

QLDC Council
28 July 2016

Report for Agenda Item: 11

Department: Finance and Regulatory

Budget Carry Forwards for 2016/17

Purpose

The purpose of this report is to adjust the budget for the 2016/17 financial year as a result of requests for budget carry forwards.

Recommendation

That Council:

1. **Notes** the contents of this report; and
2. **Authorises** adjustments to the budgets for the 2016/17 financial year in order to provide for capital expenditure carry forwards of \$23,295,563 [included in Attachment A.]

Prepared by:



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13/07/2016

Reviewed and Authorised by:



Stewart Burns
General Manager,
Finance and Regulatory

13/07/2016

Background

1. In some instances, it will not be possible to complete all capital projects within original time-frames. Where projects have not been completed by 30 June 2016, the budget manager must request that funding be carried forward from 2015/16 to 2016/17.
2. Once the carry forward is approved, the budget for 2016/17 is then adjusted.

Carry Forwards 2016/17

3. The process for approving carry forwards for inclusion in the 2016/17 budget is as follows:

- a. Initial requests for carry forward called for by 6 July 2016;
 - b. Carry forward requests reviewed by Chief Executive and Chief Financial Officer;
 - c. Requests for carry forward endorsed by executive are prepared for consideration by full Council;
 - d. Final requests for carry forward updated for latest financial data;
 - e. Consideration by full Council on 28 July 2016
4. The instructions given to budget managers regarding requests for carry forwards are as follows:
- i. The amount of carry forward is limited to the total amount of unspent capital budgets for the GL activity in question.
 - ii. Applications for carry forward must relate to the original approved project.
 - iii. Budgets comprising provisions (with no defined projects) will not be considered for carry forward.
5. In addition to these basic principles, the executive sought to minimise carry forwards by testing requests against provision of budgets in the 2016/17 year.
6. Most of the final carry forwards reflect the situation where the project is committed and is underway but incomplete at 30 June 2016.

Options

7. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
8. Option 1: Authorise the Carry Forwards and adjust the 2016/17 budget.
9. Advantages: Provides budget for previously approved projects in the year that the work is carried out.
10. Disadvantages: None
11. Option 2: Do not authorise the Carry Forwards and do not adjust the 2016/17 budget.
12. This report recommends **Option 1** for addressing the matter as it will allow projects already committed to and underway to be completed.

Significance and Engagement

13. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because all of these projects were subject to the Annual Plan process, which requires the Special Consultative Process, and as such no wider consultation is required.

14. This matter relates to the strategic risk SR1: Current and future development needs of the community, as documented in the Council's risk register. The risk is classed as high. This matter relates to this risk because it provides for the delivery of Council's capital programme, which has been developed to meet the community's needs.

Financial Implications

15. The total of the carry forward requests approved by senior executives is \$23.29m (2015: \$12.18m) with half of this sitting in Infrastructure Services \$9.97m (2015: \$10.49m) and a further \$8.5m as a result of project timing for both the Wanaka Recreation Centre and Wanaka Aquatic Centre.

16. The financial impact on approved budgets for 2016/17 is neutral because the approved funding from 2016/17 is also brought forward. The funding will be a mix of loans, transfers from reserves (depreciation, development contributions and land sales), NZTA subsidy and rates.

Council Policies, Strategies and Bylaws

17. The following Council policies, strategies and bylaws were considered:

- 10 Year Plan 2015-25, Annual Plan 15-16.

18. The recommended option is consistent with the principles set out in the named policy/policies.

Local Government Act 2002 Purpose Provisions

19. The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by providing budget for the completion of the 2015-16 capital programme;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

20. The persons who are affected by or interested in this matter are residents/ratepayers of the Queenstown Lakes district community.

21. These projects were all subject to the Annual Plan process, which requires the Special Consultative Process, and as such no wider consultation is required.

