PUBLIC EXCLUDED

QLDC Council
12 March 2020

Report for Agenda Item | Rīpoata moto e Rāraki take : 13

Department: Property & Infrastructure

Title | Taitara Additional Capital Expenditure on the Lakeview Infrastructure Project

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

1 The purpose of this report is to seek support to undertake the necessary budget adjustment processes to allow for additional capex works as part of the Lakeview Infrastructure works to enable further upgrades to Isle Street and Thompson Street.

> 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(i) on the grounds that the withholding of the information is necessary to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

EXECUTIVE SUMMARY | WHAKARĀPOPOTOTANGA MATUA

2 During the design development for the Lakeview subdivision infrastructure works the Programme Management Office (PMO) have identified a number of opportunities to undertake additional works which will provide benefit to the wider infrastructure network and QLDC ratepayer/residents. There is the ability to undertake these works concurrently with the construction of the required Lakeview Subdivision infrastructure, which will provide significant benefits in terms of cost savings and reduce future disruptions to the community and residents, compared to undertaking these works separately at a later date.

3 These opportunities have been further explored during the design development for Lakeview Subdivision. Given the opportunity with works occurring in this area, it would be of value to QLDC to undertake additional roading upgrades to Isle and Thompson Streets, upgrade the existing retaining wall on Brunswick Street and future proof in-ground 3W services whilst the works are undertaken.

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Note** the contents of this report;

2. **Approve** Option 3 of this report as the preferred option, which is to future proof service connections, and upgrade the Thompson Street and Isle Street roading network, as part of the Lakeview Subdivision Infrastructure works.

3. **Acknowledge** the requirement to undertake the necessary budget adjustment processes to allow for Option 3 to proceed: a) The budget adjustment for the 20/21 financial year is proposed to be via the Internal Submission process on the Annual Plan. b) The budget adjustment for the 21/22 financial year will be achieved via the next Capital re-forecast agenda item, which is expected to be considered by Council at the 24th April meeting.

4. **Delegate** authority to the Chief Executive to make public comment about this report and its resolutions following approval of the agreed option.

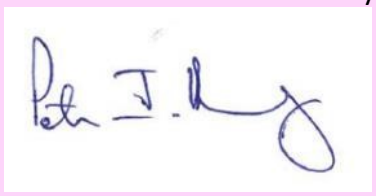
Prepared by:



Andrew Timms
Project Manager

26/02/2020

Reviewed and Authorised by:



Peter Hansby
General Manager

28/02/2020

CONTEXT | HOROPAKI

4 During the design development for the subdivision works for the Lakeview development, opportunities for upgrades to the wider QLDC network have been identified. A number of these have been further explored and will provide value and efficiencies to QLDC if the works are undertaken concurrently with the Lakeview subdivision infrastructure works. The opportunities identified are detailed in the following paragraphs.

5 Thompson and Isle Streets Roading Upgrades

- Uplifting of the standard and extent of construction works on Thompson Street required as part of the Lakeview subdivision to align with anticipated future arterial road requirements.
- Realigning and streetscape improvements of the existing Isle Street including stormwater upgrades.
- Strengthening of the existing retaining wall between Brunswick Street and Thompson Street to improve seismic resilience and associated effects on proposed infrastructure on Thompson Street.

6 Future Proof Service Connections

- Construction of a section of pressure sewer pipe along Thompson Street to future proof the wastewater network.
- Increase the sizing of the new gravity sewer pipeline along Man Street to provide capacity for redirection of existing flows from adjacent areas to the Rec Ground Pump Station (compatible with the above point).
- Create flexibility within the stormwater upgrades to Thompson Street to future proof the network for future connections from adjacent catchments.
- Replacement of existing aged asbestos trunk water pipeline with a new PE pipeline, to improve resilience and capacity.

7 The above items were raised and discussed with the ELT in August 2019. It was agreed to progress the design of these items to enable detailed estimates to be produced for discussion with Council. There are significant benefits to undertaking these works concurrently with the Lakeview Subdivision works. Should these works be undertaken later, after the Lakeview Subdivision works, they will incur additional costs, potentially cause damage to completed Lakeview works, and cause further disruption to adjacent property owners and the transport network.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

8 The additional works identified can be grouped into two areas; ‘Thompson and Isle Streets Roading Upgrades’ which relates to upgrades to the road networks on Thompson Street and Isle Street, and; ‘future proof additional services connections’ which relates to

opportunities identified to provide future capacity and connections in the three waters services network.

