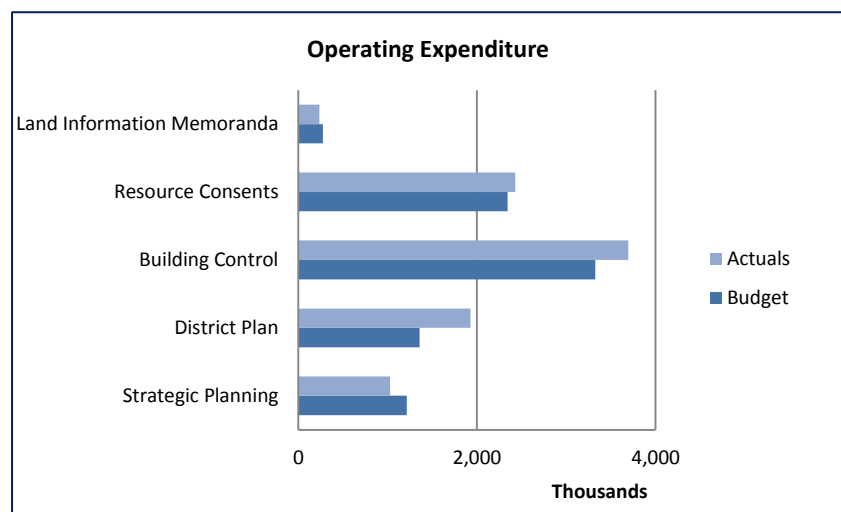
**Capital Expenditure**  
**Favourable YTD made up of**

- Budgeted costs for the Thames customer renovations of \$312,000 with no costs to date. The planning and design process has begun. Construction is unlikely to occur this financial year.

# Planning and Regulation Financial Measures

## Key Indicators - For the period ending 30 April 2018

<b>Operating Revenue</b> <h3>\$8.09m</h3> <b>Unfavourable YTD</b> (\$0.16m) Full year budget \$8.9m Full year forecast \$8.9m	<b>Operating Expenditure</b> <h3>\$9.32m</h3> <b>Unfavourable YTD</b> (\$0.80m) Full year budget \$10.18m Full year forecast \$10.18m	<b>Net Surplus/(-) Deficit</b> <h3>-\$1.23m</h3> <b>Unfavourable YTD</b> (\$0.96m) Full year budget (\$1.28m) Full year forecast (\$1.28m)	<b>Capital Expenditure</b> <h3>\$0.49m</h3> <b>Favourable YTD</b> \$0.28m Full year budget \$0.88m Full year forecast \$0.88m
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**Revenue**  
**Unfavourable YTD made up of**

- Building control consent fees received are \$159,000 more than budgeted, but at the same level as this time last year.
- The revenue from the following activities are under budget -building control inspection fees by (\$87,000), resource consent fees by (\$44,000) and LIMS by (\$61,000).
- The balance of the variance is the difference between when we budget for rates revenue and when we receive it.

**Expenditure**  
**Unfavourable YTD made up of**

- Cost of processing building consents with external parties is (\$337,000) over budget.
- District plan appeal costs are over budget by \$704,000 and salaries & wages are under budget by \$157,000.
- Strategic planning and development costs are under budget by \$70,000. The underspend is related to the budget for LTP work that will be completed over the next month.
- Strategic planning and development in Mercury Bay is under budget by \$69,000, of which \$25,000 is related to investigation fees and \$36,000 to Whitianga Medical Centre.
- Strategic planning has a further budget of \$80,000, with costs of only \$14,000.
- Resource control expenses are over budget by \$78,000. Contract planning costs (\$63,000) and legal costs (\$64,000) are over budget with savings in staff wages and salaries and staff training of \$35,000.
- The remaining variance consists of a number of insignificant movements.

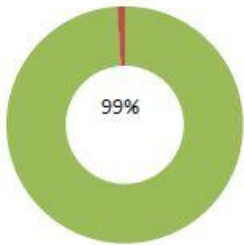
**Capital Expenditure**  
**Favourable YTD made up of**

- Spend on software is under budget by \$154,000. This under expenditure will likely continue for the rest of the financial year. The only major project is the business solution for lodging and processing of building consents.
- Hardware spend is under budget by \$93,000. This under expenditure will likely continue for the rest of the financial year.
- Purchase of plant and vehicles is under budget by \$12,000 and furniture and fittings is under budget by \$19,000.

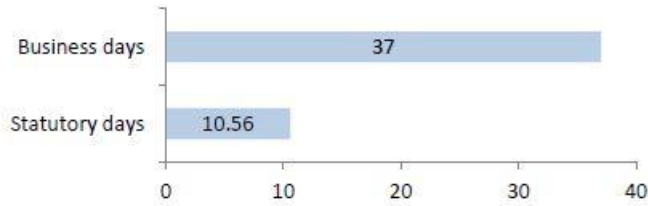
## Regulatory

Performance measures 30 April 2018

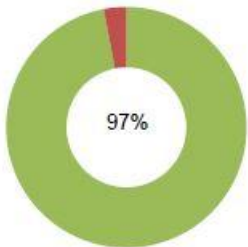
**% Building consents processed within 20 working days YTD**



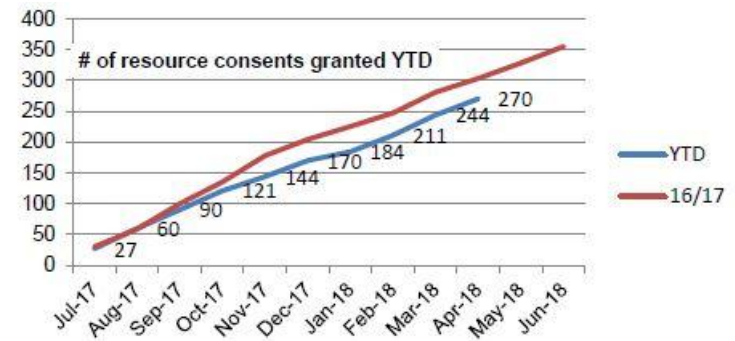
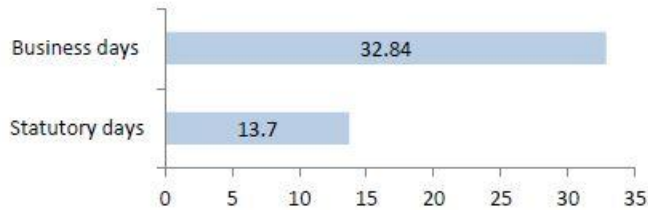
**Average days to Building Consent Decision**



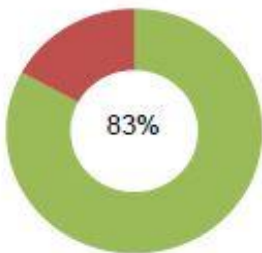
**% Resource consents processed within statutory time frames**