Attachments

A Combined Carry Forwards for 2016/17

CAPEX CARRY FORWARDS 15/16 TO 16/17

CARRY FORWARDS PREVIOUSLY INDICATED

Line #	Programme	Project Code	Project Description			
1	Venues and Facilities	000171	Wanaka Airport			
2	Refuse	000190	Composting System / Dump Station			
3	Storm Water	000318	Frankton Flats Stormwater - Construction			
4		00050	Bremner Park Stormwater Upgrade			
5	Transport	000284	Andrews Road Safety Improvements			
6		000078	Beacon Point Road - Upgrade			
7		000243	Resilience - Glenorchy Road - Paradise R			
8		000079	Wanaka Mt Aspiring Road Widening and Dra			
9	Parks and Reserves	000273	Jack Reid Park Upgrades			
10		000337	Estate of Joan Mary Anderson			
11		000269	Glendhu Bay Track			
12		000253	Tiki Trail to Skyline top of hill Track			
13	Waste Water	000324	Gordon Road Pump Station Upgrade			
14		000042	Wanaka Airport Pump Station (Upgrade to			
15		000022	Project Shotover - Stage 1 (Option A)			
16	Water Supply	000014	Mt Aspiring Rd booster to address fire f			
17		000281	Rising Main - Shotover Country to Glenda			
18		000279	Shotover Country WS - Bore			
19		000280	Shotover Country WS - Treatment			

Carry Forward June 16	Carry Forward Prev Indicated	Proposed Total Carry Forward	Comments
	90,000	90,000	Carry forward previously indicated for water supply and wastewater reticulation
	27,500	27,500	Decision to be made around the overall management of the recycling station and transfer station.
-55,053	1,767,840	1,712,787	Eastern Access Road project delayed. Delays due to land designations & awaiting funding approval from NZTA. Adj to prev c/f amount.
	59,000	59,000	Tender declined due to insufficient budget in 15/16, to be completed with additional budget approved for construction in 16/17.
	270,000	270,000	Total Budget 16/17 \$300,000 (additional \$130K approved through internal submission process)
	180,000	180,000	Total Budget 16/17 \$270,000 (additional \$90K approved through internal submission process)
23,800	175,800	199,600	Carry forward budget to complete design and prepare tender document. Adj to prev c/f amount.
	160,000	160,000	Total Budget 16/17 \$300,000 (additional \$140K approved through internal submission process)
	192,511	192,511	ACSC Trust has been advised that \$180K is available for carpark upgrade.
	112,461	112,461	Working through options with the Trust and Council.
	9,000	9,000	Project deferred to next year. Combine with 16/17 programme. Budget to be carried forward.
	35,000	35,000	Parks team working through design options with stakeholders.
	34,500	34,500	Carry forward previously indicated for investigation works into options 16/17. Proposed to be combined with the following projects below: Edgewater gravity sewer upgrade, Wanaka WW Golf Course Road and Wanaka WW upgraded Aubrey Road projects. Total carry forward \$207,000
	45,000	45,000	
-2,897,787	7,233,409	4,335,622	Request funds to be brought back to 15/16 to cover \$3.3m claim for June. Contractor has recovered one month on programmed schedule.
-2,330	233,685	231,355	Adjustment to carry forward previously indicated.
-27,146	87,000	59,854	Adjustment to carry forward previously indicated.
-5,940	20,000	14,060	Adjustment to carry forward previously indicated.
13,070	14,000	27,070	Adjustment to carry forward previously indicated.
-3,121,386	10,916,706	7,795,319	

ADDITIONAL CARRY FORWARDS - JUNE 2016

	Programme	Project Code	Project Description	Budget 2015-16	Actuals 2015-16	Var Budget less Actual
20	Buildings	000235	Emergency Stand By Power	20,380	2,776	17,604
21		000109	Hawea Flat Hall - Extension	64,500	0	64,500
22		000296	Wanaka Dog Pound	7,133	2,253	4,880
23		000338	Wanaka Lakefront Reclamation	225,941	16,578	209,364
24		000298	Wanaka Works Depot	15,285	2,232	13,053
25		000193	Narrows Ferry	73,000	1,766	71,234
26		000237	Lake Wanaka Centre - Renewals	150,000	106,396	43,604
27	Camp Grounds	000155	Arrowtown Campground - Minor Capex	30,000	0	30,000
28	Land	000340	Commonage Subdivision	79,587	0	79,587
29	Parks and Reserves	000341	Albert Town Bridge Track link	17,500	0	17,500
30		000254	Around QT Gardens	35,000	675	34,325
31		000342	Arrow Junction to Arrowtown Trail renewal	35,000	21,209	13,791
32		000271	Hawea Track	45,000	36,705	8,295
33		000258	Lake Hayes Link	20,500	0	20,500
34		000256	Lower Shotover Road to Arrowtown	43,000	3,621	39,379

