

QLDC Council
28 April 2016

Report for Agenda Item: 2

Department: Property & Infrastructure

2015/16 Capital Works Programme – Third 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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8/04/2016

Reviewed and Authorised by:



Mike Theelan
Chief Executive

8/04/2016

Background

- 1 At the 30 June meeting of the Queenstown Lakes District Council, the Council resolved to adopt the 10-Year Plan 2015 – 2025.
- 2 In order to give the Council 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 final update and proposed re-forecast of the capital works programme.
- 3 This report is the second and final capex forecast review for the 2015/16 financial year.
- 4 The summary document is contained within Attachment A of this report.

Comment

- 5 This report breaks the programme into five asset categories: Buildings, Parks and Reserves, Solid Waste, Storm Water, Transport, Waste Water and Water Supply.
- 6 Contained within the asset group we have categorised projects as follows:
 - 7 **Overspend:** the project has or is forecast to exceed the budget allocated through the Annual Plan process. The explanation of overspend and any proposed reallocation of funding between projects is contained within Attachment A.
 - 8 **Underspend:** the project has been completed or is forecast to be completed under budget. Underspent budgets could be made available to fund other projects.
 - 9 **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.
 - 10 **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.
 - 11 **New Works:** Projects which the Councillors require or may consider suitable as replacement projects to those agreed in the Annual Plan.

Options

- 12 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.
- 13 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.
- 14 Option 1 Approve the changes to the 2015/16 proposed capital works programme as proposed in Attachment A.

Advantages:

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

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

18 Option 2 Status Quo, Do nothing

Advantages:

19 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:

20 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.

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

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

Advantages:

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

24 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:

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

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

Significance and Engagement

27 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

28 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.

29 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

30 The financial implications are outlined in Attachment A.

Council Policies, Strategies and Bylaws

31 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.

32 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

33 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.