**Average days to resource consent decision**



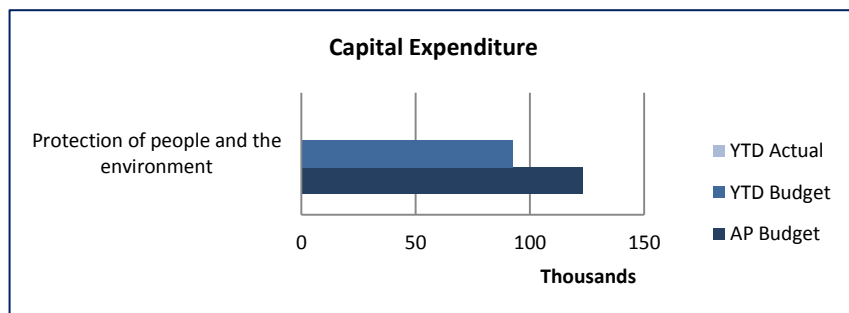
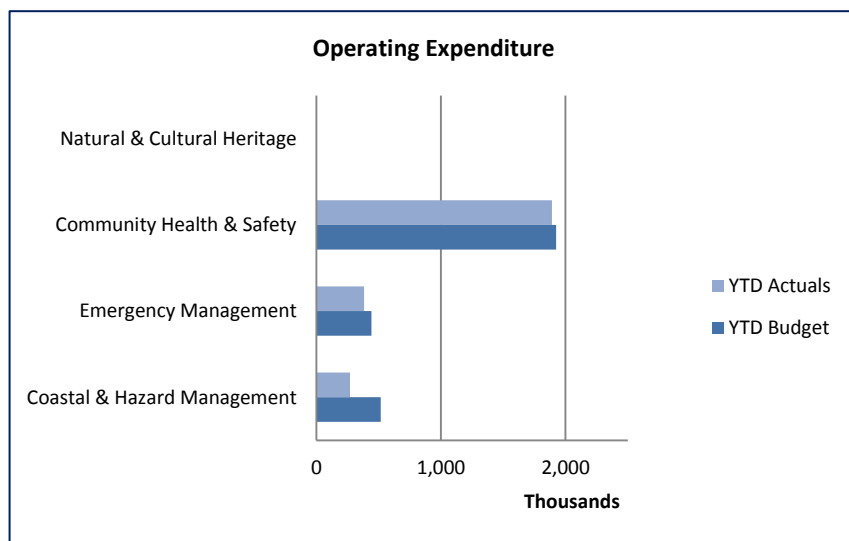
**% Code of Compliance within 20 working days YTD**



**Protection of People and the Environment Financial Measures**

## Key Indicators - For the period ending 30 April 2018

<b>Operating Revenue</b> <h1>\$3.55m</h1>		-	<b>Operating Expenditure</b> <h1>\$2.54m</h1>		=	<b>Net Surplus/(-) Deficit</b> <h1>\$1.01m</h1>		<b>Capital Expenditure</b> <h1>\$0.00m</h1>	
<b>Unfavourable YTD (\$0.m)</b>			<b>Favourable YTD \$0.34m</b>			<b>Favourable YTD \$0.34m</b>		<b>Favourable YTD \$0.09m</b>	
Full year budget	\$3.59m		Full year budget	\$3.48m		Full year budget	\$0.11m	Full year budget	\$0.12m
Full year forecast	\$3.59m		Full year forecast	\$3.48m		Full year forecast	\$0.11m	Full year forecast	\$0.12m



### Expenditure

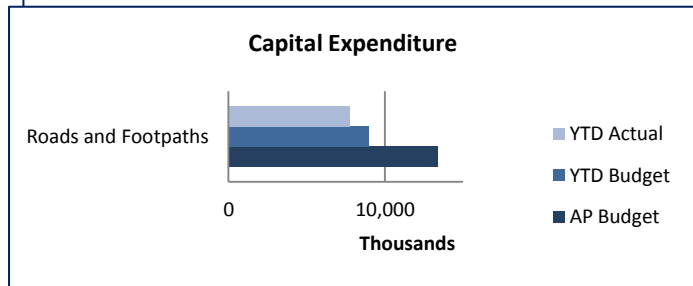
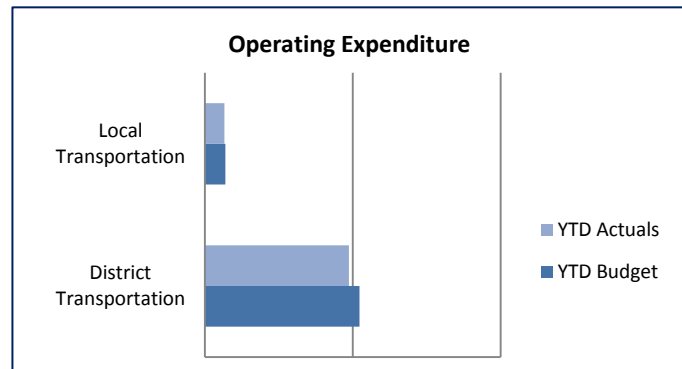
#### Favourable YTD made up of

- Mercury Bay coastal erosion costs are under budget by \$215,000. A total of \$90,000 will be spent this financial year leaving an under spend of \$250,000 for this year.
- Emergency management costs are under budget by \$61,000. Between now and 30 June 2018, the Emergency Management Unit will be working with 15 communities on the Coromandel, developing Community Response Plans and establishing CD Centres in 6 of those main communities. Planned opex expenditure to 30 June is expected to be \$22,500.
- Coastal hazard management strategy consultant's costs are under budget by \$43,000.
- The remaining variance consists of a number of insignificant movements.

## Roads and Footpaths Financial Measures

### Key Indicators - For the period ending 30 April 2018

<b>Operating Revenue</b> <h1>\$13.61m</h1> <b>Unfavourable YTD (\$1.83m)</b> Full year budget \$16.34m Full year forecast \$16.34m	-	<b>Operating Expenditure</b> <h1>\$11.05m</h1> <b>Favourable YTD \$0.78m</b> Full year budget \$14.18m Full year forecast \$14.18m	=	<b>Net Surplus/(-) Deficit</b> <h1>\$2.57m</h1> <b>Unfavourable YTD (\$1.05m)</b> Full year budget \$2.16m Full year forecast \$2.16m	=	<b>Capital Expenditure</b> <h1>\$7.79m</h1> <b>Favourable YTD \$1.19m</b> Full year budget \$13.37m Full year forecast \$13.37m
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### Roads and Footpaths - non-financial performance

#### Priority performance measures for Roads and Footpaths

- The change from the previous year in the number of customer service requests relating to roads and footpaths
- Percentage of customer service requests relating to roads and footpaths

#### Revenue

##### Unfavourable YTD made up of:

- Revenue from roading subsidy is \$1,945,000 under budget. LED street lighting (\$837,000), sealed and unsealed road renewals, sealed road pavement and minor improvement are the major projects behind budget and are discussed below under capital expenditure.
- Revenue from the Hahei park and ride is \$100,000 and a contribution towards the Thames public transport trial of \$11,800 has been received. Both of these were not budgeted for.

#### Expenditure

##### Favourable YTD made up of:

- Year to date costs of storm events are \$782,000 under budget. There is still a substantial amount of work to be done relating to past storm events. This work is scheduled to be completed over the next 2 months.
- Costs incurred on the Hauraki cycleway are \$171,000 with the budget for the year phased into June 2018.
- Maintenance of bridges is under budget by \$63,000, Carriageway lighting \$56,000 and consultants costs for professional service engineers (Opus) \$168,000, due to delays in timing of the work programmes. Investigation fees (68,000) and professional services procurement (76,000) are over budget.
- The remaining variance consists of a number of insignificant movements.

