

ANNUAL PLAN BUDGET UPDATE - 3 WATERS

Department: Executive Leadership Team

EXECUTIVE SUMMARY

- 1 This report provides an overview of the operating expenditure (opex) budgets for the draft 2022/23 Annual Plan year for the 3 Waters Group. The following activities are provided for:
 - Water supply
 - Wastewater
 - Stormwater
- 2 A schedule of proposed fees and charges for the 2022/23 year is also presented at Attachment B.

RECOMMENDATIONS

That the Council:

- a) **Approves** the draft 2022/23 operating budget for the 3 Waters Group as shown/amended at Attachment A.
- B) **Approves** the draft 2022/23 fees and charges schedules for 3 Waters as shown/amended at Attachment B.

OPERATING BUDGETS

Revenue

Rates

- 3 The rates contribution for the Group has increased as by \$4.303 million, 6.5%. The includes additional funding for increased operating costs and asset depreciation.

Expenditure

Personnel Costs

- 4 Personnel costs have increased by \$228k, 2.5% reflecting changes in salaries and associated costs.

Operations and Maintenance

- 5 Operations and maintenance costs have increased by \$2.337 million. This is primarily due to:

- a) Sludge removal and disposal from Tahuna wastewater treatment plant will be treated externally due to capacity constraints at the Green Island landfill. This will increase operational costs by \$1.197 million partially offset by a reduction in internal costs of \$752k.
- b) Additional lime at wastewater treatment plants to reduce the volume of sludge for disposal.
- c) The cost of water treatment chemicals has increased in part due to increased freight cost resulting from the current supply chain challenges.
- d) An increase in maintenance costs.

Occupancy costs

- 6 Occupancy costs have increased by \$375k. This includes insurance and rates increases.

Internal charges

- 7 Internal charges have decreased by \$632k, primarily due to sludge disposal fees no longer being charged through the Green Island landfill. This decrease is partially offset by increased costs relating to upgrading the groups vehicle fleet.

Depreciation

- 8 Depreciation has been increased by \$3.0 million, an estimate based on the latest asset revaluation. The depreciation expense is still to be finalised.

FEES AND CHARGES

- 9 Compliance Monitoring, Re-Inspection and Consent Breaches, and Water Supply fees have increased mostly by 3% (Attachment A).
- 10 City-wide unit rates for wastewater are calculated on a formula for trade waste charges, using budgeted volume and cost information. There are no proposed changes to the rates.
- 11 The tariff for water has been increased by 4.7% to \$1.84 per cubic metre, in line with approved increases as per the 10 year plan.

.Signatories

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Attachments

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↓B	3 Waters draft fees and charges for 2022/23	163

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities, and promotes the social economic, environmental, and cultural well-being of communities in the present and for the future.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environment Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Three Waters Group activities primarily contribute to the objectives and priorities of the above strategies.

Māori Impact Statement

Council budgets impact broadly across all Dunedin communities including Māori. The Council is committed to developing ongoing relationships with Māori communities, particularly with mana whenua. Strategic projects that have significance to Māori have been identified from across the organisation and these projects will work collaboratively with the Maori Partnerships Manager to ensure beneficial outcomes for Māori are achieved.

Sustainability

The Annual Plan is not proposing any changes to that provided for in the 10 year plan. Major issues and implications for sustainability are discussed and considered in the 50 year Infrastructure Strategy and financial resilience is discussed in the Financial Strategy of the current 10 year plan 2021-31.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

This report provides a draft budget for the 3 Waters Group for inclusion in the draft 2022/23 Annual Plan.

Financial considerations

Financial considerations are detailed in the report.

Significance

The 10 year plan 2021-31 budgets were considered significant in terms of the Council's Significance and Engagement Policy, and were consulted on. Variations to those budgets as discussed in this report are not considered significant in terms of the policy.

Engagement – external

There has been no external engagement in updating the draft budget for the 3 Waters Group.

SUMMARY OF CONSIDERATIONS

Engagement - internal

Staff and managers from across council have been involved in the development of the draft budget.

Risks: Legal / Health and Safety etc.

There are no identified risks.

Conflict of Interest

There are no known conflicts of interest.

Community Boards

Projects identified in Community Board Plans were considered in the development of the budgets for the 10 year plan, and Community Boards were consulted at this time. Community Boards will have an opportunity to present on the draft 2022/23 Annual Plan.

