

QLDC Council
26 January 2017

Report for Agenda Item: 2

Department: Property & Infrastructure

Kawarau Falls Bridge Water and Wastewater Infrastructure Funding

Purpose

To delegate authority to the Chief Executive Officer to award construction of pipelines and associated infrastructure within the new Kawarau Falls Bridge and approaches.

Recommendation

That Council:

1. **Note** the contents of this report in respect to Kawarau Falls Bridge water and wastewater infrastructure;
2. **Agree** to proceed with installation of water and wastewater infrastructure at this site;
3. **Delegate** authority to the Chief Executive Officer to:
 - a. Agree the final terms of a developer agreement to part fund the project;
 - b. Award the Kawarau Falls Bridge water and wastewater infrastructure project to the value not exceeding \$5.3 million; and
 - c. Adjust the proposed Annual Plan budgets for 2017/18 based on the project award price.

Prepared by:



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23/12/2016

Reviewed and Authorised by:



Peter Hansby
General Manager, Property
and Infrastructure

10/01/2017

Background

- 1 The New Zealand Transport Agency (NZTA) is building a new bridge across the Kawarau Falls. NZTA has agreed to provide an allowance for two pipelines to be constructed within the new bridge. The agreement allowed for NZTA to provide the structure capacity and associated maintenance clearances for the QLDC to install the pipework at some point in the future – depending on rates of development.
- 2 The original proposal was for NZTA to construct short, capped sections of pipework through the bridge abutments during the construction of the bridge. This would have allowed for the pipes to be constructed at some time in the future when demand required these services.
- 3 Construction of the bridge by NZTA was started two years earlier than anticipated based on funding being brought forward within the Accelerated Regional Roothing Package, announced by the Government in June 2014.
- 4 Initial water and wastewater modelling undertaken by QLDC indicated that existing infrastructure was adequate to meet present and medium term demand. The additional future capacity requirements for Hanley Downs, Jacks Point and potentially Kelvin Heights together with the efficiency gains of completing the works now as part of the bridge construction works has necessitated the acceleration of this project.

Comment

- 5 The Engineer's estimate for the physical works is \$4,842,846.00 inclusive of 10% contingency. MSQA and Council overheads are likely to be an additional 10% or \$431,200.00. The total budget required to complete this project is currently estimated to be \$5,274,046.00. Final costs will not be confirmed until the detailed design and pricing by the contractor are completed.
- 6 A combined budget has been included in the 2017/18 financial year of \$4.3M. Once design and construction costs are better understood this budget will be finalised for consideration as part of the 2017/18 Annual Plan process.
- 7 Part of the project funding will come from developer agreements. Negotiations are underway with Hanley Downs in respect to the terms of their agreement and the quantum of the contribution.
- 8 It is proposed to undertake this work by way of a variation to the NZTA contract with the bridge constructor McConnell Dowell Limited. QLDC has previously committed to the installation of two trunk water service pipelines across the bridge and the associated infrastructure.
- 9 The project includes the replacing the existing twin trunk water pipelines within the roadway on the northern approach through to Southberg Avenue to allow regrading of the horizontal alignment of the roadway approach to the bridge.
- 10 Given the complexities of constructing the pipelines once the bridge is operational and the limitations this would place on the grades onto and off of the

bridge it is deemed that the most cost effective option is to complete all installation during bridge construction.

11 Recent NZTA experience in Auckland has confirmed this revised approach is preferable and more cost effective. It is therefore proposed that the two pipelines are constructed for the full length site as a single package of work.

12 On the basis that this will be a direct appointment and given the value of the works we have arranged for an independent cost review as part of the valuation of this variation to ensure that QLDC is receiving value for money on the project.

Options

13 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.

14 Option 1 Status quo, do not proceed with construction of the new infrastructure within the new Kawarau Falls Bridge and approaches.

Advantages:

15 No further investment required therefore cost saving.

Disadvantages:

16 Not utilising the potential cost saving of installing pipelines during bridge construction. The current needs of development are only partially met.

17 Preferred alignment of bridge approaches will not be possible without the relocation of some services.

Option 2 Do minimum, install conduits through bridge abutments only.

Advantages:

18 Allows for construction at a later date without significant interference with the bridge structure.

19 Investment required at this stage would be significantly less.

Disadvantages:

20 Not utilising the potential cost saving of installing pipelines during bridge construction. The current needs of development are only partially met.

21 Preferred alignment of bridge approaches will not be possible without the relocation of some services.

22 Option 3 Approval to proceed with full installation.

Advantages:

23 Fully utilises cost saving of installation during bridge construction. The current needs of development are fully met.

Disadvantages:

24 The full cost is required to be reimbursed within two years of commitment.

25 This report recommends **Option 3** for addressing the matter because installation during the bridge construction has the greatest cost saving implications.

Significance and Engagement

26 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because this project does not exceed the threshold as set out in the policy and is now provided for within the Annual Plan and 10 year Plan.

