PUBLIC EXCLUDED

QLDC Council

27 April 2023

Report for Agenda Item | Rīpoata moto e Rāraki take [5]

Department: Property & Infrastructure

Title | Taitara : Arterial Stage 1 – Additional budget request to fund the increase in cost to continue to deliver and complete the project

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to brief Council on the most recent forecast cost to complete for the Arterial Stage One project, and to secure a decision from Council regarding the associated recommended budget increase.

Public Excluded | Ārai te Iwi Whānui

It is recommended that this report is considered with the public excluded in accordance with the Local Government Official Information and Meetings Act 1987 section 7(2)(h) and (i) on the grounds that the withholding of the information is necessary to protect the commercial positions and relationships of Queenstown Lakes District Council (QLDC) and the participants of Kā Huanui a Tāhuna, the Whakatipu Transport Programme Alliance (hereafter referred to as 'the Alliance').

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Approve** a budget increase of $20.61 million for the Arterial Stage One project budget, establishing a revised total 2021/22 – 2030/31 Ten Year Plan project budget of $108.84 million;
3. **Delegate** authority to the Chief Executive to manage the Arterial Stage One project up to the value of $108.84 million, or as may be amended by the Annual Plan processes;
4. **Note** the estimated net cost to QLDC of the Arterial Stage 1 project will be $58.84 million after Crown Infrastructure Partners funding is uplifted and offsets associated with the transfer and/or sale of properties acquired through the project are realised;
5. **Note** the contractual obligations of the Crown Infrastructure Partners Funding agreement;

6. **Direct** staff to work with the Alliance to seek further savings and/or value engineering opportunities in the project;

7. **Note** that the revised Ten Year Plan project budget of $108.84 million will be subject to further adjustments for future construction and supply market uncertainty, and cost escalation, as part of Council's regular capital re-forecasting processes and the 2024- 2034 Long Term Plan budgeting process;

8. **Agree** that the report should remain confidential until one year after the completion of the Kā Huanui a Tāhuna, the Whakatipu Transport Programme Alliance; and

9. **Delegate** authority to the Chief Executive to release non-confidential information as deemed appropriate, to make a public statement on the budget adjustment and the reasons for the adjustment.

Prepared by:	**Reviewed and Authorised by:**
Name: Geoff Mayman	**Name:** Tony Avery
Title: Commercial & Procurement Manager	**Title:** General Manager Property & Infrastructure
19 April 2023	19 April 2023

Context | Horopaki

Shovel Ready Projects, Crown Infrastructure Partners, and formation of the Alliance

1. In quarter two of 2020, during the early stages of the initial COVID-19 lock-down, the Government made available funding for "Shovel Ready projects". QLDC applied for funding for a number of projects. QLDC's submission was successful in gaining offers of part funding for two projects, namely the Queenstown Town Centre Street Upgrades project (the Street Upgrades project) and the Queenstown Town Centre Arterial Stage 1 project (the Arterial project).

2. On 4 August 2020 Council approved budgets and delegated authority to the Chief Executive to enter into funding agreements with Crown Infrastructure Partners (CIP). The CIP funding agreements provide for Total Maximum Amount[s] Payable of:

   a) $35 million for the Street Upgrades project; and

   b) $50 million for the Arterial Stage One project ("the Arterial").

3. The CIP funding agreement for the Arterial project provides that:

   a) The above funding is a maximum, this means that all project costs incurred above CIP's $50 million funding is the responsibility of QLDC ("co-funding").

   b) That each month QLDC must confirm it has the funds to complete the project (the cost to complete test).

   c) CIP may suspend funding if QLDC, in CIP's reasonable opinion, is unable to fund the estimated costs of the Arterial project that exceed CIP's Total Maximum Amount Payable, i.e. the co-funding.

   d) CIP can terminate funding if QLDC fails to contribute co-funding, and/or abandons the project.

   e) CIP may recover funding already paid if QLDC abandons the project.