9 The construction works for the Lakeview Subdivision includes a significant portion of streetscape upgrades along Thompson Street. This is primarily to realign the existing S-Curve to be suitable for increased traffic volumes related to the subdivision. In addition to these works, a wastewater pipeline is required to be constructed between Lakeview and the Rec Ground along Man Street. This will capture all future wastewater flows from the site and is aligned with QLDC's directive to divert wastewater away from Marine Parade Pump Station and the lakefront.

Thompson and Isle St Roading Upgrades

10 QLDC have two active roading design projects occurring in the Isle Street area of Queenstown. These relate to the roading upgrades as part of the Lakeview Subdivision and the roading upgrades as part of the Town Centre Streetscapes projects. Delivery of both projects will provide significant upgrades to the existing road network including pedestrian linkages and traffic management. There is a short existing section of Isle Street between both projects which would benefit from upgrades. The Lakeview project will be undertaking an upgrade to the footpath and pedestrian linkage along Isle Street to a minor degree, and there is an opportunity to undertake wider upgrades at the same time. These upgrades would create a linkage between the Lakeview site and the streetscape upgrades occurring on Brecon Street, and provide Isle Street with a stormwater network to service the road, thereby meeting QLDC's Code of Practice for stormwater drainage.

11 QLDC are actively working with NZTA on the development of the business case for the arterial upgrades around Queenstown. A key section of the arterial is Stage 3 which is along Thompson Street and connects down to the One Mile roundabout. If these works are to occur in the short to medium term, then it would be highly beneficial to undertake this section of work at the same time as the Lakeview upgrades. It would provide significant time and cost savings to QLDC and avoid undertaking significant rework to the area. Completing this section of road early would also provide benefit to the residents of the area by creating a promenade pedestrian linkage along Thompson Street and will improve safety along Thompson Street.

12 The existing retaining wall between Brunswick and Thompson Streets has been identified as having a seismic resilience risk. Should Thompson Street be upgraded to either an arterial or the minimum required for the Lakeview Subdivision development, this risk will need to be resolved to meet the current Code of Practice for seismic activity. It is recommended that whilst other works are being undertaken in the area the opportunity is taken to strengthen the retaining wall to minimise future disruptions and proactively address the risk.

13 The required roading and infrastructure upgrade works to Thompson and Isle Streets for the Lakeview Subdivision will cause disruption to traffic and residents within this area. If works are to occur on these streets now there are benefits for all potential upgrades to be undertaken at the same time as opposed to an initial upgrade for the Lakeview Subdivision, and then a future upgrade to be undertaken at a later date.

14 In addition to minimising disruption, there is financial benefit in undertaking all works as one contract in terms of preliminary and general, establishment costs, duplication of streetscaping works, and savings to be achieved through not incurring cost escalation which is currently high within Queenstown.

15 There are some risks involved in the early construction of this section of the arterial road as follows:

a. The design requirements from NZTA for the arterial road are currently unknown. The design incorporated is to the best available information for the expected requirements of an arterial road. As the detailed arterial design has yet to be started, NZTA are unable to comment on the suitability of the design and therefore there is a risk that the design may not align or meet the requirements of a future arterial road.

b. The funding arrangement with NZTA regarding the contribution to the arterial is not finalised. There is a risk that QLDC expends funding on building this section of the arterial and any expenditure is then not able to be recovered from NZTA at a future date. NZTA may not see this section of work as needing to be incorporated into the wider project.

Additional Service Connections (Future Proofing)

16 Proceeding with construction of roading upgrades to Thompson Street provides the opportunity to upgrade ageing existing infrastructure and install service connections for future development within Fernhill and One Mile.

17 There is an existing asbestos cement trunk water main in this area which is recommended to be abandoned and replaced with a new up-sized polyethylene pipe on a different alignment. This is aligned with QLDC's goals to replace ageing asbestos cement pipework in the district when works are undertaken within proximity to these existing pipes.