Risk

27 This matter relates to the strategic risk SR1: Current and future development needs of the community (including environmental protection), as documented in the Council's risk register. The risk is classed as high. This matter relates to this risk as it addresses the needs of development on the southern side of the Kawarau River.

28 Discuss briefly how the recommended option considered above mitigates the risk by: Treating the risk - putting measures in place which directly impact the risk.

Financial Implications

29 The recommendation of this report will require a budget to be confirmed within the 2017/18 financial year. The Engineer's estimate at this stage is in the order of \$5.3M. The budget allowed for within the draft Annual Plan for 2017/18 is \$4.3M, a potential shortfall of \$1M. This will be confirmed following detailed design and pricing and will be amended accordingly. There are no operational budget expenditure implications resulting from this decision.

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

Local Government Act 2002 Purpose Provisions

31 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 addressing growth and development with a focuses of the developing community;
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;

- 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.

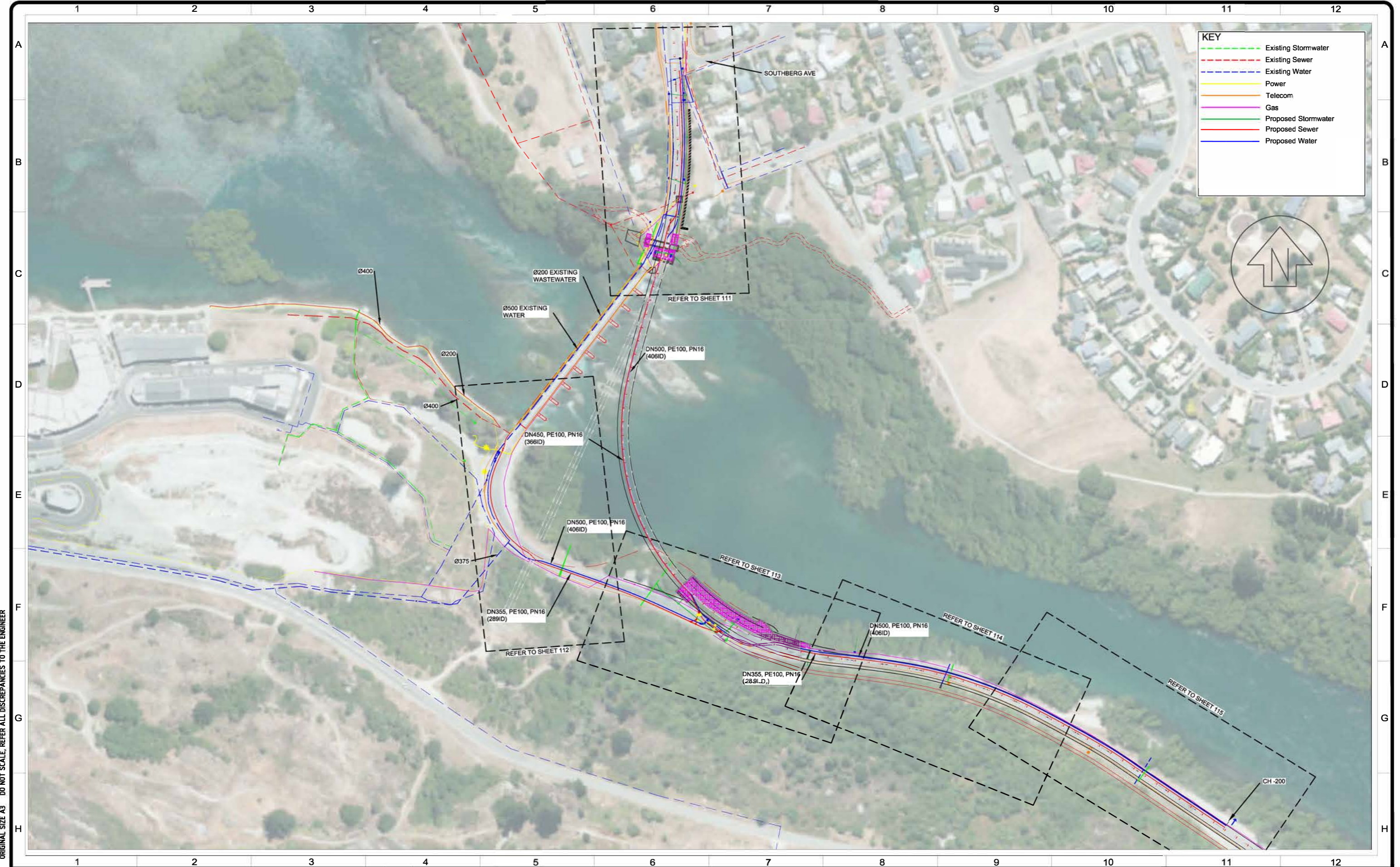
Consultation: Community Views and Preferences

32 The persons who are affected by or interested in this matter are stakeholders and residents/ratepayers within the development areas on the southern side of the new Kawarau Falls Bridge.