Three Waters

Income Statement for the Year Ended 30 June 2023

Actual 2020-21 \$000	Budget 2021-22 \$000	Draft Budget 2022-23 \$000	Budget Inc (Dec) \$000	Budget Inc (Dec) %
Revenue				
60,570 Rates revenue	66,198	70,501	4,303	6.5%
- Rates penalties	-	-	-	-
6,272 External revenue	6,893	6,909	16	0.2%
729 Grants and subsidies operating	41	41	-	0.0%
4,595 Grants and subsidies capital	-	-	-	-
1,663 Development contributions	2,372	2,504	132	5.6%
4,879 Vested assets	1,424	1,424	-	0.0%
- Internal revenue	-	-	-	-
78,708 Total revenue	76,928	81,379	4,451	5.8%
Expenditure				
9,079 Personnel costs	9,094	9,322	228	2.5%
12,232 Operations & maintenance	10,404	12,742	2,338	22.5%
10,364 Occupancy costs	11,436	11,811	375	3.3%
2,537 Consumables & general	1,263	1,056	(207)	-16.4%
- Grants & subsidies	-	-	-	-
4,939 Internal charges	4,925	4,293	(632)	-12.8%
31,219 Depreciation	32,774	35,774	3,000	9.2%
5,416 Interest	3,235	3,081	(154)	-4.8%
75,786 Total expenditure	73,131	78,079	4,948	6.8%
2,922 Net surplus/(deficit)	3,797	3,300	(497)	-13.1%

Group - 3 Waters

	2021/22 fees	2022/23 proposed	% change
Wastewater			
City Wide Unit Rates			
BOD5 per kg	\$0.09	\$0.09	0.00%
NFR/TSS per kg	\$0.21	\$0.21	0.00%
Volume per cubic metre	\$0.11	\$0.11	0.00%
Compliance Monitoring, Re-Inspection and Consent Breaches			
Annual Fee	\$183.34	\$188.84	3.00%
Consent Application Fee for minor discharge with pre-treatment (Category B)	\$367.71	\$378.74	3.00%
Consent Application Fee for significant industry and major discharges (Category A)	\$1,112.40	\$1,145.77	3.00%
Staff per hour	\$120.92	\$124.55	3.00%
Tanker Waste Charges per tonne	\$23.34	\$24.04	3.00%
Laboratory - variable cost			
Network Contributions for a Sewer Connection			
Where there has been no prior contribution to the existing network there will be a standard Network Contribution fee for all of the Dunedin City Council areas	\$5,150.00	\$5,150.00	0.00%
Water Supply			
Annual supply charge (meter rental)			
100mm nominal diameter - Annual supply charge (meter rental)	\$669.43	\$689.51	3.00%
150mm nominal diameter - Annual supply charge (meter rental)	\$962.24	\$991.10	3.00%
20mm nominal diameter - Annual supply charge (meter rental)	\$157.01	\$161.72	3.00%
25mm nominal diameter - Annual supply charge (meter rental)	\$201.57	\$207.62	3.00%
300mm nominal diameter - Annual supply charge (meter rental)	\$1,248.68	\$1,286.14	3.00%
30mm nominal diameter - Annual supply charge (meter rental)	\$223.85	\$230.57	3.00%
40mm nominal diameter - Annual supply charge (meter rental)	\$253.56	\$261.16	3.00%
50mm nominal diameter - Annual supply charge (meter rental)	\$513.48	\$528.88	3.00%
70mm Hydrant Standpipe - Annual supply charge (meter rental)	\$621.69	\$640.34	3.00%
80mm nominal diameter - Annual supply charge (meter rental)	\$634.42	\$653.45	3.00%
Re-connection Fee: Includes the removal of water restrictors installed due to non-compliance of the water bylaw	\$437.60	\$450.73	3.00%
Special Reading Fee	\$59.47	\$61.25	3.00%
Backflow Prevention Programme			
Backflow Preventer Test Fee	\$108.44	\$111.69	3.00%
Backflow programme – Incomplete Application Fees (hourly rate)	\$43.54	\$44.85	3.00%
Rescheduled Backflow Preventer Test Fee	\$61.61	\$63.46	3.00%
Central Water Scheme Tariff for water sold by meter			
Bulk Raw Water Tariff to: Merton, Hindon, and individual farm supplies (per cubic metre) - Central Water Scheme Tariff for water sold by meter	\$0.11	\$0.11	0.00%
Treated water per cubic metre - Central Water Scheme Tariff for water sold by meter	\$1.76	\$1.84	4.70%
Installation of New Services			
Charges for the installation of new services are determined on a case-by-case basis and are provided as a fixed price quote to applicants. Alternatively, customers can elect to undertake this work themselves at their own risk by engaging a Council Approved Water Supply Connection Installer. That installer will do all work apart from making the connection to the live water main, which will be undertaken by Council staff. A fee for making the connection will be charged.			
Network Contributions			
Disconnection of Water Supply - DCC contractor to excavate	\$954.81	\$983.45	3.00%
Disconnection of water supply- AWSCI to excavate	\$243.69	\$251.00	3.00%
Where there has been no prior contribution to the existing network there will be a standard Network Contribution fee for all of the Dunedin City Council areas	\$5,000.00	\$5,000.00	0.00%
New 20mm diameter domestic water connection - as quoted			

Commercial or extraordinary water connection - as quoted

Rural Water Schemes

Differing capital and connection charges. Please contact the Water Services Department for further information.