

**QLDC Council
14 December 2017**

Report for Agenda Item: 7

Department: Property & Infrastructure

2017/18 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.

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29/11/2017

Reviewed and Authorised by:



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Chief Executive

29/11/2017

- 1 At the 23 June 2017 meeting of the Queenstown Lakes District Council, the Council resolved to adopt the 2017/18 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 2017/18 financial year.
- 4 The summary document is contained within Attachment A of this report.
- 5 This report breaks the programme into six asset categories: Buildings, Solid Waste, Transport, Storm Water, 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 **Defer:** Projects that will not be completed within the current financial year but will be completed in the 2018/19 financial year. Deferred budgets cannot be used to fund other projects in the current financial year.
- 10 Projects that are recommended to be deferred are being considered in conjunction with the draft 2018 LTP programmes for synergies.
- 11 Where it is shown that the deferred projects cannot be delivered without affecting the draft 2018 LTP programme, these projects will be stopped.
- 12 Stopped projects will then undergo a revised better business case and following the outcome of that process, programmed in a future LTP.

Options

- 13 Option 1 Approve the changes to the 2017/18 proposed capital works programme as proposed in Attachment A.

Advantages:

- 14 Provides an opportunity for the Council to consider the latest recommendation from officers in respect to projects planned for 2017/18 financial year
- 15 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:

- 16 This would change or delay the delivery of the projects consulted on and approved through the Long Term Planning (LTP) process.
- 17 Option 2 Status Quo, Do not approve the changes (do nothing option)

Advantages:

- 18 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:

- 19 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.
- 20 The Council will not be able to respond in a timely way to changes its operating environment and investment will be less effective.

- 21 Projects which have commenced and where sufficient alternate budget is available will be deferred, increasing the costs of delivery.
- 22 Option 3 Approve only some of the changes to the 2017/18 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 being delivered in the 2017/18 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.
- 27 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy. The proposed project adjustments are of relatively low value or, in the case of projects; Hawthorne Drive (EAR), Mt Aspiring Road Widening, Rising Main – Shotover Country to Glenda Drive and the LED Street Lighting Programme, budget adjustments best reflect the project scope.
- 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 funded and completed based on the most recent information available to Council officers.
- 30 The financial implications are outlined in Attachment A.
- 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 2017/18 financial year.

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.

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.

2017-18 versus								
Programme	Project Code	Project Description	2017-18 Budget	New	Budget Transfer	Defer	Budget Forecast	Budget Comments
Buildings	000109	Hawea Flat Hall - Extension	35,558		(5,000)		30,558	(5,000) Project complete and under budget. Propose budget transfer 5K to new project; Church Street Office extension.
	000293	6 Merioneth St Arrowtown	40,000		(40,000)		-	(40,000) Project budget to undertake fire protection works not required as garage is no longer being used as a commercial workshop. Propose full budget transfer to new project; Church Street Office extension.
	000378	Security - CCTV Cameras - CBD	5,335		20,000		25,335	20,000 Additional budget is required for install of new CCTV installations districtwide at fixed sites in public spaces for general crime prevention operated in conjunction with the Police.
	000564	Wanaka Airport	150,000		(100,000)		50,000	(100,000) Budget provision \$50K for handover works. Propose reallocate residual budget to new project; Luggate Hall design and investigation works.
	NEW 1	Civic Building (Gorge Road Office)	-	190,000			190,000	190,000 Queenstown Council Buildings renewals and Minor Improvements CAPEX. New budget to re-roof part of building; renovate bathrooms; refurb office including fit out (new desks) to accommodate additional staff.
	NEW 2	Church Street Office Extension	-	45,000			45,000	45,000 Additional office space at Church St is available for potential lease mid January. New budget required to; reconfigure office area, refurbish and fit out (8 to 12 workstations). Budget to be reallocated from Projects 109 and 293.
	NEW 3	Wanaka Office Improvements	-	20,000			20,000	20,000 Proposed budget in draft LTP allows for a potential office fit out over 2 years. Budget requested AP 17/18 to determine project scope.
	NEW 4	Luggate Hall Replacement	-	90,000			90,000	90,000 New budget request for design and investigation of replacement hall. Reallocate budget from Project 564 Wanaka Airport minor improvements capex.
	NEW 5	Athenaeum Hall Toilets - Upgrade	-	15,000			15,000	15,000 Proposed budget in draft LTP allows for decommissioning of existing toilets. Budget requested 17/18 to determine project scope.
Buildings Total			230,893	360,000	(125,000)	-	465,893	235,000
Solid Waste	NEW 6	Wakatipu Recycling Centre remedial construction	-	70,700			70,700	70,700 New project budget requested to undertake remedial construction and structural strengthening works at Wakatipu Recycling Centre.
	000190	Composting System / Dump Station	27,500		(27,500)		-	(27,500) H&S issue needs to be resolved urgently. Reallocate budgets from projects 190 and 370 no longer required.
	000370	Weighbridge Transfer Station Renewal	2,100		(2,100)		-	(2,100)
	NEW 7	Wanaka Transfer Station	-	120,000			120,000	120,000 New budget requested to reconfigure site; construct separate access for commercial tipping vehicles to allow safe disposal of waste. Proposed reconfiguration will eliminate the need to open gate at top of pit and eliminate H&S risk.
Solid Waste Total			29,600	190,700	- 29,600	-	190,700	161,100