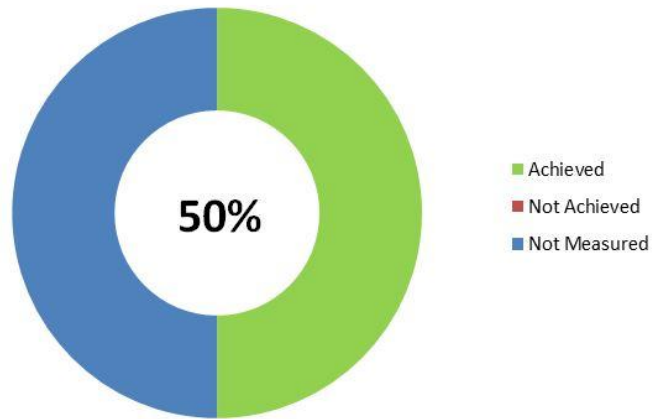
#### Capital Expenditure

##### Favourable YTD made up of:

- Local street lighting renewals across the district is under budget by \$731,000. LED street lighting programme commenced in December 2017. The replacement programme was late starting due to RLTP funding approval not received until November 2017. Additional resource has been applied to address the lag in achievement against the work programme. \$341,000 was spent in the months February to April 2018.
- Kauaeranga Valley Road sealing has commenced in March with \$459,000 spent but is under budget by \$146,000. Work is scheduled to be completed by mid-May 2018.
- Work on Colville Road is complete and Port Charles Road is continuing in April. This contract was awarded mid-November 2017, later than planned, which has delayed the start date. The Wentworth Valley site is scheduled to commence in May, with the work programme planned for completion in June 2018. Tenders have been lower than expected and will result in an anticipated underspend of \$285,000 by year end, with an underspend of \$635,000 at the end of April.
- Unsealed road wearing course is under budget by \$277,000. The work programme is running behind schedule. However all work is planned for completion by year end with an underspend of \$54,000.
- Mercury Bay and Tairua/Pauanui footpath construction is under budget by \$125,000. Mercury Bay work is planned for completion over the next two months as part of the Whitianga town centre upgrade.
- Sealed widening is under budget by \$180,000 however the budget will be spent by the end of the year with \$150,000 to be spent in May 2018.
- Expenditure on the Whitianga town centre upgrade project is over the YTD budget by \$979,000. This includes an accrual for April. The project is on track.










### Priority Performance Measures



Status	Performance measure	Service performance
●	The change from previous financial year in the number of fatalities and serious injury crashes on the local road network (expressed as a number)	Target - ≤2 Results - 4 The number of Fatal and Serious crashes is already higher than the previous year's result therefore this measure cannot be met.

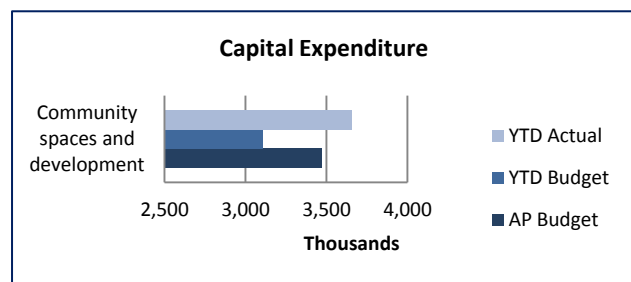
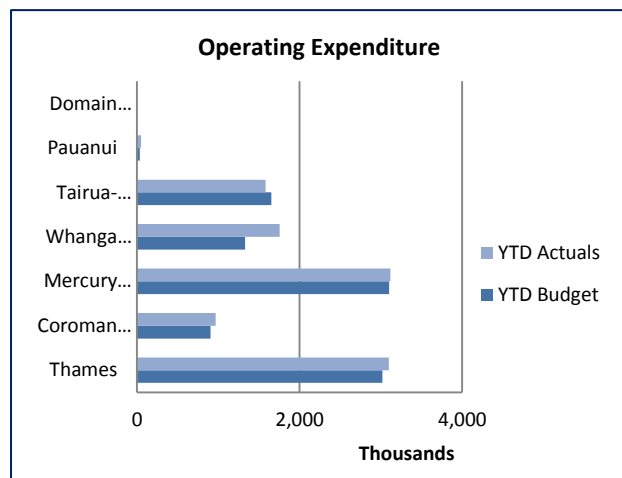
## Roads and Footpaths - Projects

Project	Status	Total project cost (actual)	Project budget to 30/6/2018	Comments or risks
Thames streetlight renewals		244,703	500,250	LED upgrade underway with the original project scope on target for completion by 30 June 2018. Savings have been achieved through use of a lower cost (and NZTA quality standard compliant) lantern type. NZTA recently extended the period of elevated (85%) subsidy from June 2018 to June 2021 which presents an opportunity for Council to complete the LED replacements programme with a fraction of the cost funded from rates.
Kauaeranga Valley Road sealing		458,876	605,000	Tender awarded late February 2018. Physical works commenced on 5 March 2018 with works being finalised.
Coromandel streetlight renewals		27,516	71,750	LED upgrade underway with the original project scope on target for completion by 30 June 2018. Savings have been achieved through use of a lower cost (and NZTA quality standard compliant) lantern type. NZTA recently extended the period of elevated (85%) subsidy from June 2018 to June 2021 which presents an opportunity for Council to complete the LED replacements programme with a fraction of the cost funded from rates.
Whitianga town centre upgrade		1,543,199	4,606,819	Works have commenced onsite, however the revised programme agreed in 2017 will result in a significant part of the project being delivered during the 2018/19 financial year.
Tairua/Pauanui streetlight renewals		67,909	143,000	LED upgrade underway with the original project scope on target for completion by 30 June 2018. Savings have been achieved through use of a lower cost (and NZTA quality standard compliant) lantern type. NZTA recently extended the period of elevated (85%) subsidy from June 2018 to June 2021 which presents an opportunity for Council to complete the LED replacements programme with a fraction of the cost funded from rates.
Whangamata streetlight renewals		94,614	282,250	LED upgrade underway with the original project scope on target for completion by 30 June 2018. Savings have been achieved through use of a lower cost (and NZTA quality standard compliant) lantern type. NZTA recently extended the period of elevated (85%) subsidy from June 2018 to June 2021 which presents an opportunity for Council to complete the LED replacements programme with a fraction of the cost funded from rates.
Whangamata curb/channel/swale		99,432	121,073	Project completed under budget in August 2017.

# Community Spaces and Development Financial Measures

Key Indicators - For the period ending 30 April 2018

<b>Operating Revenue</b> <h2>\$13.19m</h2>		-	<b>Operating Expenditure</b> <h2>\$10.58m</h2>		=	<b>Net Surplus/(-) Deficit</b> <h2>\$2.61m</h2>		<b>Capital Expenditure</b> <h2>\$3.66m</h2>	
<b>Favourable YTD</b> <span style="float:right">\$0.58m</span>			<b>Unfavourable YTD</b> <span style="float:right">(\$0.53m)</span>			<b>Favourable YTD</b> <span style="float:right">\$0.05m</span>		<b>Unfavourable YTD</b> <span style="float:right">(\$0.55m)</span>	
Full year budget	\$13.13m		Full year budget	\$12.09m		Full year budget	\$1.04m	Full year budget	\$3.47m
Full year forecast	\$13.13m		Full year forecast	\$12.09m		Full year forecast	\$1.04m	Full year forecast	\$3.47m



### Revenue - Favourable YTD made up of:

- Contribution from the Ministry of Business & Innovation for wastewater at Hot Water Beach has been invoiced at \$297,000, but has been budgeted for in the June 2018 month. This will remain a timing difference until June.
- Contributions of \$37,000 have been received for the Tairua walkway.
- Rates revenue variance of \$387,000 is the difference between when we budget for rates revenue and when we receive it.
- Revenue from Hot Water Beach car park is over budget by \$78,000, and is a 41% increase from the same period last year.
- Development contribution revenue is under budget by \$296,000.
- The balance consists of a number of insignificant movements.

