

Notice is given that an ordinary meeting of the Tasman District Council will be held on:

Date:	Thursday 27 March 2025
Time:	9.30am
Meeting Room:	Tasman Council Chamber
Venue:	189 Queen Street, Richmond
Zoom conference link:	https://us02web.zoom.us/j/81172809220?
Meeting ID:	811 7280 9220
Meeting Passcode:	498889

Tasman District Council

Kaunihera Katoa

LATE ITEMS AGENDA

LATE ITEMS

5 LATE ITEMS

That the late item, 7.7, Consideration of Operational Cost Savings 2024/2025, be considered at today's meeting. In accordance with section 46A(7) of the Local Government Official Information and Meetings Act 1987 and Standing Order 9.12, the reason the item was not on the agenda is because the required information was not available at the time the agenda was circulated and the reason that the item cannot be delayed until a subsequent meeting is because the matter relates to the financial year budgets.

REPORTS

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7 REPORTS

7.7 CONSIDERATION OF OPERATIONAL COST SAVINGS 2024/2025

Decision Required

Report To:	Tasman District Council
Meeting Date:	27 March 2025
Report Author:	Richard Kirby, Group Manager - Community Infrastructure; Mike Schruer, Waters and Wastes Manager; Jamie McPherson, Transportation Manager; Nick Chin, Enterprise and Property Services Manager; Grant Reburn, Reserves and Facilities Manager
Report Authorisers:	Richard Kirby, Group Manager - Community Infrastructure
Report Number:	RCN25-03-12

1. Purpose of the Report / Te Take mō te Pūrongo

- 1.1 To provide an update on the potential savings in operational costs across Community Infrastructure, enabling the Mayor and Councillors to make an informed decision on which savings to commit to.

2. Summary / Te Tuhinga Whakarāpoto

- 2.1 The Community Infrastructure maintenance expenditure is forecast to have over-expenditure of around \$2.9 million by 30 June 2025.
- 2.2 There are savings that could be made this financial year if there were reductions in specific levels of service.
- 2.3 Staff have offered changes in levels of service in the Reserves and Facilities activity and in the Transportation activity that could reduce over-expenditure.
- 2.4 Savings in the routine monitoring for water and wastewater are more difficult to accrue. This is because any reduction in routine monitoring would compromise council's compliance obligations. The Council must regularly report on its routine monitoring to the Waters Services Authority (Taumata Arowai). Reducing some of that routine monitoring could be considered low risk. However, should any contamination occur that has an adverse effect on consumers then the fact the Council has reduced its routine monitoring could put staff in a position of being personally liable.
- 2.5 In the Water and Wastewater Activity, savings could be made to reduce expenditure for the remainder of the **2024/25** financial year. Much of this routine work has already been undertaken this year and reductions for the remainder of the year may only save around \$10,000 in ground keeping costs.
- 2.6 In the Reserves and Facilities activity, the reduction in levels of service at this late stage in the year may only accrue savings of around \$22,000 for 2024/25. These relate to the reduced cleaning of public toilets and toilet closures.

- 2.7 In the Transportation activity, savings of circa \$122,500 could be made in 2024/2025. These relate to reduced levels of service in urban street sweeping, rural roadside mowing and reduced urban landscape mowing.

3. Recommendation/s / Ngā Tūtohunga
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That the Tasman District Council

- 1. receives the Report on Community Infrastructure Consideration of Operational Cost Savings 2024/2025; and**
- 2. notes that for the Waters and Wastewater activity the frequency of routine monitoring will only be reduced where compliance with water regulations is not compromised; and**
- 3. notes that reducing routine maintenance in the Waters and Wastes activity may realise circa \$10,000 savings in 2024/25; and**
- 4. notes that there is little opportunity to reduce levels of service in the Waste Management and Minimisation activity without incurring additional costs next year and that increasing gate charges at the Resource Recovery Centres is not recommended; and**
- 5. approves the following levels of service reductions in Reserves and Facilities activity for the remainder of the 2024/2025 year;**
 - 5.1 the removal of rubbish bins from Reserves, potentially saving \$229,000 per annum;**
 - 5.2 reducing the cleaning frequency of 14 public toilets saving \$75,000 per annum;**
 - 5.3 the temporary closure of three public toilets and the discretion to temporarily close more on a seasonal basis if identified as low use, saving \$12,000 per annum;**
 - 5.4 reducing annual bedding displays (planting) in formal gardens saving \$84,000 per annum;**
 - 5.5 reducing conservation shrub maintenance saving \$159,000 per annum; and**
- 6. approves reducing the levels of service within the Transportation activity for the remainder of the 2024/2025 year as follows:**
 - 6.1 reduce the frequency of street sweeping across all urban areas potentially saving \$30,000;**
 - 6.2 pause rural roadside mowing except for safety/critical sightlines potentially saving \$90,000;**
 - 6.3 reduce the urban landscape mowing potentially saving \$2,500.**