Programme	Project Code	Project Description	2017-18 Budget	New	Budget Transfer	Defer	Budget Forecast	2017-18 versus Forecast	Budget Comments
Transport	000061	WANAKA - Sealed road pavement rehab (Subsidised)	306,743		120,000		426,743	120,000	Additional budget \$120K requested to undertake heavy duty maintenance works on the Cardrona Valley Road.
	000623	Camp Hill Rd - Sealed Rd Pavement Rehab	136,514		(70,000)		66,514	(70,000)	Transfer \$70K budget from Project 623 Camp Hill Rd Rehab. This project is now complete.
	000380	Resilience - Crown Range Road Land Construction	917,021		(432,775)		484,246	(432,775)	Reallocate an additional \$50K budget from project 380 Crown Range Resilience. Project budget no longer required.
	000562	Mt Aspiring Road Widening	1,500,000			(1,400,000)	100,000	(1,400,000)	BBC underway, concept design budget 17/18 \$100K. Defer budget \$1.4M to 18/19 for detailed design and physical works. (As project not included in current RLTP more likely to secure subsidy in 18/19 not 17/18).
	000580	Ballantyne Road Design	275,000			(75,000)	200,000	(75,000)	BBC complete, detailed design budget 17/18 \$200K. Defer budget \$75K to 18/19 for physical works.
	000245	Frankton Flats Strategy Implementation	394,534		(14,000)		380,534	(14,000)	
	000575	New Public Transport Hub in Frankton	180,000		(180,000)		-	(180,000)	Request reallocation of budgets to fund two new transport projects; installation of new water taxi jetties at Queenstown Bay and Frankton Beach.
	NEW 8	Frankton Beach Jetty	-		102,000		102,000	102,000	Reallocate budget \$180K from Project 575 New Public Transport Hub Frankton. This project budget is no longer required as NZTA funding changes to existing PT Hub at Frankton.
	NEW 9	Queenstown Bay Jetty	-		92,000		92,000	92,000	Transfer budget \$14k from Project 245 Frankton Flats Strategy Implementation.
	000391	Ardmore St/Lakefront Streetscape	199,650		(100,000)		99,650	(100,000)	Programme of works limited at Ardmore Street 17/18. Budget \$100K
	NEW 10	Wanaka Town Centre Masterplan-Establishment Report	-		100,000		100,000	100,000	to be reallocated to new project Wanaka Town Centre Masterplan to undertake initial establishment works/report.
Transport Total			3,909,462	-	(382,775)	(1,475,000)	2,051,687	(1,857,775)	
Waste Water	000023	Luggate Reticulation - extension	58,001		(58,001)		-	(58,001)	
	000554	Connect Luggate to Project Pure	500,000		333,001	(483,001)	350,000	(150,000)	Combine budgets Projects 23 and 625 with Project 554, Connect Luggate to Project Pure. Concept design budget \$350K 17/18. Defer
	000625	Project Pure Treatment Upgrades Stage 2	275,000		(275,000)		-	(275,000)	\$483K to 18/19 for physical works.
	000359	Remarkables Park Pump Stn Upgrade - Stg4	393,941			(393,941)	-	(393,941)	Defer project budget to 18/19. Further works has identified that existing pump systems have greater capacity than anticipated. Work to replace the pump station not as urgent as earlier indicated. Complete works 18/19.
	000366	Recreation Ground Pump Station - Stage 1	474,199			(300,000)	174,199	(300,000)	BBC, concept design and feasibility budget 17/18 \$174K. Defer budget \$300K to 18/19 for detailed design and physical works.
Waste Water Total			1,701,141	-	-	(1,176,942)	524,199	(1,176,942)	