18 It is recommended that a section of pressure sewer is installed in this section of road to enable future connections from Fernhill/Sunshine Bay to be made to the future Rec Ground Pump Station. This is aligned with QLDC's directive to divert wastewater away from the lakefront and a component of improving resilience in the overall management of wastewater. It is recommended that the gravity pipe connection installed between the Lakeview Subdivision and the Rec Ground Pump Station is upsized to cater for this future flow.

19 The Lakeview upgrades to Thompson Street involve realignment of the road primarily around the S-Curve, installation of a new active travel footpath and services, and a resurfacing of the road. Once these works are complete it will be significantly more difficult to install new services within the road due to the need to work around livened services installed as part of the Lakeview Subdivision infrastructure works. The installation of new services will require significant rework of the finished street paving and the reinstatement of a patch, which is not desirable from an aesthetic viewpoint. QLDC has been actively reviewing their forward works programme to combine roading and services

projects within the same proximity, to avoid the above noted rework from occurring and to provide a better service to residents through reduced road closures and disruptions.

20 If the future proofing of service connections is not undertaken at the same time as the Lakeview works, it will be significantly more difficult and disruptive to undertake these at a later date and is likely to draw criticism from the local residents.

21 Option 1 do nothing – status quo

Advantages:

22 No additional funding required

Disadvantages:

23 Existing services network and roads are not upgraded.

24 Future disruption will occur when these works are delivered at a future date.

25 Works undertaken as part of the Lakeview subdivision will need to be removed and recompleted to enable these required upgrades to be undertaken at a future date.

26 Construction costs for future works will be greater as efficiencies are lost from having an existing contractor on site and additional rework will be required.

27 Potential risk of damage to completed works and additional cost in working around new services when required upgrades are undertaken at a future date.

28 No upgrade to capacity and resilience of three waters network.

29 Does not address strengthening issues with the retaining wall between Brunswick and Thompson Streets.

30 Option 2 Undertake Future Proof Additional Services Connections Only

Advantages:

31 In-ground services upgrades are completed.

32 Will produce additional capacity and resilience in the existing three waters services network.

33 Reduces impact of future disruptions to Thompson Street area.

34 Will not require rework and damage to roading upgrades along the S-Curve of Thompson Street when future works occur.

35 Will provide a cost saving for works being undertaken in conjunction with the Lakeview construction works.

Disadvantages:

36 Requires additional funding.

37 Does not enable wider roading upgrades to be undertaken on Thompson Street.

38 Future disruptions will still be required for upgrades to Thompson Street road at a future date.

39 Does not address strengthening issues with the retaining wall between Brunswick and Thompson Streets.

40 Potential risk of damaging the new services at a later date, when the street is upgraded

41 Does not provide improved access, streetscape upgrades, and stormwater treatment to existing Isle Street between the proposed Lakeview Subdivision and Brecon Street.

42 Option 3 Undertake Future Proof Additional Service Connections, Thompson and Isle Street Roading Network Upgrades, and strengthening of the existing retaining wall on Brunswick Street.

Advantages:

43 In-ground services upgrades are completed.

44 Will produce additional capacity in the existing three waters services network.

45 Provides upgrades to the water supply network.

46 Removes requirement for future disruption to Thompson Street area by undertaking all upgrades at one time.

47 Will not require rework and damage to roading upgrades along Thompson Street.

48 Will provide a cost saving for works being undertaken in conjunction with the Lakeview construction works.

49 Provides strengthening to the existing retaining wall on Brunswick Street and Thompson Street.

50 Provides improved pedestrian connectivity along Thompson Street and Isle Street.

Disadvantages:

51 Requires additional capex funding.

52 This report recommends **Option 3** as the preferred option because the value, efficiency and improved resilience gained by undertaking these works early provides a greater benefit to QLDC and the ratepayer base than delaying the works to a later date.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

53 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because of the consistency with policy and strategy, and it is within QLDC's capability and capacity to deliver.

54 The persons who are affected by or interested in this matter are the residents/ratepayers of the Queenstown Lakes district community, and the Developer – Ninety-Four Feet Ltd.