4. Background / Horopaki

- 4.1 Community Infrastructure maintenance expense (excluding joint operations) is outlined in the table below. Quarterly financial reports have raised that expense is running ahead of Year to date (YTD) budgets and is likely to result in an over-expenditure of approximately \$3 million across all of Council, with almost all of this in the Community Infrastructure activities.

Activity (excluding Joint Operations)	2024/25 YTD Actuals January	2024/25 YTD Budgets January	2024/25 YTD Variance January	Percentage Full Year Budget Spent YTD	2024/25 Full Year Budget	Forecast 2024/25	Forecast Variance
Transportation	8,280,144	7,260,253	(1,019,891)	76.83%	10,777,151	11,207,153	(430,002)
Stormwater	376,850	335,100	(41,750)	63.72%	591,434	606,286	(14,852)
Waste Management & Minimisation	261,110	137,811	(123,299)	102.70%	254,242	496,333	(242,091)
Wastewater	1,477,845	1,172,740	(305,105)	72.78%	2,030,603	2,214,519	(183,916)
Water Supply	3,295,429	2,153,291	(1,142,138)	88.92%	3,706,063	5,512,976	(1,806,913)
Reserves & Facilities	4,864,266	4,409,002	(455,264)	65.07%	7,475,185	7,815,361	(340,176)
Council Property	321,433	244,980	(76,453)	64.29%	499,940	374,287	125,653
Total Excluding Joint Operations	18,877,076	15,713,177	(3,163,899)	74.51%	25,334,618	28,226,915	(2,892,297)

- 4.2 Maintenance expense has been impacted by several factors in recent years including weather events, district growth, network asset failure issues, past backlogs, and cost escalations. More details around the options to minimise the increased costs are outlined under each of the activities in this report.

5. Budget Cuts for Consideration

Waters and Wastes

- 5.1 The forecast cost overruns this year (2024/2025) in the Waters and Wastes activities total \$2.248 million, made up as follows:

• Stormwater	\$ 15,000	0.7%
• Water Supply	\$1,807,000	80.4%
• Wastewater	\$ 184,000	8.2%
• Waste Management and Minimisation	\$ 242,000	10.7%

Total \$2,248,000

- 5.2 **Stormwater activity** – The Stormwater activity is forecasting an over expenditure of \$15,000 out of a total budget of \$591,000. Staff are monitoring the levels of service and identifying where savings could be made to try and stay within budget for the year.
- 5.3 **Water Supply activity** – Around 80% of this forecast overrun is in the Water Supply activity and primarily because of the increased level of reactive maintenance. The reduced funding of around **\$523,000** in the Long Term Plan 2024/2034 for routine monitoring and maintenance has also influenced the over-expenditure.
- 5.4 There is little ability to control reactive maintenance, the only option being to ignore minor defects and leaks unless they become significant, which is not prudent and probably not acceptable within the community.

