

QLDC Council
26 November 2015

Report for Agenda Item: 7

Department: Property & Infrastructure

2015/16 Capital Works Programme – First Quarter Re-forecast

Purpose

The purpose of this report is to consider proposed amendments to the 2015/16 capital works programme for property and infrastructure projects.

Recommendation

That Council:

1. **Note** the contents of this report; and
2. **Approve** the budget changes proposed and detailed in Attachment A.

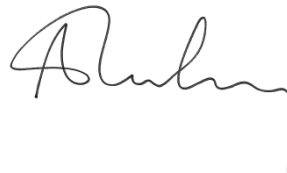
Prepared by:



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16/11/2015

Reviewed and Authorised by:



Adam Feeley
Chief Executive

16/11/2015

Background

- 1 At the 30 June meeting of the Queenstown Lakes District Council, the Council resolved to adopt the 10-Year Plan 2015 – 2025. This resolution is listed below.

On the motion of Councillors Cocks and Aoake it was resolved that the Council adopt the 2015-2025 10 Year Plan pursuant to sections 83, 83A, 85, 95 and 102 of the Local Government Act 2002.

- 2 In order to give the Council early oversight of any changes required to the capital works programme and to gain approval to these changes, it is intended to provide the Council with a quarterly update and proposed re-forecast of the capital works programme. This report is the first quarter review. The summary document is contained within Attachment A of this report.

Comment

- 3 This report breaks the programme into five asset categories: Buildings, Parks and Reserves, Transportation, Waste Water and Water Supply.
- 4 Contained within the asset group we have categorised projects as follows:
 - 5 **Overspend:** the project has or is forecast to exceed the budget allocated through the Annual Plan process. The explanation of overspend is contained within Attachment A.
 - 6 **Underspend:** the project has been completed or is forecast to be completed under budget. Underspent budgets could be made available to fund other projects.
 - 7 **Cancelled:** the project is no longer required to be completed either in the current or the next financial year. Cancelled budgets could be made available to fund other projects.
 - 8 **Carry forward:** projects that will not be completed within the current financial year but will be completed in the next financial year. Carry forward budgets cannot be used to fund other projects in the current financial year.
 - 9 **New Works:** Projects which the Councillors require or may consider suitable as replacement projects to those agreed in the Annual Plan.

Options

- 10 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.
- 11 The first step is to identify all "reasonably practicable" options. If an option is not reasonably practicable, then it will not require consultation. One option that should always be considered is the option of doing nothing – the status quo.
- 12 Option 1 Approve the changes to the 2015/16 proposed capital works programme as proposed in Attachment A.

Advantages:

- 13 Provides an opportunity for the Council to consider the latest recommendation from officers in respect to projects planned for 2015/16 financial year
- 14 Provides the ability to manage the impacts of overspends against current budget and where possible the opportunity to take steps to keep capital expenditure within overall annual budgets.

Disadvantages:

- 15 This would change or delay the delivery of the projects consulted on and approved through the Long Term Planning (LTP) process.

16 Option 2 Status Quo, Do nothing

Advantages:

17 This would ensure that there are no changes to the programme of projects consulted on and approved through the Long Term Planning (LTP) process.

Disadvantages:

18 The Council will not be able to make changes to the capital programme to reflect the latest available information and investment will be less effective.

19 Projects which have not commenced and where sufficient budget is available will be deferred.

20 Option 3 Approve only some of the changes to the 2015/16 proposed capital works programme as proposed in Attachment A.

Advantages:

21 Provides an opportunity for the Council to consider the latest recommendation from officers in respect to projects planned for 2015/16 financial year

22 Provides the ability to manage the impacts of overspends against current budget and where possible the opportunity to take steps to keep capital expenditure within overall annual budgets.

Disadvantages:

23 This would change or adjust the timing of the projects consulted on and approved through the Long Term Planning (LTP) process.

24 This report recommends **Option 1** for addressing the matter.

Significance and Engagement

25 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy although the decision on the Shotover Wastewater Treatment Plant is in respect of a strategic asset. However, the decision sought on this is a change to the phasing of the budget and will have no impact on the planned works or the timing of project completion. Other project adjustments are not in relation to strategic assets and are of relatively low value or, in the case of the Eastern Access Road, reflects a more realistic programme for the project.

Risk

26 This matter related to the operational 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 seeks to amend projects contained within the 10-Year Plan.

27 The recommended option mitigates the risk by:

Treating the risk - putting measures in place which directly impact the risk. This is achieved through ensuring that the right projects are being completed based on the most recent information available to Council officers.