4. On 3 September 2020, Council delegated authority to the Chief Executive to enter into a Memorandum of Understanding covering the relationship (MoU) and procurement planning processes with Waka Kotahi for the delivery of the Street Upgrade project, the Arterial project, and Central Government funded/Waka Kotahi managed New Zealand Upgrade Programme (NZUP) projects.

5. The Procurement Plan developed by QLDC and Waka Kotahi contemplated multiple delivery options and recommended the use of an alliance delivery model to optimise programme / project opportunities, and to better manage risk and the implications of the Central Government funding.

6. A Request for Proposal (RFP) was subsequently issued to the open market to establish an alliance. A consortium of engineering consultant companies (Beca and WSP) and contractors (Downer and Fulton Hogan) were appointed following an intensive selection process. The successful consortia,

along with QLDC and Waka Kotahi then collectively formed Kā Huanui a Tāhuna, Whakatipu Transport Programme Alliance.

7. An Interim Programme Alliance Agreement (IPAA) was executed on 23 December 2020. The IPAA enabled the Alliance to mobilise and commence delivery in January 2021, a key deliverable for the CIP Street Upgrades project.

8. The full Programme Alliance Agreement (PAA) including the management overhead structure and the Street Upgrades project was developed, based on the delegated authority provided in the 3 September 2020 Council meeting. The 3 September 2020 report also provided for the Arterial project to be included in the PAA and noted that delegated authority may in the future be sought for additional projects to be delivered by the Alliance. The PAA was executed on 17 September 2021.

9. On 18 March 2021, Council delegated authority to the Chief Executive to have the Lakeview project delivered by the Alliance.

10. On 28 October 2021, Council delegated authority to the Chief Executive to have the Arterial project delivered by the Alliance.

Estimating and establishing the budget for the Arterial project

11. Upon the original adoption of the 2021-31 Ten Year Plan (TYP) a provisional project budget for the Arterial Stage 1 was established at $49.50 million. On 28 October 2021, Council agreed to increase the project's budget to $88.23 million, an uplift of $38.72 million. This revised budget was based on the negotiated Target Outturn Cost (TOC) for the project of $70.11 million, plus additional provisions for QLDC's share of the Alliance's management overheads and non-Alliance delivered project costs (e.g. land acquisition, independent advisory and project support services).

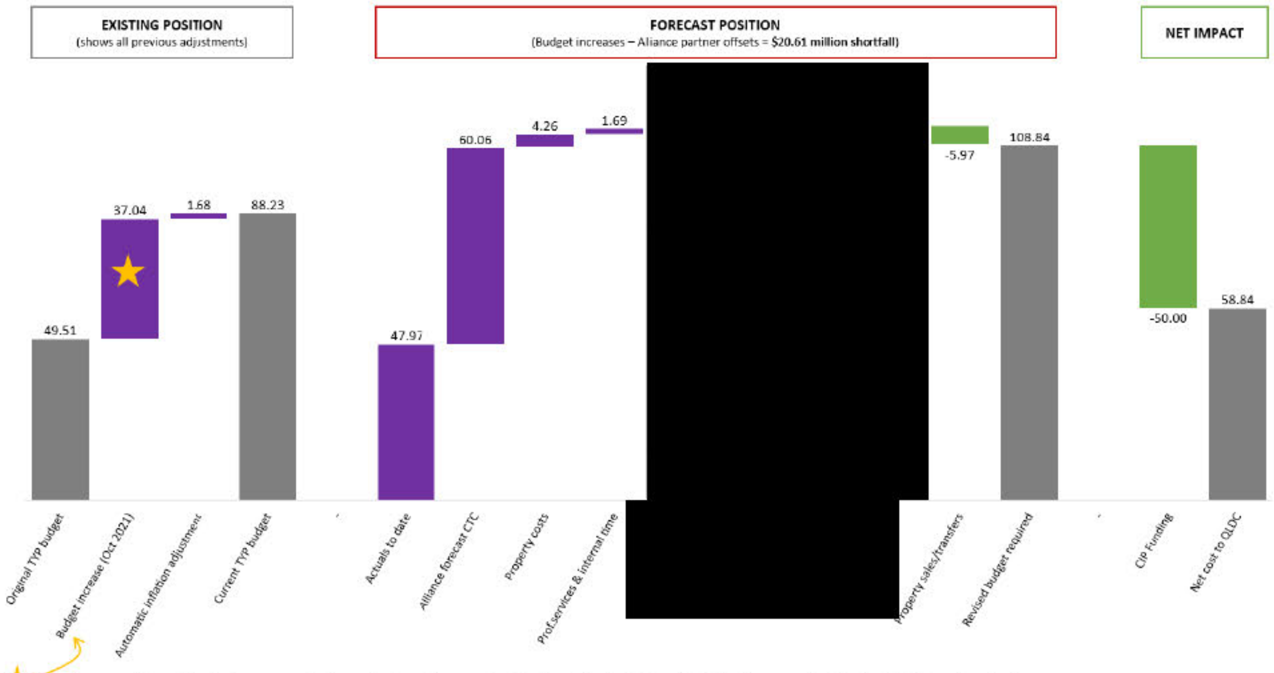
12. A parallel estimating process was used to develop the TOC. This process involved the Alliance delivery participants preparing detailed price estimates in parallel with an Independent Estimator. Bond Construction Management Ltd was selected though a competitive closed RFP to represent QLDC and Waka Kotahi in this process.

