

**QLDC Council
24 November 2016**

Report for Agenda Item: 8

Department: Property & Infrastructure

2016/17 Capital Works Programme – First Re-forecast

The purpose of this report is to consider proposed amendments to the 2017/18 capital works programme for property and infrastructure projects.

That Council:

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

Prepared by:



Peter Hansby
GM Property & Infrastructure

7/11/2016

Reviewed and Authorised by:



Mike Theelen
Chief Executive

11/11/2016

- 1 At the 30 June 2016 meeting of the Queenstown Lakes District Council, the Council resolved to adopt the 2016/17 Annual Plan.
- 2 In order to provide the Council oversight of any changes proposed to the capital works programme and to gain approval to these changes, the Property and Infrastructure Department provides the Council with regular updates and proposed re-forecasts of the current year capital works programme.
- 3 This report is the first capex forecast review for the 2016/17 financial year.
- 4 The summary document is contained within Attachment A of this report.
- 5 This report breaks the programme into five asset categories: Buildings, Parks and Reserves, Transportation, Waste Water and Water Supply.
- 6 Contained within the asset group we have categorised projects as follows:
- 7 **New:** Where additional (new) funding is sought for existing projects or new projects are identified which the Council may consider suitable due to a change in legislation or some other business environment changes to those understood at the time of adopting the Annual Plan.

- 8 **Budget Transfer:** The project has, or is forecast to exceed, (or be below) the budget allocated through the Annual Plan process. The explanation of overspend / underspend and the proposed reallocation of funding between projects is contained within Attachment A.
- 9 **Brought forward:** Where additional funding was programmed in future years for an existing project and the timing of the funding needs to be brought forward to complete the project.
- 10 **Defer:** Projects that will not be completed within the current financial year but will be completed in the 2017/18 financial year. Deferred budgets cannot be used to fund other projects in the current financial year.
- 11 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.
- 12 Option 1 Approve the changes to the 2016/17 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 2016/17 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 not approve the changes (do nothing option)

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 The Council will not be able to respond in a timely way to changes its operating environment and investment will be less effective.
- 20 Projects which have commenced and where sufficient alternate budget is available will be deferred, increasing the costs of delivery.

- 21 Option 3 Approve only some of the changes to the 2016/17 proposed capital works programme as proposed in Attachment A.

Advantages:

- 22 Provides an opportunity for the Council to consider the latest recommendation from officers in respect to projects planned for 2016/17 financial year
- 23 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:

- 24 This would change or adjust the timing of the projects consulted on and approved through the Long Term Planning (LTP) process.
- 25 This report recommends **Option 1** for addressing the matter because it 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. Not approving the proposed budget changes would alter or delay the delivery of the projects consulted on and approved through the Long Term Planning (LTP).

Significance and Engagement

- 26 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, reflect a more realistic programme for the project.

Risk

- 27 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.
- 28 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 funded and completed based on the most recent information available to Council officers.

Financial Implications

- 29 The financial implications are outlined in Attachment A.

Council Policies, Strategies and Bylaws

30 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.

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

- The projects identified form part of the capital works projects for the 2016/17 financial year

Local Government Act 2002 Purpose Provisions

32 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.