33 The Council has provided ongoing updates to a number of stakeholders both within Council and via the New Zealand Transport Agency.

Attachments

A Project concept plan



ORIGINAL SIZE A3 DO NOT SCALE, REFER ALL DISCREPANCIES TO THE ENGINEER

Notes:

Pipeline Indicative Only

WORK IN PROGRESS

Issue	Description	By	Date
A	INITIAL ISSUE	NL	18.11.16
B	ISSUE FOR DRAFT REVIEW	NL	16.12.16

Project: **SH6 KAWARAU FALLS BRIDGE**
QLDC SERVICES

Title: **WATER AND WASTEWATER**
CONCEPT PLAN

Client:

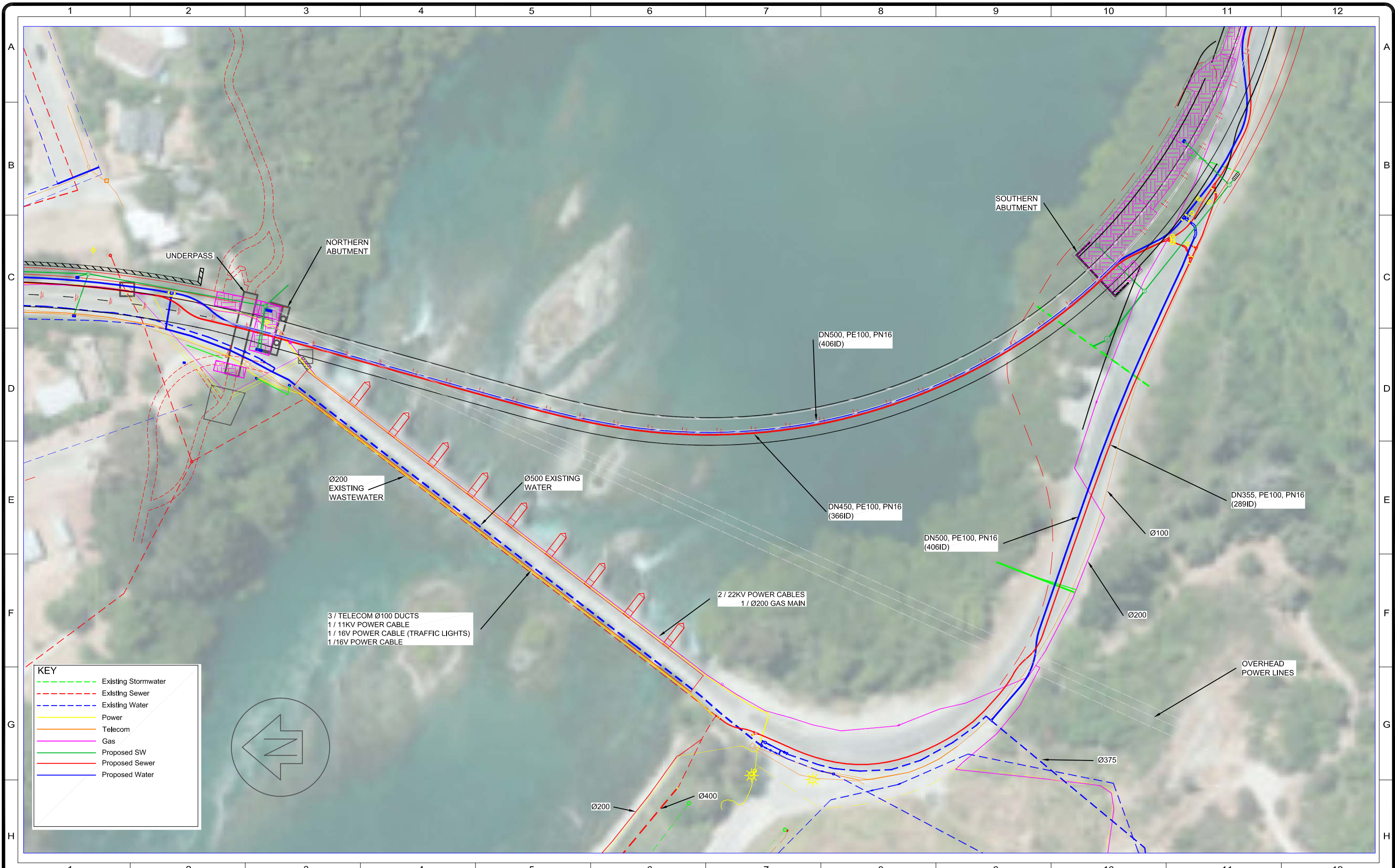
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Drawn: RVH Checked: NL Scale: 1:2500 @ A3 Drawing Number: 163009 Project: 163009 Sheet: 101 Issue: A

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