- 5.5 Staff have considered the option to reduce routine maintenance costs, however, this could result in not achieving current levels of service and introducing compliance and public health risks.
- 5.6 Under Section 29 of the Water Services Act 2021 (WSA 2021), every officer, employee, and agent of the drinking water supplier must exercise due diligence to ensure that the drinking water supplier complies with its statutory duties. The level of care, diligence and skill required is that of a reasonable person in the same circumstances, taking into account the scale, complexity, and risk of the drinking water supply, and the position of the officer, employee or agent and the nature of their responsibilities.
- 5.7 Staff understand that Section 29, WSA 2021, is based on Section 44 of the Health and Safety at Work Act 2015.
- 5.8 Staff have researched the extent of this duty and understand that the “due diligence” requirement in section 44 includes:
- Knowledge of up-to-date work health and safety matters;
 - Understanding the nature of the operations and associated risks;
 - **Having appropriate resources and processes to eliminate or minimise risks;**
 - Considering incidents, hazards and risks and responding in a timely way to that information;
 - Taking reasonable steps to ensure that there are processes to comply with statutory duties and obligations including implementing audits;
 - Taking reasonable steps to verify the provision and use of the resources and processes above
- 5.9 Obviously, it is the **bolded section** above that causes the most concern. Staff must adequately protect themselves from liability by actively seeking the appropriate funding and resources from the Council.
- 5.10 This means that staff are not recommending a reduction in routine monitoring or levels of service. However, if there are any reduced levels of routine monitoring that would not compromise the compliance requirements, then staff would implement those as appropriate.
- 5.11 In the meantime, staff will be minimising expenditure against Legal, Consulting, Condition Assessments, Demand, Flow & Leakage Modelling budgets for the remainder of 2024/2025. These have also been reduced in the Annual Plan 2025/2026 budgets.
- 5.12 Other than the legal costs, for which we will endeavour to use in-house resources, the other items will impact on our ability to plan forward works and identify issues impacting on the levels of service.
- 5.13 Much of the routine maintenance has already been undertaken this year (2024/2025) and reductions for the remainder of the year may only save around \$10,000 in ground keeping costs.
- 5.14 **Wastewater activity** - The Wastewater activity has a forecast over-expenditure of \$184,000 and this is primarily due to the increased reactive maintenance that has occurred to date. If the sewer blockages continue at the same rate as experienced to date, then the forecast over-expenditure will be realised. However, if it reduces then the forecast should reduce as well.

5.15 Waste Management and Minimisation activity – The Waste Management and Minimisation activity has a forecast over-expenditure of \$242,000. This is primarily due to the following:

- the kerbside collection is funded by a targeted rate and some charges for commercial recycling. This is running a deficit due to an increase in the growth of recyclables collected as well as insufficient budgeting for the Material Recycling Facility (MRF) in the Long Term Plan 2024/2034.
- the increased costs of servicing the Resource Recovery Centres (RRCs), closed landfills and illegal dumping. These functions are funded by fees and charges and general rates, both of which are insufficient to cover the costs being incurred.
- the waste minimisation account is in surplus and funded entirely by central government waste levy and this has offset some of the additional costs previously outlined.

5.16 Staff have reviewed the waste management activities and there are obvious savings that could be made at this stage. There is potential for some savings in routine maintenance, but staff do not recommend these as the Council needs to continue the routine maintenance as it moves into the new contract.

5.17 One option the Council could consider, although staff do not recommend this, is to increase gate charges at RRCs earlier than 1 July 2025. Staff believe the level of fees and charges at the RRCs are such that any increase could increase the risk of fly-tipping and add cost to the Council for this function.

Reserves and Facilities

5.18 The forecast cost over expenditure this year (2024/2025) in the Reserves and Facilities activity is \$340,000.

5.19 The increase in expenditure is partly due to the increase in the number of reserves Council has inherited. There has been an increase of approximately 102 hectares of reserve since July 2020.

5.20 The maintenance of these reserves has been accommodated within the current budgets as much as possible but now has put significant pressure on those budgets. It would cost circa \$272,000 per annum to undertake the routine maintenance of these additional reserve areas at current levels of service, and it is proposed that funding in the Annual Plan 2025/2026 be increased.

5.21 During the Long-Term Plan 2024/2034 deliberations, the Council did consider reducing levels of service in the reserves and facilities activity and although major reductions were not implemented, the reactive maintenance budgets were reduced.

5.22 There have been additional traffic management requirements where reserve maintenance has been required within the roading corridor and over the last few years this has added additional costs of around \$70,000 per annum.