13. The estimates underpinning the TOC were based on 30% completed design; this level of design detail generally provides a sufficient degree of certainty to enable risk to be assessed, quantified, and priced. Additionally, the design is not so far progressed that the construction team is precluded from the opportunity to innovate, plan, and undertake early procurement activity.

Revised budget requirement

14. This report identifies a need to consider an increase in the overall budget for the Arterial Stage 1 project. As a summary, and as explained further in this report, a revised TYP budget of $105.92 million will be required to complete the project. Offsets to the total project cost result in a revised, estimated net project cost to QLDC of $49.95 million. Figure 1 identifies the key budget changes which are further explained in the below.

***Figure 1:** summary of key budget changes, Arterial Stage One project*



Council approved the only budget increase to date in conjunction with approving inclusion of the Arterialinto the PAA (both approvals at October 2021 Council meeting).

Increases

15. The most recent budget estimate for the project indicates a revised budget of $108.84 million is required to complete the project, representing a shortfall of $20.61 million from the current approved TYP project budget.

16. This revised budget is informed by the Alliance's March cashflow and forecast cost to complete of $60.06 million ($53.92 million for works covered by the TOC plus $6.14 million for QLDC's share of management overheads – represented in Figure 1 by "Alliance forecast CTC"), and QLDC estimates for remaining property acquisition and other project costs, summarised below and further explained in this report:

    a) The budget shortfall is primarily comprised of a forecasted increase to the TOC works of $17.62 million.[1] Key contributors to this variance include increased costs for structures (+7.10 million), three waters infrastructure (+$5.63 million), resourcing (+$4.30 million), and design and construction phase services (+$2.38 million). These increases are offset by scope reductions to the planned pedestrian overpass (-$1.86 million), and preliminary and general costs (-$1.12 million).

    b) The Alliance's revised forecast is based on 100% completed design and 75% procurement of sub-contractors and materials. Accordingly, some cost risk remains in relation to the

[1] Forecast completed by the Alliance in March 2023 and reported to the Programme Alliance Board (PAB) on 4 April 2023, and subsequently into QLDC.

remaining procurement activities and delivery unknowns (such as unforeseen ground conditions and service clashes), and construction market cost escalation; [redacted]

c) The balance of the shortfall is comprised of increases to budgeted property acquisition costs, Alliance management overheads, professional services, and internal staff time.