Programme	Project Code	Project Description	2017-18 Budget	New	Budget Transfer	Defer	Budget Forecast	2017-18 versus Forecast	Budget Comments
		Rising Main - Shotover Country to Glenda Drive	2,351,537			(2,000,000)	351,537	(2,000,000)	Concept design budget 17/18 \$351K. Defer budget \$2M to 18/19 for detailed design and physical works.
		Glenorchy Water Reservoir Upgrade	495,215			(395,000)	100,215	(395,000)	BBC & Concept design budget \$100K 17/18. Defer budget \$395K to 18/19 for physical works.
		Kelleher Drive Extension	54,293		(54,293)	-	(54,293)		Project no longer required. Propose reallocation of this budget to new project Western Wanaka Pressure to address levels of service/low pressure.
		Western Wanaka Pressure	-	50,000			50,000	50,000	
		Frankton Ring Main and Hanley Downs CXN	490,000			(310,000)	180,000	(310,000)	Concept design budget 17/18 \$180K. Defer budget \$310K to 18/19 for physical works.
		Rising Main Upgrade Two Mile - Reservoir	114,194		(114,194)	-	(114,194)		Project budget \$114K Rising Main Upgrade Two Mile no longer required. Budget to design and construct a new WTP at Two Mile has been included in draft LTP.
Water Supply Total			3,505,238	50,000	(168,487)	(2,705,000)	681,751	(2,823,487)	
Hawthorne Drive (EAR)		Frankton Flats Stormwater - Construction	3,260,541		(950,000)		2,310,541	- 950,000	Revised project budgets based on forecast final cost. Budgets reallocated across EAR Projects 317, 318, 319, 519 and N East Frankton Stormwater Project 728.
		Frankton Flats Water Supply - Construction	355,231		500,000		855,231	500,000	
		Hawthorne Drive (EAR) - Other Services	135,133		100,000		235,133	100,000	
		N East Frankton Stormwater Connection	150,000		350,000		500,000	350,000	
Hawthorne Drive (EAR) Total			3,900,905	-	-	-	3,900,905	-	
Asset Management Improvements		Stormwater - AM Improvements	57,005		22,000		79,005	22,000	Additional budget is requested across the three waters asset management codes to increase available resources in support of new legislative requirements under the NPS on Urban Development Capacity. Includes additional budget \$20K to undertake condition investigations in CBD. This is an increase in scope to support the infrastructure requirements of the Future Development Strategy. This budget has been supported by the Planning and Development team who are leading the NPS and FDS work programmes.
		Wastewater - AM Improvements	166,170		30,000		196,170	30,000	
		Water Supply - AM Improvements	166,435		52,000		218,435	52,000	
AM Improvements Total			389,610	-	104,000	-	493,610	104,000	
Grand Total			13,666,849	600,700	(601,862)	(5,356,942)	8,308,745	(5,358,104)	

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