

**QLDC Council  
3 May 2018****Report for Agenda Item: 1a****Department: Community Services****Wanaka Pool Project Status Update April 2018****Purpose**

The purpose of this report is to provide an information update regarding the construction and opening of the new Wanaka Pool at Three Parks and the closure of the old Wanaka Pool. The report also seeks approval for a capital overspend for the new Wanaka Pool.

**Recommendation**

That Council:

1. **Note** the contents of this report;
2. **Agree** that the old Wanaka Pool in Plantation Road close at 5pm on Saturday 9<sup>th</sup> June 2018;
3. **Agree** that the opening of the new Wanaka Pool at the Wanaka Recreation Centre occur with an official blessing and then an free family fun day on Sunday 10<sup>th</sup> June 2018; and
4. **Agree** that the financial overspend for the new Wanaka Pool be funded through additional loan funding with the additional interest funded through the Wanaka Pool targeted rate.

Prepared by:



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30/04/2018

Reviewed and Authorized by:



Thunes Cloete  
GM, Community Services

30/04/2018

**Background**

- 1 In July 2015 Council resolved to proceed to detailed design for a new Wanaka Pool and directed officers to negotiate a contract on an exclusive basis with the incumbent contractor completing the Wanaka Recreation Centre. The Council

also authorised the Chief Executive to use delegated authority to enter into the contract, provided capital costs did not exceed \$12.28 million.

- 2 In July 2016 QLDC officers were directed to undertake value management of \$1,893,000 to ensure the budget was close to the \$12.28m forecast for the project. This also involved reducing the project contingency level. At this time, Council agreed to a \$70,000 overspend to take the overall budget to \$12.35 million.
- 3 In a 29 September 2016 Council report officers identified that the amount of project contingency may pose a possible risk for an unidentified operational and constructional elements or issues that might arise throughout the construction period. Officers have attempted to mitigate this through careful monitoring of project contingency however the project contingency level has been insufficient to complete the project and an overspend of \$570,000 is forecast.

## **Comment**

### ***Closure of Wanaka Old Pool – Plantation Road***

- 4 With the construction of the new Wanaka Pool, Wanaka Recreation Centre at Three Parks, officers have planned to close the old pool to the public at 5pm on 9<sup>th</sup> June 2018. It is envisioned that this day will be an opportunity for the community to “say goodbye” to the old pool through a QLDC/Community fun day/BBQ and farewell event. The QLDC Sport & Recreation team will maintain the pool for a minimum period of one month following its closure before emptying the pool, as a backup, should some extraordinary event or mechanical failure close the new pool.
- 5 A Council report with a variety of options for the future of the old pool site will be completed before the end of the year.

### ***Opening date of the new Wanaka Pool – Three Parks***

- 6 Construction completion has been forecast as the 31<sup>st</sup> May 2018 for handover of the building to QLDC. To enable the pool operational overlay, soft commissioning, training of staff, any defect completion and any possible minimal delays in construction, QLDC officers would like to open the new pool to the public on Sunday 10<sup>th</sup> June 2018 at 10.00am until 4.00pm.
- 7 Officers are planning to open the new pool as a 6 hour family fun day free of charge to the Wanaka/Upper Clutha area.
- 8 Early bird membership prices have been on sale and prices will be the same as Alpine Aqualand to ensure consistency across the district for the network of aquatic facilities. Further information regarding membership prices can be found at <https://sportrec.qldc.govt.nz/swim/new-wanaka-pool/>.
- 9 The new Wanaka Pool operating hours will be 6.00am – 9.00pm Monday to Friday, 8.00am – 8.00pm weekends and public holidays. The pool will close on Christmas day and New Year’s Day annually.