### Expenditure - Unfavourable YTD made up of:

- Unbudgeted costs of storm damage in Onemana. Geotechnical remediation for Onemana drive related to the March /April 2017 events (\$399,000).
- Storm damage in Thames (\$162,000), Coromandel (53,000), Mercury Bay (\$12,000), and Tairua/Pauanui (\$5,000).
- Thames Airfield runway maintenance is under budget by \$93,000 and the Jack McLean Indoor Sports Centre operating expenditure is under budget by \$75,000. Operating expenditure will now start occurring with the opening of the centre.
- Parks and reserves Mercury Bay contract other is over budget by (\$37,000). \$60,000 has been spent on spring turf renovation.
- Public Conveniences Unscheduled Maintenance in Mercury Bay is over budget by \$38,000. This includes extra water costs and is due to an increased number of facilities, extra R&M and some vandalism.
- Other maintenance costs for parks & reserves are over budget in Tairua/Pauanui (\$51,000). Expenditure of \$45,000 on the Tairua Pepe Estuary Walk was unbudgeted. However, the cost is offset by revenue received from the Trust. The remaining overspend relates to unscheduled maintenance, including tree works. A grant for the Pauanui to Tairua trail has been budgeted at \$100,000 but not yet paid. The payment is conditional on gaining resource consent which has just recently been granted.
- The Community Facilities Manager has reviewed these budgets, and they were revised during the March budget revision process.
- The remaining variance consists of a number of insignificant movements.

### Capital Expenditure - Unfavourable YTD made up of:

- Whitianga boat ramp costs are \$551,000 under budget. Council has deferred \$500,000 to 2018/19.
- Whangamata Williamson park redevelopment costs are under budget by \$142,000. A resource consent was lodged in March but it is likely that the consent will be notified. If so, there will likely be no expenditure in relation to consent costs this financial year. The WCB has recently requested officers proceed with installation of shade structures at the park, which will impact upon this budget.
- The following projects are over budget against the AP but have approved carry forward budgets from the 2016/2017 financial year;
- Jack Mclean Indoor Sports Centre costs has approved carry forward of \$447,000 and additional approved out of cycle budget of \$572,000 with costs to date of \$1,008,000.
- Hot water beach toilet facility has approved carry forward of \$218,000 with costs to date of \$211,000.
- Thames public convenience new replacement is under budget by \$118,000 .It is likely there will be no expenditure this year.
- Tairua Mary Beach wharf and boat ramp costs have approved carry forward of \$96,000 with costs to date of \$96,000. The project is now completed.

## Community Spaces and Development - non-financial performance measures

### Priority performance measures for the Thames Community Spaces:

- Civil Aviation Authority (CAA) safety requirements are achieved.
- Wharves are assessed in satisfactory condition (condition grades 1,2 and 3).
- Percentage of playground assets complying with safety standards.
- Thames Pool meets safe accreditation standards.

### Priority performance measures for the Coromandel-Colville Community spaces:

- Wharves are assessed in satisfactory condition (condition grades 1,2,or 3).
- Percentage of playground assets complying with safety standards.

### Priority performance measures for the Mercury Bay Community spaces:

- Wharves are assessed in satisfactory condition (condition grades 1,2 or 3).
- Percentage of playground assets complying with safety standards.

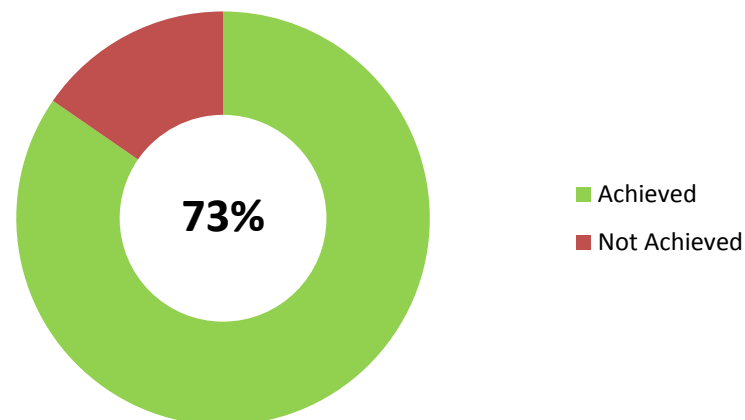
### Priority performance measures for the Whangamata Community Spaces:

- Wharves are assessed in satisfactory condition (condition grades 1,2 or 3).
- Percentage of playground assets complying with safety standards.

### Priority performance measures for Tairua-Pauanui Community spaces:







- Civil Aviation Authority (CAA) safety requirements are achieved.
- Wharves are assessed in satisfactory condition (condition grades 1,2 or 3).
- Percentage of playground assets complying with safety standards.

## Priority Performance Measures



Status	Performance measure	Service performance
●	Wharves are assessed in satisfactory condition (condition grades 1,2 or 3)	Results - Not Achieved Thames Wharf, Coromandel Wharf. Thames and Coromandel Wharves sustained damage this year which require further work in the following financial year.

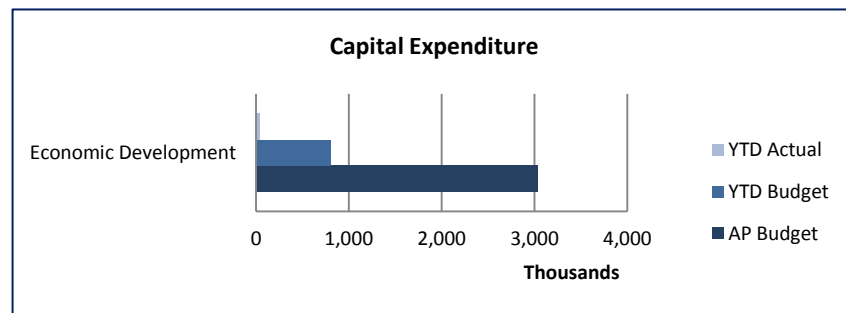
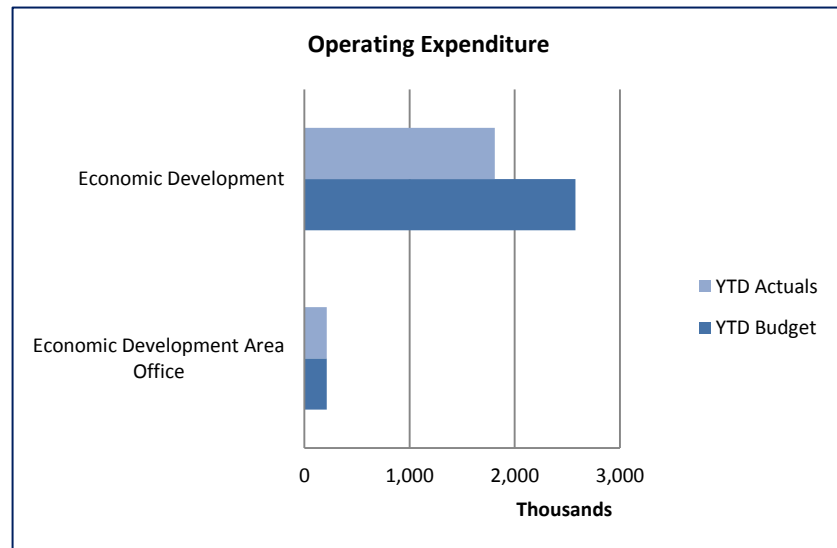
## Community Spaces and Development - Projects

Project	Status	Total project cost (actual)	Project budget to 30/6/2018	Comments or risks
Coromandel Hall renewals		87,427	250,000	Building consent and resource consent applications approved. Additional budget approved to cater for the full scope of work. Construction to start in February 2019. Pricing ongoing.
Matarangi boat ramp		200,057	198,549	Construction complete.
Whitianga sportsground		148,762	141,746	Construction of new lighting complete.
Royal Billy Point boat ramp/pontoon		58,058	64,878	All consent applications approved. Tender process current. Expected construction start date July/August 2018.
Williamson Park redevelopment		42,196	183,822	The event resource consent has been submitted. A letter drop to all Whangamata residents has been sent out. The Community Board has also developed a policy for Williamson Park, setting out the types of events that have preference and timeframes for concerts. Shade structures are being installed in the park.
New/replacement toilet - Grahamstown		206	118,413	Discussions with building owner underway to extend existing Cochrane Street public convenience. Project will not be completed this financial year.