Carry Forward June 16	Proposed Total Carry Forward	Comments
17,604	17,604	Design (\$15,000) and consenting (\$5,000) still underway, construction in 16/17 of \$130,000
64,500	64,500	Consenting complete and construction tendered. Budget not sufficient to complete extension works. WCB supportive of reallocating budget to install heat pumps and electrical works (\$15k), painting ceiling (\$15k) with balance to fund new entrance way to hall, install of accessible toilet as a priority.
4,880	4,880	Sealing of driveway complete. Further Resource Consent terms being implemented to comply with consent.
209,364	209,364	Project scheduled for completion June 2017. \$1.1m budget in 16/17 for construction
5,000	5,000	Carry forward remaining balance to cover committed costs. Project scheduled for completion July 16.
71,234	71,234	No material progress in 16/17 and consent declined.
27,820	27,820	Exterior painting was not delivered in the 16/17 year and cannot be completed in until Spring 17. Quote has been received.
30,000	30,000	Budget transfer approved 24/6 Council Workshop to complete urgent re-plumbing works.
79,587	79,587	Project delayed. Carry forward balance to 16/17.
17,500	17,500	
34,325	34,325	
13,791	13,791	
8,295	8,295	Contracted works delayed due to weather. Work scheduled to be completed in Aug-Oct 2016.
20,500	20,500	
39,379	39,379	

	Programme	Project Code	Project Description	Budget 2015-16	Actuals 2015-16	Var Budget less Actual
35		000257	Arrow River Centennial Trail	32,490	6,846	25,644
36		000208	Earnslaw park - turf renovation/sandcarp	105,000	89,014	15,986
37		000214	Frankton Toilet - Replace with Exeloo	10,000	0	10,000
38		000270	Gladstone Track	16,000	0	16,000
39		000334	Jardine Park Playground - Kelvin Heights	30,000	20,520	9,480
40		000248	Lower Shotover Cemetery - new beams	108,000	41,367	66,634
41		000268	Pembroke Park Improvements - path/track	114,000	97,750	16,250
42		000249	Playground Renewal Arthurs Point Mc Alli	44,000	17,050	26,950
43		000252	Playground Renewal Kingston	122,300	11,866	110,434
44		000255	Shotover Bridge to Morven Ferry	105,000	83,059	21,941
45	Transport	000178	Atley Rd Extension	205,000	0	205,000
46		000081	Brownston Street Parking	266,112	251,422	14,690
47		000217	Crown Range SPR - Minor Improvements	28,600	3,849	24,751
48		000082	Eastern Access Road EAR- Hawthorne Drive	2,392,380	1,257,834	1,134,546
49		000074	Glenorchy SPR - Minor improvements	67,835	10,608	57,228
50		000306	GORGE ROAD - Sealed Road Pavement Rehab	377,650	359,883	17,767
51		000179	Inner Links Stage 1 and 2 - Melbourne H	95,492	36,584	58,908
52		000244	Resilience - Crown Range Road Land Instability Investigatic	50,200	35,801	14,399
53		000086	Upper Ardmore Street Furniture	21,000	5,727	15,273
54		000063	WAKATIPU - Sealed road pavement rehabili	180,000	158,680	21,320
55		000076	Wakatipu - Unsub Minor Improvements	343,000	223,396	119,604
56		000077	Wanaka Unsub - Minor Improvements	222,871	98,636	124,236
57	Venues and Facilities	000232	Arrowtown Athenaeum Hall - Painting	30,570	0	30,570
58		000233	Arrowtown Athenaeum Hall - Roof	50,000	0	50,000
59		000307	Arrowtown Athenaeum Hall Seismic Strengt	235,000	17,157	217,843
60		000234	Arrowtown Hall - sound equipment	10,190	0	10,190
61		000112	Arrowtown Hall Improvements - flooring, vanities	44,000	0	44,000
62		000225	Wanaka Aquatic Centre	6,814,210	1,388,108	5,426,102
63		000105	Wanaka sports facilities building	11,974,000	8,870,698	3,103,302
64	Waste Water	000164	Cardrona New Wastewater Scheme	421,000	390,349	30,651
65		000033	Edgewater Gravity Sewer Upgrade	322,485	281,399	41,086
66		000044	Wanaka Wastewater - Golf Course Road	65,000	6,616	58,384
67		000032	Wanaka Wastewater - Upgraded Aubrey Rd W	119,500	89,381	30,119
68		000037	Glenorchy New Wastewater Scheme	261,750	146,082	115,669
69		000036	Lake Hawea connection to Project Pure	25,000	946	24,054
70	Water Supply	000017	Albert Town Ring Main	953,214	720,657	232,557
71		000330	Cardrona New Water Supply Scheme	241,000	38,904	202,096
72		000311	Fernhill Reservoir Land Access	70,000	0	70,000
73		000173	Hawea Water Upgrades - Intake to Scott's	398,349	384,129	14,219
74		000012	Water Supply - Renewals - Lake Hayes	182,020	113,527	68,493
75	Library	000123	Arrowtown Library renewals	58,000	3,507	54,493
76	Knowledge Mgmt	000153	QLDC website	28,551	3,608	24,943