Offsets

17. The revised net project cost to QLDC is estimated to be $58.84 million once the following offsets have been accounted for:

   a) The Alliance model provides for the sharing of pain between partners. It is estimated that [redacted] will be recovered from Alliance partners following practical completion in accordance with the PAA.

   b) Securing the necessary land to facilitate the Arterial alignment has required QLDC to acquire a number of private properties. Following completion of the project, the surplus land will either be transferred to the QLDC Manawa project and reflected as a credit (two parcels have been identified as of strategic value to the Manawa site), or on sold on the open market. Combined, the value of these property transfers and sales is expected to reduce the total Arterial project cost by $5.97 million.

   c) [redacted]

   d) CIP funding is received monthly based on progress claims. Subject to satisfactory completion of the project, QLDC will be entitled to uplift the full $50.00 million of allocated shovel-ready funding from CIP.

18. In addition to the above noted offsets, the Alliance and QLDC subject matter experts are actively seeking to reduce scope where practicable and will continue to explore value engineering opportunities. To date scope reduction and savings have been identified, these include the removal of the pedestrian overpass and replacing exposed aggregate footpaths with asphalt. Further cost avoidance opportunities will be vigorously pursued and reflected in future project budget adjustment processes, however these are unlikely to provide material project benefit.

Key cost drivers and challenges

19. Since the inception of the Alliance, there has been multiple challenges including continuing construction cost escalations, design progression and delays, resourcing (design professionals, and construction personnel, both staff to self-perform and subcontractors), supply chain constraints including shipping delays and capacity issues, and law changes.

Law changes

20. Through the PAA, QLDC carries the risk in relation to costs and other impacts associated with law changes. To date, legislated requirements associated with national and regional Covid-19 lockdowns, sick leave provisions, and new public holidays have collectively created a project cost impact of $1.00 million across the three QLDC Alliance-delivered projects.

Design delay and design progression

21. Significant progression has been experienced through the development of the Arterial's design. A range of material design additions have been required beyond what was reasonably anticipated when finalising the TOC (e.g. additional retaining walls, complexity of creating multiple cul-de-sac streets). These design additions have resulted in direct project cost increases, as well as a 12month delay in completing the design. These risks are shared under the PAA.

22. The design delay resulted in follow-on effects that meant (a) procurement for subcontractors and materials was delayed, and (b) the Alliance could not commence the first full cost reforecast process until November 2022.

Escalation

23. Escalation is a shared risk under the PAA and is placing considerable financial stress on all Alliance participants.

24. The TOC estimates were developed based on design at 30% (as described above) and price data from April 2021 for the Street Upgrade project, May 2021 for the Lakeview project, and June 2021 for the Arterial project.

25. At the time of calculating escalation for projects, the Waka Kotahi Construction index for the year ending March 2021 (the latest reported data) recorded escalation at 0.9%. The TOC for the Arterial project had escalation calculated at 2.75% This was considered adequate at the time by both the Alliance delivery teams and the Independent Estimator.

26. One year later the Waka Kotahi Construction index for the year ending March 2022 recorded escalation at 10.5%. This peaked in the year ending June 2022 at 13.7%, and reduced to 11.2% in year ending December 2022. See Waka Kotahi/Stats NZ construction index data below:

***Figure 2:** Waka Kotahi NZ Transport Agency escalation index (Mar 2018 – Dec 2022)*

WAKA KOTAHI NZ TRANSPORT AGENCY

New Zealand Government

Waka Kotahi NZ Transport Agency Construction other than structures index (costs excluding bitumen)