# Economic Development Financial Measures

## Key Indicators - For the period ending 30 April 2018

<b>Operating Revenue</b> <h3>\$2.30m</h3>		-	<b>Operating Expenditure</b> <h3>\$2.02m</h3>		=	<b>Net Surplus/(-) Deficit</b> <h3>\$0.28m</h3>		<b>Capital Expenditure</b> <h3>\$0.04m</h3>	
<b>Favourable YTD</b> <span style="float:right">\$0.07m</span>			<b>Favourable YTD</b> <span style="float:right">\$0.77m</span>			<b>Favourable YTD</b> <span style="float:right">\$0.83m</span>		<b>Favourable YTD</b> <span style="float:right">\$0.77m</span>	
<b>Full year budget</b> <span style="float:right">\$2.98m</span>			<b>Full year budget</b> <span style="float:right">\$3.99m</span>			<b>Full year budget</b> <span style="float:right">(\$1.01m)</span>		<b>Full year budget</b> <span style="float:right">\$3.03m</span>	
<b>Full year forecast</b> <span style="float:right">\$2.98m</span>			<b>Full year forecast</b> <span style="float:right">\$3.99m</span>			<b>Full year forecast</b> <span style="float:right">(\$1.01m)</span>		<b>Full year forecast</b> <span style="float:right">\$3.03m</span>	



### Revenue

#### Favourable YTD made up of:

- Energy Efficiency has paid \$110,000 for contribution to electric car recharging stations.
- The balance of the variance is the difference between when we budget for rates revenue and when we receive it.

### Expenditure

#### Favourable YTD made up of:

- Expenditure on Te Ara O Hei is under budget by \$690,000 due to delays on resource consenting and reaching agreement with DOC on the Grange Road car park. This project has been put on hold. The remaining budget will be carried forward into the 2018/19 financial year.
- Expenditure on events is under budget by \$98,000. It is likely that the full budget will not be spent this financial year.
- Budgeted post treaty settlement ED strategy of \$53,000 and no costs to date. \$10,000 of this will be spent in the next month.
- Budgeted Vodafone/RBI partnership programme of \$50,000 with no costs this year. Commencement of the project is dependent on a request from one of the partners for Council to pay their commitment amount.
- Expenditure on commercial building condition assessment and seismic screening of \$32,000 for asset management planning which has not been budgeted.
- The remaining variance consists of a number of insignificant movements.

### Capital Expenditure

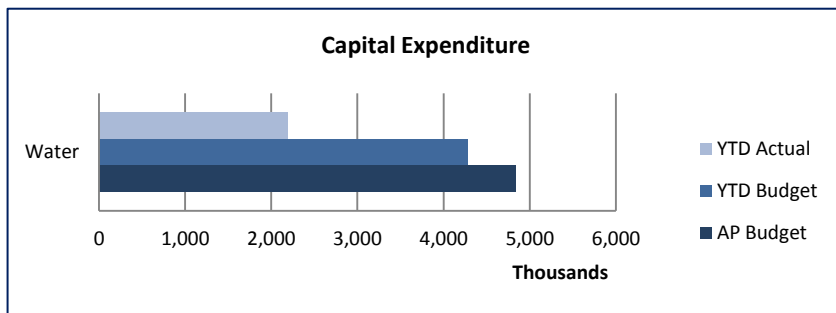
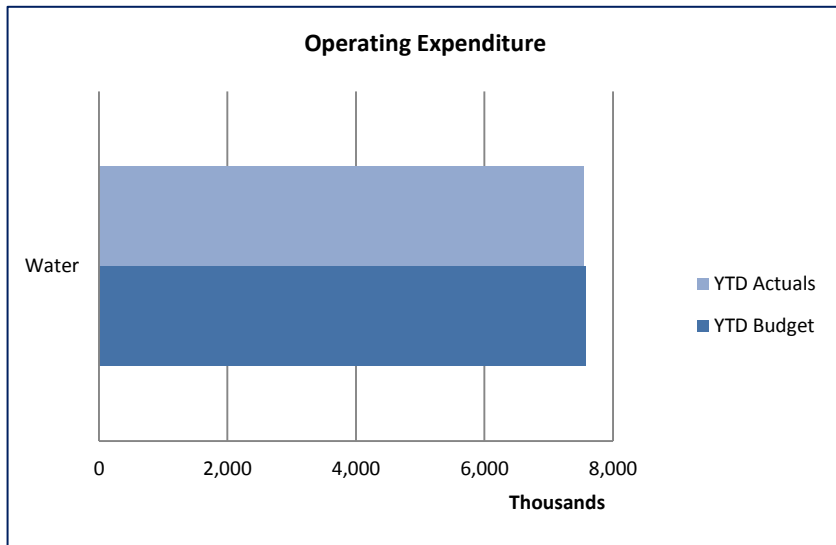
#### Unfavourable YTD made up of:

Lees Road car park seal development has a year to date budget of \$805,000 with \$37,000 spent. This project has been delayed by Council with priority first to sort out parking and other infrastructure improvements at Hahei. A resource consent application is being worked on this year and also 2018/19. This project has been deferred to LTP year 2.

# Water Financial Measures

## Key Indicators - For the period ending 30 April 2018

<b>Operating Revenue</b> <h3>\$9.38m</h3>		-	<b>Operating Expenditure</b> <h3>\$7.54m</h3>		=	<b>Net Surplus/(-) Deficit</b> <h3>\$1.84m</h3>		<b>Capital Expenditure</b> <h3>\$2.18m</h3>	
<b>Favourable YTD</b> <b>\$0.28m</b>			<b>Favourable YTD</b> <b>\$0.03m</b>			<b>Favourable YTD</b> <b>\$0.31m</b>		<b>Favourable YTD</b> <b>\$2.09m</b>	
<b>Full year budget</b> <b>\$9.33m</b>			<b>Full year budget</b> <b>\$9.0m</b>			<b>Full year budget</b> <b>\$0.32m</b>		<b>Full year budget</b> <b>\$4.83m</b>	
<b>Full year forecast</b> <b>\$9.33m</b>			<b>Full year forecast</b> <b>\$9.0m</b>			<b>Full year forecast</b> <b>\$0.32m</b>		<b>Full year forecast</b> <b>\$4.83m</b>	



**Revenue**  
**Favourable YTD made up of:**

- Targeted water rates received are \$182,000 more than budgeted. This is a timing difference.
- Contribution revenue received is \$73,000 more than budgeted.