34 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

Attachment A: Summary of proposed project changes

Programme	Project Description	2015_16 Budget	New works	Carry forward	Overspend/ Underspend	Cancelled	Budget Forecast	2015_16 versus Forecast	Comments	
Buildings	Albert Town Boat Ramp Upgrades	20,000			(6,640)		13,360	6,640	Work complete.	
	Cardrona Hall Foundation improvements	25,000			(22,264)		2,736	22,264	\$20k transferred to project 339 (Scurr Heights Subdivision) per council resolution 19/12/15. Minor repairs at Cardrona Hall are being completed with R&M budget.	
	Glenorchy Fire station	2,038			(2,038)		0	2,038	Building leased to ORFA along with transfer of maintenance requirements.	
	Glenorchy Library Building	6,114			(944)		5,170	944	Work complete.	
	Glenorchy Marina Minor maintenance	5,095			(5,095)		0	5,095	Completed with R&M budget.	
	ORFA Storage Shed and Makarora Depot	170,000		(170,000)			0	170,000	Fire Service shed at Makarora is progressing. Formal update to be provided by Fire Service as a priority.	
	QLDC Car Impound works	10,000			(2,710)		7,290	2,710	Cost of works has come in under budget. Budget approved per November reforecast.	
	Wakatipu Dog Pound	10,000			(4,300)		5,700	4,300	Work complete and under budget.	
	Wanaka Airport	360,000		(90,000)			270,000	90,000	Underspend of \$90K on infrastructure at Wanaka Airport (sealing of bore head and housing pump underway). Carry forward underspend for BBC works to identify preferred concept for water supply and wastewater reticulation with both the Airport and Luggate in mind (Project 5950 - Wanaka Airport Wastewater connection to Project Pure).	
	Waterways Minor Repairs and Renewals Wak	15,000			(2,959)		12,041	2,959	Work complete. Likely budget will be underspent into year end.	
Arrowtown Hall Improvements	0			44,000		44,000	(44,000)	Reinstate budget to complete; basement carpet tile replacement (\$4,246), vanity replacement M/F toilets (\$5,257), install PA system (\$20,364) and internal paint works including the Main Auditorium floor.		
Buildings Total		623,247		(260,000)	(2,950)	0	360,297	262,950		
Parks and Reserves	2015 Playground Audit	10,000			(300)		9,700	300	Work complete and under budget.	
	Albert Town Bridge Track link	0	17,500				17,500	(17,500)	New project supported by the Wanaka Community Board. Request reallocation of surplus from Hawea Track budget.	
	Around QT Gardens	50,000			(15,000)		35,000	15,000	On track. Contract value below cost estimate.	
	Arrow Junction to Arrowtown Trail renewal	0	35,000				35,000	(35,000)	New project identified through Trails Assessment. Request reallocation of surplus from Arrow River Centennial Trail budget. Bring forward programme from 16/17 to 15/16.	
	Arrow River Centennial Trail	67,490			(35,000)		32,490	35,000	Under budget. Reallocate under spend to new project Arrow Junction to Arrowtown Trail renewal.	
	Aspiring Road - replace permaloo with Ex Estate of Joan Mary Anderson	17,000			(17,000)		0	17,000	Transfer (incorporate) permaloo design budget as part of Wanaka Lakefront Development Plan project.	
	Glendhu Bay Track	112,461		(112,461)			0	112,461	Working through options with the Trust and Council.	
	Hawea Track	9,000		(9,000)			0	9,000	Project deferred to next year. Combine with 16/17 programme. Budget to be carried forward.	
	Jack Reid Park Upgrades	62,500		(17,500)			45,000	17,500	Under budget. Reallocate under spend to new project Albert Town Bridge Track Link.	
	Jardine Park Playground - Kelvin Heights	200,000		(192,511)			7,489	192,511	ACSC Trust has been advised that budget of \$180k is available for the carpark upgrade. Decision to be made on whether Council undertakes this work or if the Trust, with \$180K contribution, delivers this project.	
	Kawarau Falls - Frankton	33,500			(3,500)		30,000	3,500	On track. Contract value below cost estimate.	
	Lower Shotover Road to Arrowtown	10,000			(1,787)		8,213	1,787	Work Completed.	
	Park Street Foreshore Enhancement	53,000			(10,000)		43,000	10,000	On track. Contract value below cost estimate.	
	Playground Renewal Arthurs Point Mc Alli	64,619			8,364		72,983	(8,364)	15/16 project completed under budget at \$69,349 (saving of \$78,651). Project budget was reforecast in Nov 15 at \$64,619 however no allowance had been made for retentions. Accounting error by Officer has resulted in overspend.	
	Playground Renewal Kingston Work Kingsto	35,300			8,700		44,000	(8,700)	Overspend to be offset with surplus from project - Playground Renewal Wanaka Luggate Domain .	
	Playground Renewal Wanaka Luggate Domain	110,000			12,300		122,300	(12,300)	Overspend to be offset with surplus from project - Playground Renewal Wanaka Luggate Domain .	
	Queenstown Cemetery	92,000			(21,000)		71,000	21,000	Under budget. Reallocate underspend to McAllister & Kingston playgrounds. Approved by WCB.	
	Shotover Bridge to Morven Ferry	50,000			(11,107)		38,893	11,107	On track. Contract value below cost estimate.	
	Tiki Trail to Skyline top of hill Track	115,000			(10,000)		105,000	10,000	Contract value below cost estimate.	
	Wanaka Lakefront Reserves Network Plan	35,000		(35,000)			0	35,000	Defer to 16/17 budget. Parks team working through design options with stakeholders.	
	Wanaka Skate park Extensions	30,000			17,000		47,000	(17,000)	Budget transfer from project 215, Aspiring Road replacement of permaloo (design).	
	Parks and Reserves Total		1,175,870	52,500	(348,972)	(99,830)	0	779,568	396,302	Project Complete.

