

Full Council

8 October 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [5]

Department: Property & Infrastructure

Title | Taitara: Shotover Country Bore Capacity Improvements Project: Approval to Procure and Award Construction Contract ahead of Capital Reforecast

Purpose of the Report | Te Take mō te Pūroko

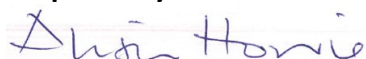
The purpose of this report is to seek Council's approval for the Chief Executive to procure and award a construction contract ahead of the first 2026/27 capital reforecast.

Recommendation | Kā Tūtohuka

That the Council:

1. **Note** the contents of this report;
2. **Note the importance of the Shotover** Country Bore Capacity Improvements project to network capacity and performance, and that delaying budget approval until the first capital reforecast of 2026/27 will defer contract award by approximately three months, increasing the risk of summer water restrictions and impacts on levels of service;
3. **Note** that the Shotover Country Bore Capacity Improvements project requires a capital budget increase of around \$1.53 million in 2026/27;
4. **Note** that necessary \$1.53 million budget adjustment will be included in the first capital reforecast of 2026/27;
5. **Delegate** authority to the Chief Executive to procure and award the Shotover Country Bore Capacity Improvements construction contract, up to a maximum value of \$1.72 million; and
6. **Note** the recommended delegation is consistent with other existing delegations.

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22 September 2026

Reviewed and Authorised by:



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Title: General Manager, Property & Infrastructure

22 September 2026

Context | Horopaki

Background

1. The Shotover Country Borefield was developed in 2023 with four of the six planned bores constructed, on the basis that full borefield capacity would not be required for more than ten years. However, the deferral of the Quail Rise Reservoir means the borefield is now required to meet peak instantaneous demand, as the Kelvin Heights Reservoir does not provide sufficient storage to effectively buffer peak flows.
2. With no additional storage expected until at least 2028, when either the Ladies Mile or Quail Rise reservoirs come online, the borefield's current capacity is constraining supply and limits redundancy. This increases the risk of Level of Service failures during peak demand periods and limits the network's ability to respond to further growth.
3. Progressing the bore capacity improvements now provides a time-critical opportunity to increase water supply capacity and resilience ahead of the 2026/27 peak demand season. The project will also provide enabling infrastructure to support the sequencing and delivery of growth within the Southern Corridor and Ladies Mile catchments. Completing the final two bores aligns with the original design intent and helps ensure the network can meet forecast growth and maintain Levels of Service over the longer term.

Shotover Country Bore Capacity Improvements

4. The Shotover Country Bore Capacity Improvements project (CP0008335) has an approved Long Term Plan (LTP) 2024-34 budget of \$790K in 2026/27.
5. Recent and anticipated growth, particularly from developments within Ladies Mile and the Southern Corridor, is expected to increase demand on the water supply network sooner than previously forecast. As a result, existing bore capacity is no longer sufficient to reliably meet projected peak demand while maintaining QLDC's Levels of Service.
6. To address this, it is proposed to proceed with upgrades to the existing chlorination system and the commissioning of two additional production bores, Bore A and Bore G, ahead of the first capital reforecast.
7. The estimated \$300k cost to upgrade the existing chlorination system has project budget.
8. The estimated cost to commission the two additional bores is approximately \$1.72 million. Consequently, the total estimated project cost is approximately \$2.32 million, resulting in a funding shortfall of \$1.53 million relative to the approved LTP budget.
9. The additional funding required is proposed to be provided through a budget transfer from the Ladies Mile New Scheme (WS) Project (CP0006988). The Ladies Mile New Scheme (WS) project has an approved LTP 2024-34 budget of \$26.7 million across FY 2026/27 to FY 2031/32.