Carry Forward June 16	Proposed Total Carry Forward	Comments
25,644	25,644	Delays due to weather & changes to project scope. Work scheduled to be completed August 2016.
15,986	15,986	To be carried forward to complete further works scheduled September 2016.
10,000	10,000	Design & scoping work still in progress. Completion August 2016
16,000	16,000	Original contract terminated due to poor performance. Delays due to re-awarding the contract. Work scheduled to be completed end of August 2016.
9,480	9,480	Carry forward due to equipment and weather delays. Completion due Sept 2016.
66,634	66,634	Carry forward due to changes in project scope and delays in weather for chip sealing.
16,250	16,250	Work scheduled to be complete September 16. Vegetation reinstatement planned for spring.
26,950	26,950	Carry forward due to equipment and weather delays. Completion Sept 2016
110,434	110,434	Project delayed due to Community consultancy challenges. Work starting in July with completion due Dec 2016.
21,941	21,941	Delays due to weather & changes to project scope. Work scheduled to be completed in August 2016.
205,000	205,000	Developer reimbursement required for outstanding QLDC contribution in relation to Atley Road extension
14,690	14,690	Work scheduled to be complete September 16. Vegetation reinstatement planned for spring.
24,751	24,751	Install Camera/Weather Station on Crown Range to decrease costs of patrolling the SPR. Waiting on Resource consent approval.
1,134,546	1,121,546	Construction start delayed to 16/17. Delays due to land designations & awaiting funding approval from NZTA.
57,228	57,228	Progress with detailed design work on Bennetts Bluff with construction planned 16/17. Requesting NZTA budget brought forward to 16/17.
17,767	17,767	Budget required to cover remedial works around the stream and planting in spring. NZTA budget available
58,908	58,908	Carry forward budget to match NZTA funding.
14,399	14,399	Progress with design work. NZTA budget approved.
15,273	15,273	Carry forward all residual budget to cover PO and contract commitments.
18,000	18,000	To complete investigation work into land instability on the southern end of the Gorge Rd rehab site. NZTA budget available.
119,604	119,604	Carry forward remaining budget to supplement Bennetts Bluff project.
124,236	124,236	Carry forward remaining budget to supplement Wanaka Mt Aspiring Road Widening project.
30,570	30,570	Carry forward remaining balances to cover committed costs. Project scheduled for completion September 16.
50,000	50,000	
217,843	217,843	
10,190	10,190	
44,000	44,000	
5,426,102	5,426,102	\$6.2m was b/f from 16/17 per council resolution 30/6/15. Carry forward balance back to 16/17
3,103,302	3,103,302	Carry forward balance to complete project
30,651	30,651	Carry forward all residual 15/16 design budget. \$692k in 16/17 budget for Construction
41,806	41,806	Carry forward previously indicated above for Wanaka Waste Water totalling \$79,500. Proposal is to combine these 3 projects with these projects above for a total carry forward of \$207,000.
58,384	58,384	
27,500	27,500	
115,669	115,669	Carry forward all residual 15/16 design budget. \$5.9m in 16/17 budget for Construction
24,054	24,054	Carry forward all residual funds. APL managing project, including Resource Consent. Scheduled to be complete by December 16.
232,557	232,557	Claims, MSQA, Surveying, retentions have yet to be invoiced. Also Council internal overheads NFY. Carry forward all residual budget to cover commitments and internal costs.
202,096	202,096	Carry forward all residual budget to cover order commitments and proposed acquisition.
69,000	69,000	Further investigation work is required before construction can occur.
14,219	14,219	To cover costs for O&M manuals from Veolia and vegetation reinstatement in spring.
48,567	48,567	Complete construction of Rising Main By-pass LHE. Ordered items have not been delivered to NZ yet.
54,493	54,493	Work commenced late June and will be completed in August 2016
24,943	24,943	Due to the availability of external resource through 15/16 and change of staff several projects have not been able to be commenced, these are: New system for agendas and minutes, upgrade to SilverStripe which is the new website operating platform, stage 2 of the health and fitness booking software, speed optimisations and navigation enhancements.