5.23 For the Reserves and Facilities activity, it is proposed that the following increases in budgets be added to the operational budgets for 2025/2026 (Year 2 LTP) and 2026/2027 (Year 3 LTP):

- Maintenance budget for costs associated with new reserves and facilities \$272,000.
- Maintenance budget to keep in line with desired levels of service and inflation

\$120,000.

- Increase protected trees budget \$50,000.
- Increase vandalism budget \$50,000.

5.24 To compound matters, reactive maintenance has increased partly due to water leaks, a wet summer requiring additional mowing, increased maintenance of protected trees and vandalism.

Proposed changes to the operational maintenance contract.

5.25 The Reserves and Facilities Maintenance Contract (RF2020) is a five-year term from 1 July 2020 to 30 June 2025 with an option to extend for a further two years.

5.26 The current contract value is approximately \$5 million per annum. The contractor has confirmed it will not extend the contract for another two years without funding of \$600,000 per annum as actual maintenance costs have increased.

5.27 Existing budgets cannot accommodate the requested \$600,000 increase, and so we have reviewed the scope of the contract (i.e. reduce service levels) to compensate for this increase. This approach was approved by the tenders panel on 7 November 2024 and is shown in the table below.

Activity	Reserves & Facilities		Risk	Risk
Items cut	Removal of Rubbish Bins from Reserves	\$229,000	Initial public objection and increase in fly tipping with associated time and cost to manage. Costs associated with bin removal yet to be confirmed. Dog fouling and hygiene.	
	Reduction in the cleaning frequency of 14 public toilets	\$75,000	Complaints about change in service level. Maintenance/vandalism issues may not be picked up as quickly. Potential hygiene issues.	
	Temporary closure of three public toilets and the discretion to temporarily close more on a seasonal basis if identified low use	\$12,000	Low risk and ability to reinstate the toilets if demand increases	
	Reduce annual bedding displays (planting) in formal gardens	\$84,000	May be a negative visitor impression of formal park and urban areas. Residents could	

			feel less proud of garden areas where they live.	
	Reduce conservation shrub maintenance	\$159,000	Noxious weed ingress and loss of native plantings through competition eg Old Mans Beard.	
	Total	\$559,000		

5.28 It is therefore proposed that these levels of service reductions be implemented as soon as possible this financial year (2024/2025) to try and keep any over-expenditure to a minimum.

5.29 The levels of service that are proposed to be reduced to enable savings in the 2024/25 year are outlined in the following table.

Activity			Approved
Items cut	Consolidation and removal of some Rubbish Bins ahead of total removal in July 2025	Minimal saving Removal costs may outweigh servicing cost reductions	Y/N
	Toilet Cleaning reduction	\$18,000	Y/N
	Toilet Closures	\$4,000 Securing toilets and signage costs will reduce potential savings	Y/N
	Conservation Shrub Maintenance	No saving in this period	Y/N
	Total		

Enterprise and Property Services

5.30 Enterprise and Property Services savings are primarily reduction in costs, and at this stage there is no need to further reduce expenditure this financial year.

Transportation

5.31 The forecast cost over expenditure this year (2024/2025) in the Transportation activity is \$430,000. This includes the following.

- 5.32 **Landscape maintenance (street trees and planted garden beds) \$200,000** – This budget was reduced by 50% in the LTP, compared to previous year.
- 5.33 Discontinuing work this financial year is not considered a valid option as work is a contracted commitment. Stopping the maintenance would incur contract variation and increased future costs, increase safety risks from street trees, and leave some high-profile areas looking very untidy. Such a change in Level of Service should be properly planned and consulted on.
- 5.34 Staff are limiting works where possible to minimise the overspend, by reducing tree maintenance in most areas to safety risk only and not replacing annual plants in the Sundial Square planted beds.
- 5.35 **Litter bin clearing \$240,000** – There was no budget included in the LTP for this activity. Discontinuing work this financial year is not considered a valid option as it is a contracted commitment, and no consultation has occurred on what would be a significant change in level of service to the community.
- 5.36 **Sealed pavement maintenance \$400,000** – Staff have seen an increase in the number of pre- reseal repairs required, due to previously-reported increases in pavement deterioration and the number of defects being managed.
- 5.37 Staff are deferring lower priority repairs, which unfortunately means that when we send the crew to an area, we do not necessarily complete repairs of all existing defects. Ironically this slightly reduces productivity and can increase costs in the long term, so is considered a short-term strategy until either our repairs keep up with deterioration, and the current backlog of repairs is overcome, and/or more funding is available.
- 5.38 **Other routine maintenance (vegetation, sweeping, roadmarking)** – We have reduced the amount of mowing, spraying, sweeping and roadmarking for the remaining financial year to balance higher costs for reactive slips and fallen trees. Only critical safety issues will be attended to, and there is a chance the available budget will be exceeded.
- 5.39 The options for short-term saving totalling \$122,5000 are outlined in the following table:

