

3.1 Drinking Water Standards Upgrades

TO Thames-Coromandel District Council
FROM Andrew Boden, Projects Manager
DATE 21/04/2021

1 Purpose of report

To obtain approval from Council to bring forward an amount of \$1.5M from the budget allocated in the draft 2021-2031 Long Term Plan (LTP) for the Drinking Water Standards (DWS) upgrades project from 2021/22 to the current year; 2020/21.

2 Summary

Background

The 2018-28 LTP included a budget amount of \$5.417M for the DWS Upgrades for 2020/21

The draft 2021-2031 LTP includes budget amounts of \$8.084M, \$7.319M and \$3.225M for years 2021/22, 2022/23 and 2023/24 respectively.

Issue

The amount included in the 2018-2028 LTP for DWS upgrades for 2020/21 was an estimate of the annual budget required. At the time when the LTP was completed, the scope of work to be completed in 2020/21 had yet to be fully defined.

\$6.263M has been spent on the DWS Upgrade to 31 March 2021 and it is estimated that a further \$0.654M will be spent by 30 June 2021. This will result in a total of \$6.917M being spent on the project during 2020/21. Consequently, an additional budget amount of \$1.5M will be required to complete the planned upgrade work for the current year.

Discussion

In the draft 2021-2031 LTP, the DWS Upgrades are planned to be completed over a three year period with the scope of work continuing to be refined during this period. The associated budgets require some flexibility with regard to allocation per year, depending on progress and contractor scheduling. Consequently, bringing forward budget allocated from one year to another is not entirely unexpected.

Options including pros and cons

Bringing \$1.5M forward from the 2021-2031 draft LTP

Pros

- No delays to currently planned programme of work
- Maintains commitment to the community and DHB to complete DWS upgrade programme as soon as possible.

Cons

- Increases Annual Plan budget for 2020/21 by \$1.5M
- Not bringing \$1.5M forward from the draft 2021-31 budget.

Pros

- No affect on Annual Plan budget for 2020/21.

Cons

- Will cause a delay to the currently planned programme of work
- May result in cost increase for construction materials, plant and machinery
- Will not maintain our commitment to the community and DHB to complete the DWS upgrade programme as soon as possible.

Financial impact

Bringing forward \$1.5M from the draft 2021-2031 LTP will add an additional 4% to the current Annual Plan budget for 2020/21 and add \$6.31 to rates now that would have been added from 1 July 2021 as part of the draft 2021-2031 LTP for the DWS upgrade programme in 2021/22.

Further to the options noted above, it is recommended that Council approves \$1.5M of allocated budget in the draft 2021-2031 LTP from 2021/22 be brought forward to the current year; 2020/21

Significance and engagement

There are no significance or engagement issues associated with this decision.

3 Suggested resolution(s)

That the Thames-Coromandel District Council:

1. Receives the Drinking Water Standards Upgrades report, dated 15 April 2021.
2. Approves \$1.5M being brought forward from 2021/22 to 2020/21 from the allocated budget in the draft 2021-2031 LTP.

References-Tabled/Agenda attachments

None