### ***Operational and Construction Cost Implications***

- 10 Due to delays in the project completion, due to a number of smaller design and construction issues in early 2017, delays to the project starting and operational design implications, a number of financial costs have been incurred.
- 11 Consultant costs have increased by \$310,000. These include works required to complete revised designs, additional project coordination work, increased operational commissioning and monitoring that was lacking from the project, and additional financial services works to capture costs structures.
- 12 In addition to this QLDC development contributions were recalculated and moved from a forecasted figure of \$165,000 to \$260,000 (additional \$95,000 overspend).
- 13 The project team identified that a number of key operational items were missing from the design. These included a learn to swim office for learn to swim/school swimming coordination, a pool control office for lifeguards and pool supervisors, access gates to the reception area as a point of control and providing members easier access to and from the pool, additional power and data sockets for pace clocks/TV screens/office spaces and additional Wi-Fi listening system for people with hearing impairments.
- 14 Cook Brothers Construction had identified a provisional sum of \$130,000 for a number of construction items. This has been identified as a risk and is forecasted to overspend by \$70,000.
- 15 The project contingency of \$600,000 has been utilised on a number of smaller construction/design variations and with two months until construction completion, the project team believe it would be prudent to forecast an additional \$150,000. This project contingency would only be used for any unexplained variations that would significantly impact on the project completion.

### **Options**

- 16 Option 1 Fund the financial overspend through additional loan funding with the additional interest funded through the Wanaka Pool targeted rate.

#### *Advantages:*

- 17 This is the simplest funding method. An additional \$570k of loan funding equates to annual interest of \$28,500 at 5% per annum. This would result in an increase to the annual charge of around \$4 including GST.

#### *Disadvantages:*

- 18 This option increases both debt levels and annual rates although not significantly.
- 19 Option 2 Fund the financial overspend by use of the Wanaka Asset Reserves Fund

#### *Advantages:*

- 20 The reserve has an unallocated balance of around \$9.05m and allocation of a further \$570k is in line with the reserve's purpose. This option does not increase either debt levels or annual rates.

*Disadvantages:*

- 21 Funding the overspend further depletes the reserve balance which has already made a significant contribution to this project (\$6m).
- 22 This report recommends **Option 1** for addressing the matter because it provides a simple solution which does not significantly impact either debt levels or annual rates.

## Significance and Engagement

- 23 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because given the large number of ratepayers affected and the quantum of funding in question. The Council has gone to considerable lengths to date to consult with the community through the SCP process, independent survey and 2012-2022 LTP and 2016/2017 Annual Plan consultation. Accordingly, it is in a position to reach a decision on this matter without further consultation.

## Risk

- 24 This matter relates to the strategic risk SR6b assets critical to service delivery, as documented in the Council's risk register. The risk is classed as high.

## Financial Implications

- 25 The current forecasted overspend for the Wanaka pool project is \$570,000.

*Table 1: Forecasted Overspend for new Wanaka Pool*

Item	\$	Description
Overspend noted in RLB Cost Report 11 – construction variations/provisional fees	\$200,000	\$200k overspend noted with no remaining contingency.
LTS Office (budget allowance)	\$45,000	Missed from design and required operationally
Pool Reception/Access Gates (budget allowance)	\$125,000	Missed from design and required operationally
Project Risk Contingency to Completion	\$150,000	Recommended <b>minimum</b> sum (RLB)
Additional Consultant Fees/Prolongation/development contribution	\$50,000	Cost risk to QLDC
<b>Total Overspend (GST exclusive)</b>	<b>\$570,000</b>	<b>Total project forecast \$12,850,000</b>

**Council Policies, Strategies and Bylaws**

26 This matter has been extensively consulted on using a Special Consultative Process throughout 2014 and has been included for consideration in the 10-Year Plan 2015 – 2025 deliberations.

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

28 This matter is included in the 2012-2022 LTP and the 2016/17 Annual Plan on pages 8, 10, 13 and 15.

**Local Government Act 2002 Purpose Provisions**

29 The recommended option:

- The option presented to Council supports the role of Council in providing recreational facilities and community amenities in a manner that is cost effective for households and businesses.
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies

**Legal Considerations and Statutory Responsibilities**

- There are no legal implications raised within the contents of this report