Transportation Options for Short-term Savings

Activity	Transportation		Risk	
Items cut	Street sweeping – reduced frequency across all urban areas	\$30,000 (period February-June 2024)	Amenity, surface flooding, stormwater quality/contaminant discharge	
	Rural roadside mowing – pause roadside mowing except for safety/critical sightlines	\$90,000 (period March-June 2024)	Safety, amenity, slightly increased future costs	
	Reduced urban landscape mowing (for example, Berryfield Drive)	\$2,500 (period April-June)	Amenity	
	Total	\$122,500		

5.40 Other options for temporary reduction in level of service to reduce operating costs through to end of the 2024/25 financial year have been considered but discounted. These include:

5.40.1 Reduced litter bin clearing – a temporary halt would need to be negotiated with the contractor as works are contracted to be complete. There would be a cost to remove bins, and to pick up the likely dumping of litter which has been experienced (during an initial period) in other regions where bins have been removed. Savings are unlikely in the short term and best considered through the Annual Plan 2025/26.

5.40.2 Reduced landscape maintenance of planted garden beds – a temporary halt to these works would need to be negotiated with the contractor as works are contracted to be completed; and if a decision is made to restart maintenance in 2025/26 there would be extra costs to bring the affected areas back into specification. Simply reducing the frequency of maintenance is not an optimal solution, as each visit would take longer to deal with more excessive growth and cleanup and savings would be expected to be minimal. Savings are only possible by discontinuing maintenance altogether, at some or all sites, and best considered through Annual Plan 2025/26.

5.41 Recommendation that Council agrees for the period 1 April 2025 until 30 June 2025 levels of service be reduced to enable savings in the 2024/25 budget through.

Transportation Option - other temporary savings

Activity	Transportation		<i>Approved</i>
Items cut	Street sweeping – reduced frequency across all urban areas	\$30,000 (period February-June 2024)	Y/N
	Rural roadside mowing – pause roadside mowing except for safety/critical sightlines	\$90,000 (period March-June 2024)	Y/N
	Reduced urban landscape mowing	\$2,500 (period April-June)	Y/N
	Total	\$122,500	

6. Analysis and Advice / Tātaritanga me ngā tohutohu

- 6.1 With the current Annual Plan, it has been proposed to give the Council an opportunity to reduce rate rises by cutting operational costs within the Community Infrastructure activities.
- 6.2 Some of the changes in the level of service for the relevant activities will require public communication prior to the services being reduced.

7. Financial or Budgetary Implications / Ngā Ritenga ā-Pūtea

- 7.1 Realising operational savings can be difficult as budgets have been already subject to optimisation processes during the Long-Term Plan deliberations. Any headroom that did exist has now been exceeded by growth and/or cost increases.
- 7.2 Prolonged optimisation of maintenance budgets without periodic re-sets is a risk factor that needs to be monitored, as if the proactive/reactive maintenance work balance tilts too far to reactive then reactive work costs tend to increase, and the ability to control expenditure decreases. Constrained budgets in that situation then are typically associated with maintenance backlogs, and declining asset condition – indicating greater costs in the future due to increased failure repairs, or early capital renewals.
- 7.3 In the 2024/25 financial year the bulk of expenditure is covered by contracts with providers, this means there is limited scope to alter work done/service levels and cost in 2024/25.
- 7.4 There is more scope to alter service levels in the 2025/26 year, however multi-year contracts which provide levels of work and certainty with contractors allowing them to have work to employ staff restrict the Council's ability to alter contract scope, and service levels. Core contract scopes often cannot be altered without compensation to the contractor.
- 7.5 The maintenance budgets, underlying assets and associated service levels require comprehensive asset management planning regarding maintenance work, condition monitoring, and renewals programmes. These are long-term plans and programmes - which if the scope of work is **not** captured adequately or is **not** carried out then creates likely and often predictable risk of higher reactive repair/early renewal costs increasing the total cost of ownership of the affected assets, increasing financial risk, and means those funding the services in the future may bear increased cost.