Quarter ending	Statistics NZ (SNZ) input indexes for the Waka Kotahi Construction other than structures index (costs excluding bitumen)				Waka Kotahi Construction other than structures index (costs excluding	Escalation rates	
	Labour	Staff	Materials	Plant & site overheads		Quarterly	Year on year
Weights	0.20	0.15	0.30	0.35			
Mar'18	1071	1063	1094	1027	1061	0.76%	3.01%
Jun'18	1074	1068	1128	1028	1073	1.13%	3.97%
Sep'18	1082	1073	1165	1032	1088	1.40%	4.82%
Dec'18	1090	1080	1172	1033	1093	0.46%	3.80%
Mar'19	1092	1082	1146	1036	1087	-0.55%	2.45%
Jun'19	1098	1089	1168	1042	1098	1.01%	2.33%
Sep'19	1105	1094	1158	1045	1098	0.00%	0.92%
Dec'19	1115	1100	1155	1045	1100	0.18%	0.64%
Mar'20	1119	1103	1132	1046	1095	-0.45%	0.74%
Jun'20	1121	1092	1054	1046	1070	-2.28%	-2.55%
Sep'20	1126	1106	1090	1048	1085	1.40%	-1.18%
Dec'20	1136	1107	1095	1048	1089	0.37%	-1.00%
Mar'21	1143	1116	1138	1050	1105	1.47%	0.91%
Jun'21	1163	1122	1188	1052	1126	1.90%	5.23%
Sep'21	1173	1130	1246	1054	1147	1.87%	5.71%
Dec'21	1186	1139	1313	1066	1175	2.44%	7.90%
Mar'22	1199	1147	1438	1078	1221	3.91%	10.50%
Jun'22	1211	1162	1609	1089	1280	4.83%	13.68%
Sep'22	1230	1175	1651	1097	1301	1.64%	13.43%
Dec'22	1253	1189	1637	1104	1307	0.46%	11.23%

27. QLDC has also experienced cost escalation at greater than budgeted levels. The following table shows that the budgeted inflation for the first three years of the LTP (per BERL October 2020) was 8.8%. The revised BERL figures released in October 2022 total 18.6% for the first three years of the TYP which is an uplift of 9.7% on those budgeted.

28. QLDC has maintained its global escalation provision at the levels of the original TYP Budgets, requiring project by project escalation to be managed through the QLDC reforecast processes.

__Figure 3:__ BERL Inflation Index (TYP escalation provisions vs revised BERL figures released Oct 2022)

BERL Inflation Index - LTP Budget vs Revised Oct 22

Annual	Planning & Regulation	Roading	Community	Water & Environment	Average
Year 1 LTP Budget	2.7%	3.4%	3.2%	3.5%	**3.2%**
Year 2 LTP Budget	2.5%	3.2%	2.7%	3.5%	**3.0%**
Year 3 LTP Budget	2.3%	3.1%	2.5%	2.6%	**2.6%**
Year 1 Revised Oct	7.3%	7.5%	6.5%	9.2%	**7.6%**
Year 2 Revised Oct	5.0%	6.9%	6.0%	6.7%	**6.2%**
Year 3 Revised Oct	3.5%	5.5%	5.0%	5.1%	**4.8%**
Year 1 Var	4.6%	4.2%	3.3%	5.6%	**4.4%**
Year 2 Var	2.5%	3.7%	3.3%	3.2%	**3.2%**
Year 3 Var	1.2%	2.4%	2.5%	2.5%	**2.1%**
Total	**Planning & Regulation**	**Roading**	**Community**	**Water & Environment**	**Average**
Years 1-3 LTP Budget	**7.5%**	**9.6%**	**8.4%**	**9.7%**	**8.8%**
Years 1-3 Revised Oct	**15.8%**	**19.9%**	**17.5%**	**21.0%**	**18.6%**
Years 1-3 Var	**8.3%**	**10.3%**	**9.0%**	**11.3%**	**9.7%**

29. The BERL inflation index is materially lower than the Waka Kotahi / Stats NZ Construction index.

30. [redacted]

    a) [redacted]

    b) [redacted]

    c) [redacted]

[redacted]

31. [redacted]

32. [redacted]

33. [redacted]

[redacted]

34. [redacted]

a) [redacted]

b) [redacted]

c) [redacted]

35. [redacted]

36. [redacted]

Analysis and Advice | Tatāritaka me kā Tohutohu

37. 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.

38. The options before the Council are whether to approve the request for additional budget, or to decline the recommended budget increase.