**Capital Expenditure**  
**Favourable YTD made up of:**

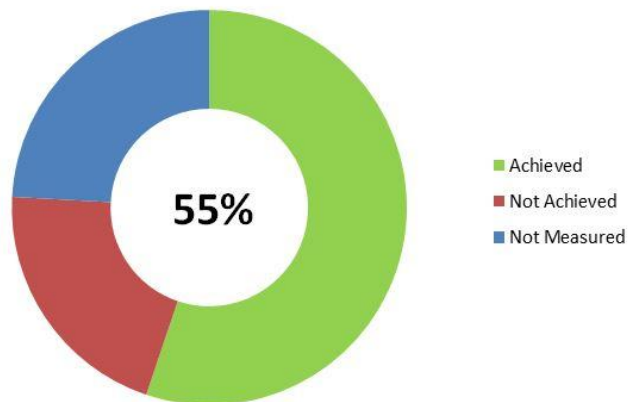
- Thames South water project is under budget by \$485,000.. Final works have been completed between Matatoki and Puriri. Drinking water standards upgrade project is under budget by \$1,084,000. Lutra has been appointed to lead the upgrade requirements for all of the plants except Whitianga. HG will peer review. Planning underway for other plants. HG is engaged for the Whitianga plant upgrade. Lutra will peer review. Tenders closed on 15 May. Contractor to be appointed in June 2018. Invited tenders closed on 7th May for procurement of UV units for all plants. Contract issued.
- Significant progress has been made in upgrading the SCADA capability. A total of \$1,589,000 is planned to be spent before the end of the financial year.
- Whangamata systems optimisation project is under budget by \$269,000. Commencement is scheduled for May / June 2018.
- Water renewals is underspent by \$256,000. This budget is for the Whitianga town centre upgrade and it is likely that this will not be spent this year.

## Water - non-financial performance measures

### Priority performance measures for Water:

- Compliance with drinking water standards (bacteria and protozol).
- Percentage of real water loss from the local authority's network reticulation system.




**Priority Performance Measures**



Status	Performance measure	Service performance
●	Compliance with drinking water standards (bacteria, part 4 of the standards)	Target - Not Compliant for Matarangi, Whitianga, Hahei, Tairua and Pauanui Result - Compliant These towns were completed ahead of schedule therefore the target and result do not match. There are still supplies that are not compliant but are planned to be addressed as part of the Drinking Water Standards upgrade project.
●	Percentage of real water loss from the local authority's networked reticulation system	Target - Pauanui ≤13%, Result - Pauanui 23%



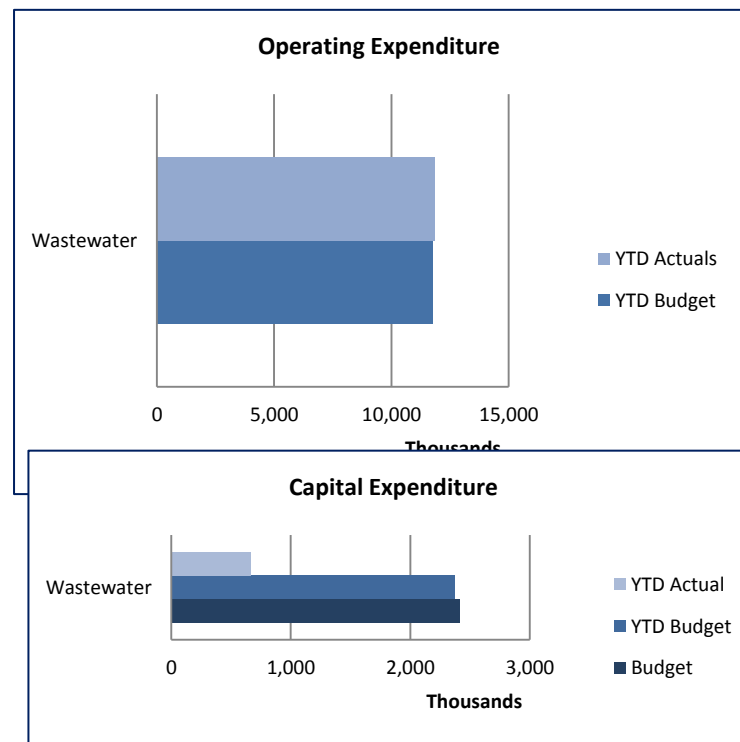
## Water - Projects

Project	Status	Total project cost (actual)	Project budget to 30/6/2018	Comments or risks
Thames South Water		433,249	922,593	Pipe installation contract underway and to be completed by June 2018.
Whangamata system optimisation		13,423	302,500	Three packages of work scoped, with two to be delivered by June 2018. Additional reservoir on Pacific Heights and upgrade to Herbert Road reservoir tender issued.
Drinking Water Standards upgrades		1,037,708	2,610,993	Contractor for Whitianga WTP to be appointed in June 2018. Project planning underway for other plants. Procurement of UV units for other plants complete.

# Wastewater Financial Measures

Key Indicators - For the period ending 30 April 2018

<b>Operating Revenue</b> <h2 style="text-align: center;">\$16.02m</h2>		-	<b>Operating Expenditure</b> <h2 style="text-align: center;">\$11.85m</h2>		=	<b>Net Surplus/(-) Deficit</b> <h2 style="text-align: center;">\$4.18m</h2>		<b>Capital Expenditure</b> <h2 style="text-align: center;">\$0.66m</h2>	
<b>Favourable YTD</b> <span style="float: right;"><b>\$0.09m</b></span>			<b>Unfavourable YTD</b> <span style="float: right;"><b>\$0.09m</b></span>			<b>Unfavourable YTD</b> <span style="float: right;"><b>(\$0.m)</b></span>		<b>Favourable YTD</b> <span style="float: right;"><b>\$1.72m</b></span>	
Full year budget	\$16.21m		Full year budget	\$14.07m		Full year budget	\$2.14m	Full year budget	\$2.42m
Full year forecast	\$16.21m		Full year forecast	\$14.07m		Full year forecast	\$2.14m	Full year forecast	\$2.42m



### Revenue

#### Favourable YTD made up of:

- The difference between when we budget for rates revenue and when we actually receive it.

### Expenditure

#### Unfavourable YTD made up of:

- Contract provisional costs are over budget by \$260,000. Contract costs are up on last year costs by 21%. The Infrastructure team are monitoring this budget closely. Biosolids Whitianga operations costs are under budget by \$112,000 due to the closure of the compactor.
- Investigation fees are under budget by \$66,000.
- The remaining variance consists of a number of insignificant movements.

### Capital Expenditure

#### Favourable YTD made up of:

- Wastewater renewals is under budget by \$1,127,000. The following projects are being worked on:
  - Whitianga CBD WW Rising Main Replacement
  - Cooks Beach WWTP Amenities Upgrade
  - Whitianga WWTP MCC Room Fire Suppression Upgrade
  - Whitianga Jackman Ave WWPS Generator
  - Tairua WWPS Oceania Heights Switchboard Replacement
  - Replacement of Thames Albert Street WWPS Switchboard - Programme works
  - Onemana WWTP Screen Replacement
  - Control Carbine Replacement in Whangamata x 2

It is expected that all of this budget will be spent this financial year.

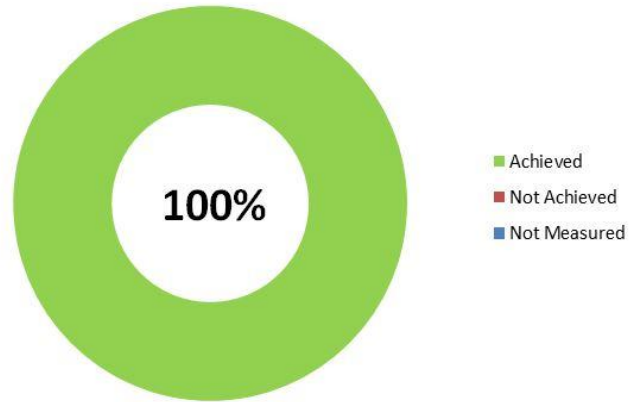
- Wastewater Matarangi Treatment aeration and disposal is under budget by \$383,000. This project has been delayed because an upgrade to the power supply is required before work can commence. From April the plan is to progress procurement including power, MFU Cartridge replacement / refurbishment and replacement of aerators with more efficient models and complete the project this financial year.
- Wastewater Hahei treatment plant upgrade is under budget by \$223,000. Initial delays with this project, a number related to the timeframes around the recently granted discharge consent, have slowed progress. Delivery of screen and possible installation of electrical/SCADA cabinet and completion electrical upgrade works in May. This project is now progressing and will be completed this financial year.