Programme	Project Description	2015_16 Budget	New works	Carry forward	Overspend/ Underspend	Cancelled	Budget Forecast	2015_16 versus Forecast	Comments
Solid Waste	Composting System / Dump Station	27,500		(27,500)			0	27,500	Defer until a decision is made around the overall management of the recycling station and transfer station.
	Solid Waste Public Collection Bin Upgrad	50,000			(40,000)		10,000	40,000	\$10K required 15/16 for design work on new bins. Available budget in 16/17 for bin upgrade.
Solid Waste Total		77,500		(27,500)	(40,000)		10,000	67,500	
Storm Water	Bremner Park Stormwater Upgrade - Interi	64,000		(59,000)			5,000	59,000	Tender declined due to insufficient budget. To be completed in conjunction with Beacon Point Rd project 16/17. Carry forward \$59,000.
	Frankton Flats Stormwater - Construction	2,580,000		(1,767,840)			812,160	1,767,840	Eastern Access Road project delayed. Delays due to land designations & awaiting funding approval from NZTA. Carry forward \$1.7M.
	Stormwater - Renewals - Wakatipu	0			13,720		13,720	(13,720)	Unforecast increase in renewals and reactive works. No budget 15/16. \$80K budget in 16/17.
Storm Water Total		2,644,000		(1,826,840)	13,720		830,880	1,813,120	
Transport	Andrews Road Safety Improvements	340,000		(270,000)			70,000	270,000	Unable to complete construction works this year due to revised design work required to meet stabilisation works for the neighbouring properties. Forecast underspend of \$270,000 to be carried forward.
	Beacon Point Road - Upgrade	250,000		(180,000)			70,000	180,000	Carry forward underspend \$180K. Insufficient budget to complete works 15/16. Supplemented with additional 16/17 budget.
	Brownston Street Parking	246,152			19,960		266,112	(19,960)	Overspend due to unforeseen irrigation works at Pembroke Park.
	Eastern Access Road - New roads	5,000,000				(2,607,620)	2,392,380	2,607,620	Construction start delayed to 16/17. Revised phasing based on 30/70 split for balance of project between 16/17-17/18. Delays due to land designations & awaiting funding approval from NZTA. New budget \$4.6m applied for in 16/17.
	Glenorchy SPR - Drainage Renewals	50,200			(30,200)		20,000	30,200	Projected underspend.
	Glenorchy SPR - Minor improvements	20,000			47,835		67,835	(47,835)	Match NZTA Budget \$67,835 - Bennetts Bluff Design
	Inner Links Stage 1 and 2 - Melbourne H	0	95,492				95,492	(95,492)	Match available NZTA budget. Transfer local share from savings in Wakatipu Sealed road resurfacing budget.
	Resilience - Crown Range Road Land Instability	0	75,000				75,000	(75,000)	Emergency works carried out by Fulton Hogan prior to Christmas. Funding approval with NZTA. Local share from savings in reseals.
	Resilience - Glenorchy Road - Paradise R	200,800		(175,800)			25,000	175,800	\$25K budget required for investigation work only this year. Carry forward \$175,800 to 16/17.
	WAKATIPU - Drainage renewals	331,320			(131,320)		200,000	131,320	Projected expenditure (includes \$40,000 allocated to Gorge Rd project).
	Wakatipu - Minor Improvements	151,000			(71,000)		80,000	71,000	Insufficient budget to complete Andrews Rd project 15/16. Projects supplemented with additional 16/17 budget.
	WAKATIPU - Sealed road pavement rehabili	230,000			(50,000)		180,000	50,000	Sufficient budget to complete Gorge Road rehab work.
	WAKATIPU - Sealed road resurfacing	1,388,532			(568,532)		820,000	568,532	Match NZTA. Budget sufficient for programme.
	WAKATIPU - Structures component replacem	55,973			(18,973)		37,000	18,973	Projected underspend.
	Wanaka - Minor Improvements	225,500			(105,500)		120,000	105,500	Insufficient budget to complete Beacons Point Rd and Mt Aspiring Rd projects 15/16. Project supplemented with additional 16/17 budget.
	WANAKA - Sealed road pavement rehabilita	14,553			12,857		27,410	(12,857)	Budget deficit resulting from legacy rehab work including land purchase and legal costs.
	WANAKA - Sealed road resurfacing	1,223,876			(543,876)		680,000	543,876	Match NZTA. Budget sufficient for programme.
Wanaka Marina Carpark	5,000				(5,000)	0	5,000	Works not required at this stage per recommendation from Cllr Cocks.	
Wanaka Mt Aspiring Road Widening and Dra	237,990		(160,000)			77,990	160,000	Carry forward 15/16 residual \$160K. Insufficient budget to complete works during 15/16. Design works completed 15/16.	
Transport Total		9,970,896	170,492	(785,800)	(1,438,749)	(2,612,620)	5,304,219	4,666,677	