33 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

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

35 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

ATTACHMENT A

Programme	Project Code	Project Description	2016_17 Budget	New	Budget transfer	Budget brought forward	Defer	Budget Forecast	2016_17 versus Forecast	Comments
Buildings	307	Arrowtown Athenaeum Hall Seismic Strengthening	364,568		15,000			379,568	(15,000)	Surplus budget from Project Arrowtown Cottages heat pumps to be transferred to cover remedial works at Arrowtown Hall Seismic strengthening
	416	Heat Pumps - Arrowtown cottages	15,000		(15,000)			-	15,000	Transfer budget to Arrowtown Hall Seismic Strengthening, Project 307. Budget no longer required as heat pumps were installed 15/16.
	225	Wanaka Aquatic Centre	8,225,600				(2,910,550)	5,315,050	2,910,550	Revised budget for 16/17 due to delays in contract tender negotiations.
Buildings Total			8,605,168	-	-	-	(2,910,550)	5,694,618	2,910,550	
Parks and Reserves	213	Arrowtown Public Toilet Master Plan	149,600				(109,600)	40,000	109,600	Budget required for design only 16/17 with remaining budget to be deferred to 17/18. Propose to combine design works for toilet renewal Projects 213 and 214 (Wakatipu).
	215	Aspiring Road - replace permaloo with Exeloo	130,100				(110,100)	20,000	110,100	Additional budget required due to increased scope to be considered in 17/18 AP.
	214	Frankton - Replace with Exeloo	166,700				(146,700)	20,000	146,700	
	138	Minor Renewal Reserve Works - Wakatipu	203,200		(9,600)			193,600	9,600	Proposed budget transfer to Project 252, Playground Renewal Kingston to cover minor increase in costs.
	252	Playground Renewal Kingston	57,944		9,600			67,544	(9,600)	Cost increase due to footing design changes as a result of soft ground conditions and extra concrete required. Proposed budget transfer from Project 138, Minor Renewal Reserve Works - Wakatipu
	382	Playground Renewal Queenstown Bathhouse	30,000		(30,000)			-	30,000	Projects proposed to be combined and called the Queenstown Lakefront Development Plan.
	424	Queenstown Bay Reserves Development Plan	30,000		50,000			80,000	(50,000)	
	428	Queenstown Gardens Development Plan	20,000		(20,000)			-	20,000	
	255	Shotover Bridge to Morven Ferry	21,941		2,400			24,341	(2,400)	Minor increase in cost. Proposed budget transfer from Project 422, Walkways Renewals - Wakatipu
	422	Walkway Renewals - Wakatipu	326,480		(2,400)			324,080	2,400	Proposed budget transfer to Project 255, Shotover Bridge to Morven Ferry Road to cover minor increase in costs.
Parks and Reserves Total			1,135,965	-	-	-	(366,400)	769,565	366,400	
Transport	305	CROWN RANGE RD Sealed Rd Pavement Rehab	317,000		(65,000)			252,000	65,000	Opus report recommended full reseal 16/17 year. Proposed transfer of budget to Project 352 - Crown Range Sealed Road resurfacing to fund increased programme.
	352	CROWN RANGE SPR - Sealed Rd resurfacing	185,000		65,000			250,000	(65,000)	Budget transfer required to carryout additional works identified by Opus report. NZTA budget available to match.
	74	Glenorchy SPR - Minor improvements	150,008	161,897				311,905	(161,897)	Budget increase to fund Bennetts Bluff safety improvements agreed with NZTA. To match NZTA budget.
	306	GORGE ROAD - Sealed Road Pavement Rehab	17,767		(4,000)			13,767	4,000	Budget carried forward to complete remedial works and planting. Budget surplus to be transferred to Project 63 - Wakatipu Sealed Rd Pavement Rehab.
	63	WAKATIPU - Sealed road pavement rehab	18,000		16,000			34,000	(16,000)	Increase in budget to complete investigation work into land stability on southern end of Gorge Rd site.
	61	WANAKA - Sealed road pavement rehab	534,100		(12,000)			522,100	12,000	Proposed budget transfer to Project 63 - Wakatipu Sealed Rd Pavement Rehab.
	456	Street lighting & data improvements - Wakatipu	45,000	25,000				70,000	(25,000)	NZTA has increased the funding assistance rate to 85% for LED Street Lighting replacements. QLDC is taking this opportunity before it expires in June 2018 to utilise additional NZTA funding. A separate funding request for implementation will be made in the 2017/18 Annual Plan.
	New1	Street lighting & data improvements - Wanaka	-	21,000				21,000	(21,000)	
	New2	Street lighting & data improvements - Glenorchy	-	10,000				10,000	(10,000)	
Transport Total			1,266,875	217,897	-	-	-	1,484,772	(217,897)	
Waste Water	37	Glenorchy New Wastewater Scheme	6,044,669				(5,744,669)	300,000	5,744,669	Design budget required only this year. Delays due to requirement for further site evaluations.
	440	Wanaka Airport WWater cxn Project Pure	20,000			28,998		48,998	(28,998)	Bring forward budget from 17/18 to complete to complete BBC on preferred concept for wastewater reticulation at both Wanaka Airport and Luggate. Luggate Scheme Design, Project ID 6617.
	480	Wastewater - O&M Renewals - Arthurs Pt	10,000	60,000				70,000	(60,000)	Increase budget required as a result of car crash into pump station. Costs recoverable under insurance.
	479	Wastewater - O&M Renewals - Hawea	10,000			10,000		20,000	(10,000)	Bring forward renewals budget from 17/18 to cover electrical repairs at the pump station. No further works anticipated at this time.
Waste Water Total			6,084,669	60,000	-	38,998	(5,744,669)	438,998	5,645,671	