## Wastewater - non-financial performance measures



### Priority performance measures for Wastewater:

- Number of dry weather sewerage overflows from the territorial authority's sewerage system.
- Number of operational resource consent conditions not complied with throughout the year.

### Priority Performance Measures



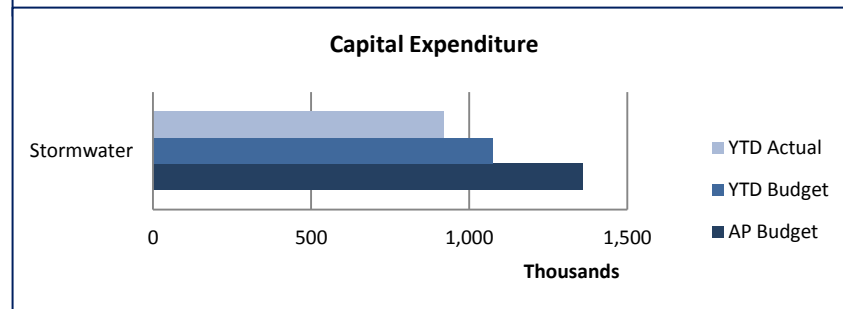
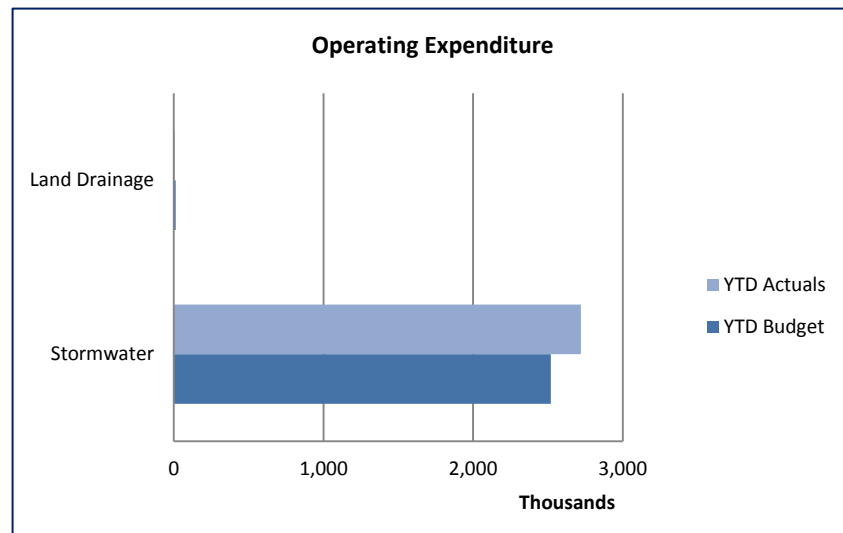
## Wastewater - Projects

Project	Status	Total project cost (actual)	Project budget to 30/6/2018	Comments or risks
Matarangi treatment aeration and filters		24,639	410,160	Baffle curtains and aerators installed. Upgrade of the screen underway. Power upgrade with power contractor to be completed by 30 June 2018.
Hahei treatment plant upgrade		121,625	350,343	Baffle curtains and aerators have been installed. Additional works required to install amenities building. To be completed by June 2018.

# Stormwater Financial Measures

## Key Indicators - For the period ending 30 April 2018

<b>Operating Revenue</b> <h3>\$3.25m</h3>		<b>Operating Expenditure</b> <h3>\$2.73m</h3>		<b>Net Surplus/(-) Deficit</b> <h3>\$0.52m</h3>		<b>Capital Expenditure</b> <h3>\$0.92m</h3>	
<b>Favourable YTD</b> <b>\$0.03m</b>		<b>Unfavourable YTD</b> <b>(\$0.19m)</b>		<b>Unfavourable YTD</b> <b>(\$0.16m)</b>		<b>Favourable YTD</b> <b>\$0.15m</b>	
Full year budget	\$3.22m	Full year budget	\$3.08m	Full year budget	\$0.14m	Full year budget	\$1.36m
Full year forecast	\$3.22m	Full year forecast	\$3.08m	Full year forecast	\$0.14m	Full year forecast	\$1.36m



### Expenditure

#### Unfavourable YTD made up of:

- Unbudgeted settlement costs relating to Quipco stormwater pipeline works with Whitianga Waterways on completion of stage 8 (\$134,000). However, funding for these costs are in a reserve and will be applied at year end.
- Storm damage costs of \$74,000 which were not budgeted for.
- The remaining variance consists of a number of insignificant movements.

### Capital Expenditure

#### Favourable YTD made up of:

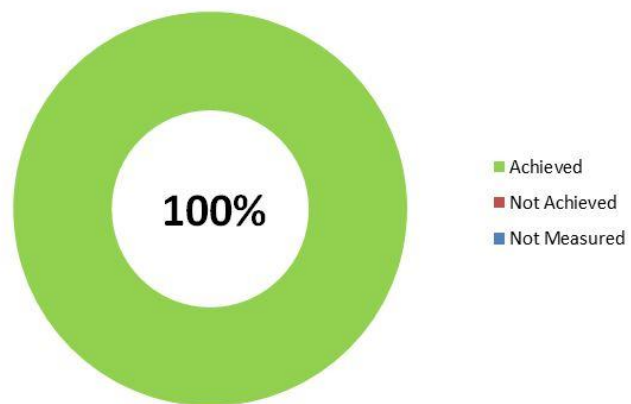
- Costs of stormwater improvements for property around Sarah Avenue is \$534,000 with approved carry forward budget of \$577,000. Work to be completed by end of June 2018.
- District wide renewals is under budget by \$689,000. This budget has been partly allocated to the Whitianga town centre upgrade. Costs of up to \$400,000 will be incurred in May/June 2018 period. The remainder of the budget is planned to be spent this financial year on other projects.

## Stormwater - non-financial performance measures

### Priority performance measures for Stormwater:

- For each flooding event the number of habitable floors affected.
- Number of operation resource consent conditions not complied with throughout the year.