Programme	Project Description	2015_16 Budget	New works	Carry forward	Overspend/ Underspend	Cancelled	Budget Forecast	2015_16 versus Forecast	Comments
Waste Water	Gordon Road Pump Station Upgrade	52,350		(34,500)			17,850	34,500	Carry forward \$34,500 for investigation works into options 16/17.
	Marine Parade WWPS Optimisation and Reu	274,000			(251,269)		22,731	251,269	Project to be re-scoped to better understand the desired outcomes. Forecast variation to budget \$251,269. Underspend to be offset against over expenditure on project 24 Qtn WW renewals (including urgent replacement of manholes at Marine Parade, \$51,458).
	Project Shotover - Stage 1 (Option A)	14,544,929		(1,250,000)			13,294,929	1,250,000	Project in construction, carry forward reflective of current programme status.
	Wanaka Airport Pump Station (Upgrade to	50,000		(45,000)			5,000	45,000	Carry forward of residual of 15/16 budget for pump station upgrade (\$45k). Project undertaken in conjunction Wanaka Airport water supply reticulation. Confirm Luggate catchment etc.
	Wanaka Wastewater Aubrey Road East	587,000			33,828		620,828	(33,828)	Project complete.
	Wastewater - Renewals - Arthurs Point	2,000			7,286		9,286	(7,286)	Unforecast increase in renewals and reactive works due to pump failure.
	Wastewater - Renewals - Queenstown	221,431			192,891		414,322	(192,891)	Unforecast increase in renewals and reactive works including urgent works to replace manholes at Marine Parade, \$51,458. Look to offset over expenditure with underspend on project 34 Marine Parade WWPS Optimisation Project (\$251,269).
	Wastewater - Renewals - Wanaka	115,726			112,066		227,792	(112,066)	Unforecast expenditure includes urgent works; renewals at Kowhai Drive (\$42K) and repairs to damaged pumps at Albert Town following construction works (\$34K).
	Lake Hayes Wastewater Upgrade	0			25,045		25,045	(25,045)	Unforecast renewal works. Realignment of sewer rising mains at new Shotover roundabout. Look to offset over expenditure with underspend on project 34 Marine Parade WWPS Optimisation.
Waste Water Total		15,847,436		(1,329,500)	119,847		14,637,783	1,209,653	
Water Supply	Arrowtown Reservoir Stabilisation - Stag	50,000			(30,689)		19,311	30,689	Project complete and under budget.
	Hawea Water Upgrades - Intake to Scott's	342,065			56,284		398,349	(56,284)	Additional budget approved of \$162,065 at Nov Reforecast. Electrical issue has resulted in pump failure. Total budget overspend is \$51,339 including reinstating pump and pump testing.
	Luggate Water Supply Land Legalisation	0	5,500				5,500	(5,500)	Budget required to legalise easement of existing pumpstations.
	Mt Aspiring Rd booster	286,000		(233,685)			52,315	233,685	2015/16 budget of \$286k insufficient. Total budget required \$625k. Original 2011 non-escalated estimate was construction only (i.e. excluded design, MSQA & internal time/costs). \$234k to be c/f from 15/16.
	Rising Main - Shotover Country to Glenda	162,285		(87,000)			75,285	87,000	Residual budget required for completion of manifold at LHE either TFY or NFY
	Shotover Country WS - Bore	75,908		(20,000)			55,908	20,000	Residual budget required for completion of manifold at LHE either TFY or NFY
	Shotover Country WS - Treatment	79,049		(14,000)			65,049	14,000	Residual budget required for completion of manifold at LHE either TFY or NFY
	Water Supply - Renewals - Luggate	15,000			(7,000)		8,000	7,000	Original budget was a provisional sum for reactive maintenance.
	Water Supply - Renewals - Wanaka	238,700			38,811		277,511	(38,811)	Unforecast expenditure includes \$75,560 required to upgrade water supply to the new Wanaka fire station.
Water Supply Total		1,249,006	5,500	(354,685)	57,406		957,227	291,779	
Grand Total		31,587,955	228,492	(4,933,297)	(1,390,556)	(2,612,620)	22,879,974	8,707,981	
		31,587,955					22,879,974	8,707,981	