Financial Implications

28 The financial implications are outlined in Attachment A. In most cases the changes have been managed within existing capital budgets, with the exception of the following;

29 Wanaka Transportation: Budget over expenditure \$14,329

30 Wakatipu Transport: Budget over expenditure \$9,900

31 Water Supply: Budget over expenditure \$162,065

Council Policies, Strategies and Bylaws

32 The following Council Policies were considered:

- Policy on Significance – Although the decision is in respect to strategic assets, namely, water supply infrastructure, sewage treatment plants and the roading network, the decision does not involve the transfer of ownership, sale or long term lease of these strategic assets. The policy of significance therefore does not apply.

33 This matter is included in the 10-Year Plan/Annual Plan

- The projects identified form part of the capital works projects for the 2015/16 financial year

Local Government Act 2002 Purpose Provisions

34 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 ensuring that the right projects are completed at the right time;
- 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.

Most of the proposed changes can be implemented through current funding under the 10-Year Plan and Annual Plan. The exceptions are listed in the financial section of this report

Consultation: Community Views and Preferences

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

36 It is not considered possible to consult fully on these changes if it is intended to complete the works within the current financial year.

Attachments

A Summary of proposed project changes

Infrastructure Capex Reforecast

Buildings

Programme	Status	Project Description	Budget variation reason	Budget 2015-16	Revised Forecast	Budget versus Forecast	
Buildings	Overspend	Luggate Hall - Kitchen refurbishment	Overspend due to increased scope and carry forward shortfall on original budget. Works complete.	22,000	34,370	(12,370)	
		Old High School Block A - Renewals	Forecasted overspend includes a recommended \$15,000 contingency provision. Complete. Budget spent on safety navigation equipment to be installed by Harbourmaster.	80,095	99,903	(19,808)	
		Waterways Minor Repairs and Renewals Wanaka	Complete. Budget spent on safety navigation equipment to be installed by Harbourmaster.	17,200	19,332	(2,132)	
	Overspend Total				119,295	153,605	(34,310)
	Underspend	198 Warren St Wanaka - Install new heat pump	Complete		4,076	3,000	1,076
		48 Connor St Wanaka - Install new heat pump	Complete		4,076	3,000	1,076
		71 Ballarat St Flats - Install new heat pumps	Complete		18,342	14,688	3,654
		Wanaka Dog Pound - Equipment	Complete		7,000	5,493	1,507
	Underspend Total				33,494	26,181	7,313
	Cancelled	46 Connor St Wanaka - Install new heat pump	Project cancelled at request of tenant.		4,076	0	4,076
		6 Centennial Ave Arrowtown - New kitchen	Property is freehold and has been identified as potentially surplus to Council needs.		15,285	0	15,285
		6 Merioneth St Arrowtown - New Kitchen	Property is freehold and has been identified as potentially surplus to Council needs.		15,285	0	15,285
		Bayview Jetty design/construction	No longer required.		2,548	0	2,548
		Old St John - Renewals	ORFA now manage this building.		5,095	0	5,095
	Cancelled Total				42,289	0	42,289
	New Works	QLDC Car Impound works	Review and extension including; new posts, new gates and new fencing.		0	10,000	(10,000)
		Wanaka Marina Carpark	Allocate and mark parking areas.		0	5,000	(5,000)
New Works Total				0	15,000	(15,000)	
Buildings Total				195,078	194,786	292	

Parks and Reserves

Programme	Status	Project Description	Budget variation reason	Budget 2015-16	Revised Forecast	Budget versus Forecast
Parks and Reserves	Overspend	Earnslaw park - turf renovation	Budget increase required to add drainage and paving works for Earnslaw Park.	30,000	105,000	(75,000)
		Lower Shotover Cemetery - new beams	Budget increase required for sealing internal road and adding carpark laybys.	38,000	108,000	(70,000)
	Overspend Total			68,000	213,000	(145,000)
	Underspend	Arrowtown River and Surrounds	No requirement for any works at this time.	20,000	0	20,000
		Park Street Foreshore Enhancement	Complete. Scope of works reduced to meet current requirements on Engineer's advice.	148,000	64,619	83,381
		St Omer Park - Footpath repair	Project completed by Infrastructure 14/15	10,000	0	10,000
		Town Belt QT, Fernhill, Ben Lomond	No requirement for any works at this time.	30,000	0	30,000
	Underspend Total			208,000	64,619	143,381
	Cancelled	Bendermeer Bay - Toilet removal	No requirement for works at this time. Parks to undertake Business Case for upgrade in subsequent years.	5,000	0	5,000
	Cancelled Total			5,000	0	5,000
Parks and Reserves Total				281,000	277,619	3,381