ATTACHMENT A

Programme	Project Code	Project Description	2016_17 Budget	New	Budget transfer	Budget brought forward	Defer	Budget Forecast	2016_17 versus Forecast	Comments
Water Supply	17	Albert Town Ring Main	232,557		(162,557)			70,000	162,557	Balance of work to be completed under Anderson Road Project 347 this year.
	347	Wanaka Water Supply, Anderson Road Ext	299,200		192,557			491,757	(192,557)	Budget transferred from Albert Town Ring Main and Wanaka Yacht Club Borefield projects to cover increase in scope requirements.
	16	Wanaka Yacht Club Borefield Stage 1	60,000		(30,000)			30,000	30,000	Surplus budget to be transferred to cover increase in scope at Anderson Road Project 347.
	360	Lake Hayes Estate Water Metering	6,400			18,600		25,000	(18,600)	Additional budget brought forward from 18/19 to cover internal time component for project BBC and scoping.
	350	Upper Mount Iron Reservoir	5,300			21,420		26,720	(21,420)	Bring forward remaining budget from 17/18 to complete project.
	438	Wanaka Airport water supply reticulation	30,000	15,000				45,000	(15,000)	Increase in budget to complete BBC on preferred concept for water supply at both Wanaka Airport and Luggate.
	469	Water Supply - O&M Renewals - Luggate	24,100			2,000		26,100	(2,000)	Bring forward budget from 17/18 to cover legacy works from 15/16 and bore redevelopment works required 16/17. No further works anticipated at this time.
	New3	Beacon Point Reservoir	-	220,000				220,000	(220,000)	New budget is required to complete design and construction to support Northlake water supply infrastructure. Existing funding plans have this project scheduled to commence 2025/26 - which outside the current LTP.
Water Supply Total			657,557	235,000	-	42,020	-	934,577	(277,020)	
Convention Centre										
Buildings	286	Convention Centre - Other Infrastructure	1,419,194				(1,419,194)	-	1,419,194	
	276	Queenstown Convention Centre	495,678				(495,678)	-	495,678	
Transport	387	Convention Centre - Footpaths	81,300				(81,300)	-	81,300	
	386	Convention Centre - Parking	111,800				(111,800)	-	111,800	
	285	Convention Centre - Transportation Upgrades	1,775,900				(1,775,900)	-	1,775,900	
Storm Water	283	Convention Centre - Stormwater Upgrades	495,678				(495,678)	-	495,678	
Waste Water	384	Convention Centre - Sewer Upgrades	117,800				(117,800)	-	117,800	
Water Supply	385	Convention Centre - Water Upgrades	229,000				(229,000)	-	229,000	
Convention Centre Total			4,726,350	-	-	-	(4,726,350)	-	4,726,350	As per November AP workshop all budgets related to Convention Centre to be deferred to year 19/20.
Grand Total			22,476,583	512,897	-	81,018	(13,747,969)	9,322,529	13,154,054	