39. As noted in this report, the cost escalations result from several factors, much of which stems from identified increases in scope as design progressed, and construction cost escalations and supply market conditions since the original budget and TOC were set. The increases are therefore reflective of the actual costs to complete the project, with better information now on what physical works are required and market appropriate contingency and provision for further cost escalation.

40. QLDC financial budgets have not provided for cost escalations that reflect the actual construction cost increases that have been experienced in New Zealand, and Queenstown in particular, and which are likely to continue given the current economic conditions affecting the construction and local markets.

41. Approving the increased budget will enable the works to be completed. It will also secure the CIP funding which is an integral part of funding the overall works. There is much of the current physical works which are complete, committed to and which will need to be completed. As a result, there are few options available to stop that work, without resulting in a partially completed worksite.

42. If the increase in funding is not approved, then current works would likely need to be halted and a plan put in place to remediate the remaining site works as best as possible. The cost of remediation and demobilisation works has not been quantified. The physical work on the arterial would be stopped leaving an unsightly partially completed worksite that would also likely be an unsafe site without significant works to make it safe. Not approving the budget increase now would also likely risk removal of the CIP funding which was provided on the basis of the shovel ready project being completed.

43. Option 1 – Approve $20.61 million additional budget to enable the completion of the Arterial project and instruct staff to seek further savings and/or value engineering opportunities in the project.

Advantages:

- Ensures that outcomes sought from the Arterial project are optimised
- That the circa 40% of the Arterial project delivered to date is not unproductive
- Maintains $50.00 million of CIP funding
- Provides continuity of funds flowing into and through the regional economy (a key goal from CIP funding)

Disadvantages:

- QLDC finances are further constrained
- Reduced ability to respond to uncertainty in other projects
- Further increases in funding may be required to fund escalation and risk.

44. Option 2 - Do not approve the additional budget (do nothing option), necessitating demobilisation of the project

Advantages:

- Yet to be determined avoided future costs (off-set by costs needed to remediate and make safe).

Disadvantages:

- Abandoning the Arterial project would require paying back the CIP funding received to date and the loss of the anticipated $50.00 million of CIP funding (an amount similar to that needed to fund the Net QLDC Cost identified above).
- Not receiving $50,00 million of CIP funding would have a material impact on the capital programme

- An incomplete development with stranded assets
- Credibility with CIP, Central Government and the Community would be at risk
- Reputational harm.

45. This report recommends **Option 1** for addressing the matter as this option enables Council to continue to deliver a key capital project, along with the corresponding economic and social benefits.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi I kā Whakaaro Hiraka

46. This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because it sits at the higher impact range when measured against the considerations of 'importance to Queenstown Lakes District', 'community interest' and 'the impact on Council's capability and capacity'.

47. Consultation on this matter is intended to be aligned with, or part of, the upcoming 2024-2034 Long Term Plan consultation process.

48. Although the decision is in respect to strategic assets (namely three waters and transport infrastructure), the decision does not involve the transfer of ownership, sale, or long-term lease of these assets.

49. The persons who are affected by or interested in this matter are the residents/ratepayers of the Queenstown Lakes district community, Crown Infrastructure Partners, Waka Kotahi as an Alliance co-owner, and other Alliance participants, subcontractors and suppliers.

Māori Consultation | Iwi Rūnaka

50. The Alliance with QLDC and Iwi support, through Te Ao Marama and Aukaha, have set up the Mana Whenua Liaison Group (MLG) to facilitate programme wide consultation. The MLG have met and discussed the issues QLDC is facing with respect to increasing project costs.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

51. This matter relates to the Strategic/Political/Reputation and Financial Risk categories. It is associated with the following three organisational risks per the QLDC Risk Register QLDC Risk Register:
    a) RISK00037 Lack of Alignment – Key Relationships (moderate inherent risk rating): Failure to meet requirements of the shovel-ready funding agreement without remedy to CIP's satisfaction may result in termination of the agreement. This risk will be mitigated by approving the recommended budget increase, providing CIP with certainty that QLDC has sufficient funding now and in the future to meet its obligations under the agreement. Failure

to complete the project may also result in material damage to QLDC's relationships with the Alliance participants, i.e. the four major local suppliers and Waka Kotahi.