> MĀORI CONSULTATION | IWI RŪNANGA

55 The Council will consult with Iwi with regard to the delivery of the relevant projects in accordance with the current iwi consultation process as part of the QLDC 3W Capex delivery programme.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

56 This matter relates to the financial risk category. It is associated with RISK00020 – Unexpected change in costs, This risk is assessed as having a high inherent risk rating.

57 The approval of the recommended option will support the Council due to the value, efficiency and improved resilience gained by undertaking these works early provides a greater benefit to QLDC and the ratepayer base than delaying the works to a later date.

58 FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

59 All proposed options are detailed below:

60 Option 1:

Current Budget
(Inflated to Funding Year $'s)

Item No.	*Budget*	*Description*	*2019/20 Budget*	*2020/21 Budget*	*2021/22 Budget*	*Total Budget*
1	Transport	Thompson St Upgrades	120,000	4,391,539		**4,511,539**
2	Transport	Isle St Upgrades			533,299	**533,299**
		TOTAL (Option 1 - Status Quo)	**120,000**	**4,391,539**	**533,299**	**5,044,838**

61 Option 2:

Option 2 Budget
(Inflated to Funding Year $'s)

Item No.	*Budget*	*Description*	*2019/20 Budget*	*2020/21 Budget*	*2021/22 Budget*	*Total Budget*
1	Transport	Thompson St Upgrades	120,000	4,391,539		**4,511,539**
2	Transport	Isle St Upgrades			533,299	**533,299**
3	Water Supply	Trunk water main pipe replacement		-	694,934	**694,934**
4	Waste water	Pressure sewer pipe and upsize of Thompson St Sewer		352,038	-	**352,038**
		TOTAL (Option 2)	**120,000**	**4,743,577**	**1,228,233**	**6,091,810**
		Increase/Decrease in Budget	**-**	**352,038**	**694,934**	**1,046,972**

62 Option 3:

Option 3 Budget
(Inflated to Funding Year $'s)

Item No.	*Budget*	*Description*	*2019/20 Budget*	*2020/21 Budget*	*2021/22 Budget*	*Total Budget*
1	Transport	Thompson St Upgrades to Arterial Standard	120,000	5,539,028	2,671,392	**8,330,420**
2	Transport	Isle St Upgrades		-	2,067,828	**2,067,828**
3	Water Supply	Trunk water main pipe replacement		-	694,934	**694,934**
4	Waste Water	Pressure sewer pipe and upsize of Thompson St Sewer		352,038	-	**352,038**
5	Transport	Strengthening of the existing retaining wall on Brunswick Street		1,500,000	718,000	**2,218,000**
		TOTAL (Option 3)	**120,000**	**7,391,066**	**6,152,154**	**13,663,220**
		Increase/Decrease in Budget	**-**	**2,999,527**	**5,618,855**	**8,618,382**

63 The Lakeview project will be undertaking required upgrades to Thompson Street and Isle Street as part of the works for the subdivision. By taking advantage of the opportunity to undertake wider upgrades at the same time QLDC will achieve significant savings on the total cost of the works compared to if they were undertaken separately at a later date. If the works are undertaken at a later stage it would be anticipated that the additional cost

would be even greater than noted above due to required rework, cost escalation, and higher market and margin rates.

64 For Option 3 the budget allocation for the 20/21 financial year is proposed to be via the Internal Submission process on the Annual Plan.

65 For Option 3 the budget allocation for the 21/22 Financial year will be achieved by offsetting a portion of the existing budget from the Town Centre Arterials and any available 3 Waters projects. This will be submitted as part of the capex reforecast for the April 24 Council meeting.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

66 The following Council policies, strategies and bylaws were considered:

67 Infrastructure Asset Management Strategy;

68 Policy on Development Contributions and Financial Contributions;

69 The recommended option is consistent with the principles set out in the named policy/policies

70 Options 2 and 3 are not included in the Ten Year Plan/Annual Plan

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 0 TE KĀWANATAKA Ā-KĀIKA

71 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 delivering required infrastructure and services upgrades in a format that is most cost effective and least disruptive to residents.
- 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.