Parks and Reserves

Reprioritisation of Playground renewals

Programme	Status	Project Description	Budget variation reason	Budget 2015-16	Revised Forecast	Budget versus Forecast
Parks and Reserves		Following recommendations the Playground Renewals programme has been reprioritised.	In September 2015, 42 playgrounds were audited to assess compliance with NZ Safety Standards and provide recommendations to bring equipment up to Safety Standard.			
	Overspend	Kingston	New Playground OR upgrade both existing, subject to public consultation.	30,000	110,000	(80,000)
		Luggate Domain	Upgrade/Replace entire playground.	77,400	92,000	(14,600)
	Overspend Total			107,400	202,000	(94,600)
	Underspend	McAllister Park, Arthurs Point	Rectify compliance and install new activity spinner.	70,000	35,300	34,700
		Rimu Lane, Wanaka	Surface top up only.	8,000	4,000	4,000
	Underspend Total			78,000	39,300	38,700
	Cancelled	Bayview Playground, Kelvin Heights	No requirement for any works at this time.	15,000	0	15,000
		Kelvin Grove, Kelvin Heights	No requirement for any works at this time.	20,000	0	20,000
		Peter Fraser Park, Hawea	No requirement for any works at this time.	69,000	0	69,000
		Domini Park, Wanaka	No requirement for any works at this time.	12,000	0	12,000
	Cancelled Total			116,000	0	116,000
	New Works	Kawarau Falls, Frankton	Surface top-up only.	0	10,000	(10,000)
		West Meadows, Wanaka	Rectify surface at slide entry and exit, stairs in falling space, provide barrier on deck or raise surface depth for compliance.	0	6,600	(6,600)
		Jardine Park, Kelvin Heights	Replace maypole and scale swing and surface.	0	33,500	(33,500)
		2015 Playground Audit		0	10,000	(10,000)
	New Works Total			0	60,100	(60,100)
Playground Renewals				301,400	301,400	0

Transport

Programme	Status	Project Description	Budget variation reason	Budget 2015-16	Revised Forecast	Budget versus Forecast
Transport Wanaka	Overspend	Brownston Street Parking	Deficit as a result of approved Tender Price exceeding budget. Budget to be reallocated from Wanaka Unsub Minor Improvements to cover.	201,000	231,152	(30,152)
		WANAKA - Sealed road pavement rehabilitate	Budget deficit resulting from legacy rehab work, including land purchase and legal costs not budgeted for. Review renewals budgets at year end for any underspends.	0	14,553	(14,553)
	Overspend Total			201,000	245,705	(44,705)
	Underspend	Wanaka Unsub - Minor Improvements	Programmed underspend to cover budget deficit at Brownston Street Parking. Additional projects to be identified to offset over expenditure.	253,250	222,871	30,379
	Underspend Total			253,250	222,871	30,379
Transport Wanaka Total				454,250	468,576	(14,326)
Transport Queenstown	Overspend	Shotover Park Limited Land Exchange	Budget not consistent with Council resolution and agreement with Shotover Park Limited.	34,500	44,400	(9,900)
	Overspend Total			34,500	44,400	(9,900)
Transport Queenstown Total				34,500	44,400	(9,900)

Waste Water

Programme	Status	Project Description	Budget variation reason	Budget 2015-16	Revised Forecast	Budget versus Forecast
Waste Water	Overspend	Wanaka Wastewater - Golf Course Road	Budget deficit to be reallocated from Project Wanaka Wastewater Flow Modelling.	40,000	65,000	(25,000)
	Overspend Total			40,000	65,000	(25,000)
	Underspend	Wanaka Wastewater Flow Modelling	Surplus budget allocated to the design and installation of new pressurised sewer systems at both Aubrey Road and Golf Course Road.	159,500	119,500	40,000
	Underspend Total			159,500	119,500	40,000
Waste Water Total				199,500	184,500	15,000

Water Supply

Programme	Status	Project Description	Budget variation reason	Budget 2015-16	Revised Forecast	Budget versus Forecast
Water Supply	Overspend	Hawea Water Upgrades - Intake to Scott's	Additional budget required to cover variations to scope including surge analysis reports not included in original design.	180,000	342,065	(162,065)
	Overspend Total			180,000	342,065	(162,065)
Water Supply Total				180,000	342,065	(162,065)

Carry Forwards

Status	Programme	Project Description	Budget variation reason	Budget 2015-16	Revised Forecast	Carry forward	
Carry forward	Transport	Coronet Peak Road - Sealed Road Pavement	Project on hold following drive over with NZTA earlier this year. Renewals works currently not required.	468,000	1,389	466,611	
	Transport Total			468,000	1,389	466,611	
	Waste Water	Project Shotover - Stage 1 (Option A)	Balance of the budget to complete the works carried forward.	20,528,338	14,544,929	5,983,409	
	Waste Water Total			20,528,338	14,544,929	5,983,409	
	Parks and Reserves	AMP Show Grounds Wanaka		Deferred to allow completion of Reserve Management Plan.	105,000	0	105,000
		Wanaka Show Grounds field development		Deferred to allow completion of Reserve Management Plan.	200,000	0	200,000
Parks and Reserves Total			305,000	0	305,000		
Carry Forward				21,301,338	14,546,318	6,755,020	