10. Generally, approval for a budget increase would be sought through the capital reforecast process. However, the first FY 2026/27 capital reforecast is not scheduled until December 2026. Waiting for this process would delay contract award and postpone delivery of critical water supply infrastructure, increasing the risk of water restrictions and potentially impacting levels of service.
11. Given the project's importance to the network, it is instead recommended that Council delegate authority to the Chief Executive to procure and award a construction contract. This delegation is required as the Chief Executive's financial delegation in relation to the Capex 3 Waters Programme is limited to spend approved in the LTP budget. The corresponding budget amendments will be presented to Council via the December 2026 capital reforecast for ratification. This approach allows the project's programme to be maintained, and for necessary budget adjustments to reflect the actual contract price.

Analysis and Advice | Tatāritaka me kā Tohutohu

12. This report identifies and assesses the following reasonably practicable options for addressing the matter as required by section 77 of the Local Government Act 2002.
13. Option 1: Delegate authority to the Chief Executive to procure and award a construction contract ahead of the first 2026/27 capital reforecast.

Advantages

- Allows the project to proceed, enabling contract award and timely delivery of critical water supply infrastructure ahead of the 2026/27 peak demand season.
- Increases water supply capacity and improves network resilience, reducing the risk of water restrictions and Level of Service failures.
- Supports planned growth within the Southern Corridor and Ladies Mile catchments by providing enabling infrastructure.

Disadvantages

- Requires expenditure and a budget transfer before formal consideration through the capital reforecast process.
- Commits Council to progressing the project before the final contract value and project costs are fully confirmed.

14. Option 2: Do not delegate authority to the Chief Executive.

Advantages

- Allows the funding increase and budget transfer to be considered through the standard capital reforecast process.

Disadvantages

- Delays contract award by approximately three months, reducing the likelihood of completing the works before the 2026/27 peak demand season.
- Delays the delivery of additional bore capacity and associated improvements to network resilience.
- Increases the risk of summer water supply constraints, water restrictions, and impacts on Levels of Service.

15. Having considered the advantages and disadvantages of each option, officers recommend **Option 1** because it enables the timely delivery of critical water supply infrastructure, reduces risks to water supply capacity and Levels of Service, and supports the delivery of planned growth while allowing budget adjustments to be formalised through the December 2026 capital reforecast process.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi i kā Whakaaro Hiraka

16. This matter has been assessed against Council's Significance and Engagement Policy 2024. The importance to the Queenstown Lakes District and the community interest in the project mean that it is considered a matter of medium significance.

Māori Consultation | Iwi Rūnaka

17. Engagement with mana whenua has been undertaken as part of the design, consenting and development of the existing Shotover Country Water Treatment Plant and Borefield project constructed in 2023.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

18. This matter relates to the Regulatory/Legal/Compliance risk category. It is associated with RISK10056 Ineffective provision for the future planning and development needs of the district within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.

19. Approval of the recommended option will allow Council to avoid the risk. This will be achieved through allowing the project to proceed.

Financial Implications | Kā Riteka ā-Pūtea

20. The existing project budget within the LTP is insufficient to allow the project to proceed. Additional funding required is proposed to be provided through a budget transfer from the Ladies Mile New Scheme (WS) Project (CP0006988).

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

21. The following Council policies, strategies and bylaws were considered, and the recommendations are consistent with the principles set out in these plans and frameworks:

- QLDC's Strategic Framework
- 30 Year Infrastructure Strategy
- Three Waters Services Asset and Activity Management Plan 2024-2034
- Climate and Biodiversity Plan 2025-28
- Long Term Plan FY24-34
- Queenstown Lakes Spatial Plan
- Queenstown Lakes District Plan
- Te Pūtahi Ladies Mile Structure Plan

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

22. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. The Shotover Country Bore Capacity Improvements project ensures adequate infrastructure is established in Queenstown to contribute to the social, economic and environmental wellbeing of the community. As such, the recommendation in this report is appropriate and within the scope of Section 10 of the Act.

23. The recommended option:

- Can be implemented through current funding under the Long Term Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not significantly alter 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.

Attachments | Kā Tāpirihaka

A	Shotover Country Borefield – Site Layout Plan
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