b) RISK00021 Unexpected Change in Funding (moderate inherent risk rating): Failure to meet requirements of the shovel-ready funding agreement without remedy to CIP's satisfaction may result in termination of the agreement. A termination event will compromise QLDC's ability to uplift the remaining shovel-ready funding allocated to the project, and may trigger a requirement to repay the funding received to date. There is no contractual mitigation to this risk.

c) RISK00020 Unexpected Change in Costs (moderate inherent risk rating): the focus of this report.

52. The approval of the recommended option will support QLDC by allowing us to retain the risk at its current level. This shall be achieved by ensuring QLDC completes the project.

Financial Implications | Kā Riteka ā-Pūtea

53. The current adjusted TYP budget is $88.23 million (2022/23 $'s). If the recommended increase of $17.68 million is approved by Council, the revised TYP budget will be $105.92 million. The budget increase will be added to the 2024/25 financial year.

Figure 4: Recommended TYP21-31 Arterial Stage One Capital Expenditure Budget (2022/23 $s)

Qtn Town Centre Arterials – CIP Stage 1	2021/22	2022/23	2023/24	2024/25	Total
Existing TYP21-31 Budget	26,424,670	31,131,897	30,677,327		**88,233,894**
Adjustment recommended in this report	-	-	-	20,608,820	**20,608,820**
Recommended TYP21-31 Budget	26,424,670	31,131,897	30,677,327	17,681,408	**108,842,714**

54. The recommended budget increase will impact the availability of funding within the 2024-34 Ten Year Plan. Accordingly, it is expected that some re-prioritisation of capital projects will be required through the development of the 2024-34 Ten Year Plan.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

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

- Vision Beyond 2050: https://www.qldc.govt.nz/vision-beyond-2050/
- The QLDC Disability Policy

56. The recommended option is consistent with the principles set out in the named policies.

57. This matter is included in the Ten Year Plan/Annual Plan.

Legal Considerations and Statutory Responsibilities | Ka Ture Whaiwhakaaro me kā Takohaka Waeture

58. QLDC has contractual obligations with Crown Infrastructure Partners, these include:

a) CIP's Total Maximum Amount Payable for the Arterial project is $50 million.

b) QLDC is responsible for all co-funding, this means that all project costs incurred above CIP's Total Maximum Amount Payable is the responsibility of QLDC.

c) That each month QLDC must confirm it has the funds to complete the project (the cost to complete test).

d) CIP may suspend funding if QLDC, in CIP's reasonable opinion, is unable to fund the estimated costs of the Arterial project that exceed CIP's Total Maximum Amount Payable, ie the co-funding.

e) CIP can terminate funding if QLDC fails to contribute co-funding, and/or abandons the project.

f) CIP may recover funding already paid if QLDC abandons the project.

59. QLDC has contractual obligations with the Alliance, these include:

a) The Alliance Participants hereby commit to work together in a manner so as to achieve the successful delivery of the Work under the Alliance.

b) Each Alliance Participant will, at all times, act in good faith and with trust and mutual respect in relation to the rights of the other parties.

c) The Alliance Participants commit to establishing a culture of no blame and no dispute to avoid all disputation and litigation in relation to the Work under the Alliance.

d) The Alliance Participants hereby commit to work together in a manner so as to achieve the successful delivery of the Work under the Alliance.

e) The Non-Owner Participants will be compensated for carrying out the Work under the Alliance in accordance with the following commercial framework: (a) Limb 1: Net Actual Cost; (b) Limb 2: Nominated Corporate Overhead and Profit Lump Sum; (c) Limb 3: Performance Based Payments.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kīaka

60. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future by achieving the project outcomes described in the CIP application and agreement. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

61. The recommended option:

- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not significantly alter 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.