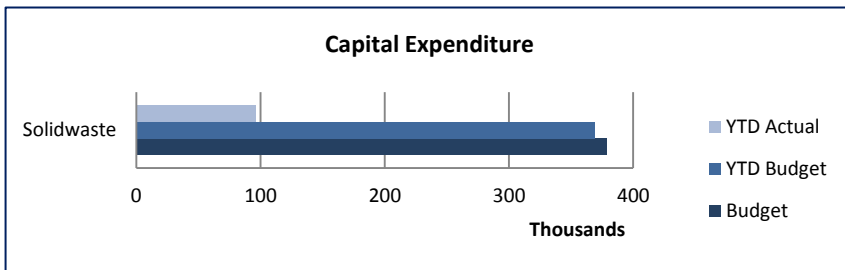
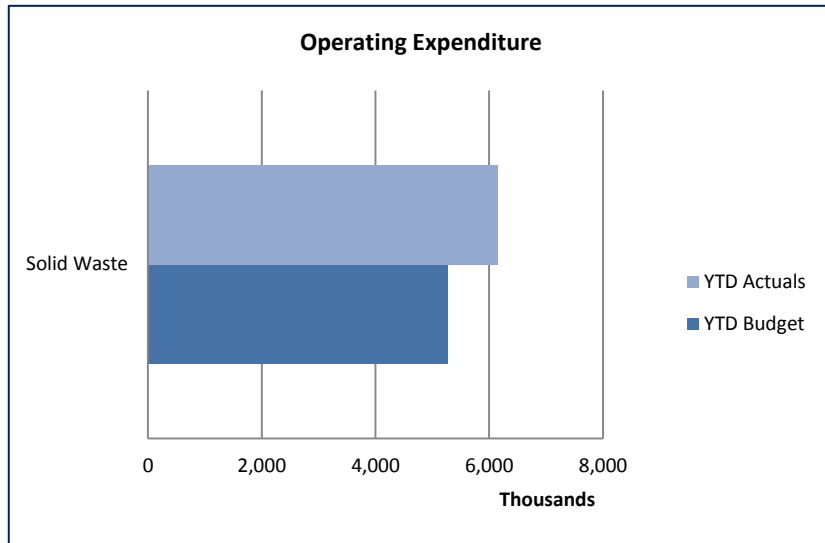
### Priority Performance Measures



# Solid Waste Financial Measures

Key Indicators - For the period ending 30 April 2018

<b>Operating Revenue</b> <h2 style="text-align: center;">\$7.15m</h2>		-	<b>Operating Expenditure</b> <h2 style="text-align: center;">\$6.15m</h2>		=	<b>Net Surplus/(-) Deficit</b> <h2 style="text-align: center;">\$1.m</h2>		<b>Capital Expenditure</b> <h2 style="text-align: center;">\$0.1m</h2>	
<b>Favourable YTD</b> <span style="float: right;"><b>\$0.83m</b></span>			<b>Unfavourable YTD</b> <span style="float: right;"><b>(\$0.87m)</b></span>			<b>Unfavourable YTD</b> <span style="float: right;"><b>(\$0.05m)</b></span>		<b>Favourable YTD</b> <span style="float: right;"><b>\$0.27m</b></span>	
Full year budget	\$6.72m		Full year budget	\$6.34m		Full year budget	\$2.85m	Full year budget	\$0.38m
Full year forecast	\$6.72m		Full year forecast	\$6.34m		Full year forecast	\$2.85m	Full year forecast	\$0.38m



### Revenue

#### Favourable YTD made up of:

- Fees from transfer stations are over budget by \$407,000. Fee collections are 12% up on this time last year. Revenue is up in Whitianga, Tairua & Pauanui.
- Solid waste collection revenue is over budget by \$189,000. Bag sales revenue is comparable with the same YTD period last year.
- Development contribution revenue is \$223,000 with no budget provided for this year.

### Expenditure

#### Unfavourable YTD made up of:

- Transfer station costs are over budget by \$731,000. Consisting of green waste disposal & transport is \$154,000 over budget. These are partly due to the closure of the compactor and high transport costs taking waste to Tuakau. An alternative location is now being considered which will reduce costs when negotiations are completed. In addition contract transport costs and disposal fees are \$375,000 over budget and RTS maintenance costs are \$161,000 with no budget provided. RTS maintenance is increasing with the ageing of equipment and involves constant repairs to compactors, barriers, fencing and roads. Note revenue increase of \$407,000 partly covers this increase in costs.
- Solid waste disposal levy costs are over budget by \$107,000 for the grant given to the Seagull Centre Ltd for waste minimisation funding.

### Capital Expenditure

#### Favourable YTD made up of:

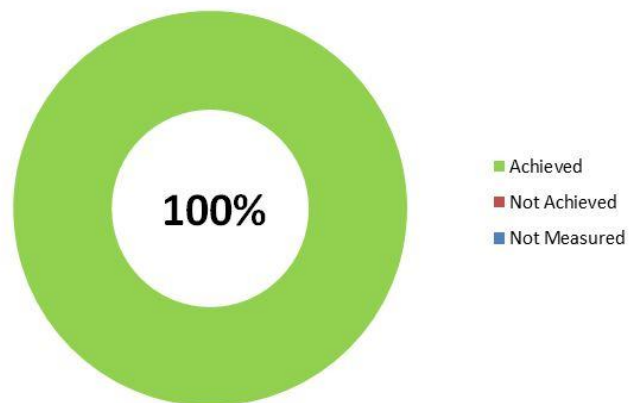
- Solid waste RTS improvements are under budget by \$149,000. Delays due to resource consent issues with expenditure to now commence later in 2018.
- Whitianga transfer station is under budget by \$89,000. Resource issues have delayed commencement. Decision has yet to be made by the Infrastructure Manager as to whether the transfer station should be upgraded or relocated. This decision will be made in the next few months.

## Solid Waste - non-financial performance measures

### Priority performance measures for Solid Waste:


- Kilogram of Council controlled waste per rating unit being disposed of to landfill.
- Number of formal warnings issued by the Waikato Regional Council for non-compliance with resource consent/s.

### Priority Performance Measures















## Solid Waste - Projects

Project	Status	Total project cost (actual)	Project budget to 30/6/2018	Comments or risks
Whitianga refuse transfer station improvements		1,500	150,000	Staff now working with an external consultant to obtain a proposal for investigation and design work in the 2018/19 financial year.

## Top 10 Infrastructure Projects

Below is a status update on the top 10 infrastructure projects that are not included in the activity sections of this report. Note that 6 weekly updates of the Community Facilities projects are provided in the Community Board agendas.

Project	Status	Total project cost (actual)	Project budget to 30/6/2018	Comments or risks
Roading - pavement treatment		953,795	1,666,500	Work was completed on Colville Road and Port Charles Road during May 2018. Delays starting the Wentworth Valley Road AWT site has meant that this work deferred until mid-September due to the risks presented by current weather and ground conditions.
Wastewater - district renewals		405,050	1,555,918	A significant portion of this budget has been allocated to the relining of pipes in Thames and staff are confident that budgeted expenditure will be achieved. Work in Whitianga will be completed in 2018/19 as previously advised.
Stormwater - district renewals		384,736	1,358,523	Renewals associated with the Sarah Avenue project will see expenditure in the order of \$300,000 In June 2018 and this project will be completed by the end of June 2018. Work in Whitianga will be completed in 2018/19 as previously advised.
Roading - maintenance chip seals		1,031,480	1,026,000	The chip sealing programme was completed in December 2017.
Water - district renewals		539,909	947,747	It is expected that Veolia will complete and invoice \$360,000 in May and June. The contract for renewals in Albert Street/Brown Street, Thames will be committed. Work in Whitianga will be completed in 2018/19 as previously advised. Veolia are expediting work.

Project	Status	Total project cost (actual)	Project budget to 30/6/2018	Comments or risks
Roading - major drainage control		722,884	707,325	The majority of the work programme has been completed with approximately 10% remaining to be completed before year end.
Roading - minor safety projects		593,941	660,677	On track to be completed before 30 June 2018.
Roading - unsealed road wearing course replacement		290,336	650,000	The programme is behind schedule, however all work is still planned for completion by year end.
Roading - thin AC surfacing		187,047	502,500	Annual asphalt resurfacing was completed in December. The balance of the budget is allocated for the Whitianga town centre upgrade project, where the asphalt paving component of that project is scheduled for completion in June.
Roading - unsealed road basecourse replacement		381,880	450,000	The programme is behind schedule, however all work is planned for completion by year end.