8. Options / Kōwhiringa

- 8.1 The options are outlined in the following table:

Option		Advantage	Disadvantage
1.	Implement reduced levels of service for all activities as recommended	Minimises level of over-expenditure	Reduced levels of service
2.	Implement only some of the reduced levels of service	Less impact on minimising over-expenditure	Only some levels of service reduced.
3.	Retain all levels of service and try and still minimise over-expenditure.	Levels of service retained	May not sufficiently reduce the forecast over expenditure.

- 8.2 **Option 1 is recommended.**

9. Legal / Ngā ture

- 9.1 The only legal aspect of this report is related to the potential reduction in routine monitoring of the water and wastewater activities. This has already been outlined in clauses 5.4 to 5.8 above.

10. Iwi Engagement / Whakawhitiwhiti ā-Hapori Māori

- 10.1 There has not been any iwi consultation relating to the decisions in this report.
- 10.2 However, the iwi representative on the Operations Committee, Chanel Starkey stated at the last meeting that she didn't think the Council should be reducing costs in water monitoring. "The best quality water should be number one priority for the Council to provide to our people" she said.

11. Significance and Engagement / Hiranga me te Whakawhitiwhiti ā-Hapori Whānui

Issue	Level of Significance	Explanation of Assessment
Is there a high level of public interest, or is decision likely to be controversial?	Low/Medium	Some sectors of the community may be interested in the changes proposed.
Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future?	Low	
Is there a significant impact arising from duration of the effects from the decision?	Low/medium	It may take some time for the community to adjust to the level of service changes.
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	Yes	
Does the decision create a substantial change in the level of service provided by Council?	Low	Minor changes to some of the activities
Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Medium	It will help reduce the level of forecast over-expenditure in some activities.
Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	No	
Does the proposal or decision involve entry into a private sector partnership or	No	

Issue	Level of Significance	Explanation of Assessment
contract to carry out the deliver on any Council group of activities?		
Does the proposal or decision involve Council exiting from or entering into a group of activities?	No	
Does the proposal require particular consideration of the obligations of Te Mana O Te Wai (TMOTW) relating to freshwater or particular consideration of current legislation relating to water supply, wastewater and stormwater infrastructure and services?	No	If the recommendations are implemented there will be no impact on the obligations of TMOTW

12. Communication / Whakawhitiwhiti Kōrero

- 12.1 Public communication prior to the changes being implemented would be prudent. Longer term changes in levels of service will be considered as part of the Annual Plan 2025/26 deliberations.

13. Risks / Ngā Tūraru

- 13.1 As per the table above.

14. Climate Change Considerations / Whakaaro Whakaaweawe Āhuarangi

- 14.1 The recommendations in this report do not have climate change implications.

15. Alignment with Policy and Strategic Plans / Te Hangai ki ngā aupapa Here me ngā Mahere Rautaki Tūraru

- 15.1 The recommendations in this report relate to minor changes in levels of service for some activities.

16. Conclusion / Kupu Whakatepe

- 16.1 The Council has forecast over expenditure of circa \$3.0 million within the Community Infrastructure activities for the 2024/2025 year.
- 16.2 This report outlines changes in levels of service, if implemented in the last three months of the year would minimise the over expenditure.
- 16.3 Staff will also be looking to minimise routine monitoring in the Waer and Wastewater activities as much as possible without compromising compliance with the respective regulations.

17. Next Steps and Timeline / Ngā Mahi Whai Ake
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- 17.1 Once the Council has made their decision, then the decision will be communicated to the community.

18. Attachments / Tuhinga tāpiri

Nil