	Programme	Project Code	Project Description	Budget 2015-16	Actuals 2015-16	Var Budget less Actual
77		000146	Business Continuity - Knowledge Management	108,867	2,230	86,637
78	Convention Centre	000283	Convention Centre - Stormwater Upgrades	25,000	12,523	12,478
79		000276	Queenstown Convention Centre - construction	2,241,800	510	2,241,290
80		000286	Convention Centre - Other Infrastructure	139,094	0	139,094
81		000148	Lakeview Development	360,764	96,165	264,599
82		000285	Convention Centre - Transportation Upgra	175,700	0	175,700
				31,153,821	15,570,597	15,563,223

Carry Forward June 16	Proposed Total Carry Forward	Comments
86,637	86,637	Disaster Recovery planning consultancy and primary server room move (Gorge Road – QEC) were projects not delivered in 2015/16. Timeframes for delivery have been pushed into 2016/17 to align with the availability of the QEC generator. \$86,637 has been allocated to the above projects and therefore required to be carried forward. Current 2016/17 Business Continuity capital projects (Backup Server and disk/tape system, cloud backup and Business Continuity consultancy) will also be delivered as planned.
12,478	12,478	
2,241,290	2,241,290	
139,094	139,094	Project delayed due to funding
264,599	264,599	
175,700	175,700	
15,513,743	15,500,243	

Total

\$ 23,295,563

	15/16 Budget Tracking
Summary	
Original 15/16 budget (incl 14/15 carry forwards)	69,770,353
Council resolution 30/6/15 on Wanaka Aquatic Ctr	6,213,000
Other changes (incl. brought forward budgets)	990,050
	76,973,403
15/16 Actual Expenditure	45,827,052
Var Budget less Actual	31,146,351
Additional carry forward requested	23,295,563
Includes:	
- Wanaka Recreation Centre	3,103,302
- Wanaka Aquatic Centre	5,426,102
- Project Shotover	4,335,622
- EAR	2,834,333
- Convention Centre	2,833,161
- Other	
Transport	1,479,456
3 Waters	1,300,842
Refuse	27,500
Parks & Reserves	836,581
Ven & Fac	442,603
Buildings	509,989
Library	54,493
Support	111,580
	23,295,563