

**QLDC Council
13 December 2018**

Report for Agenda Item: 5

Department: Property & Infrastructure

2018/19 Capital Works Programme – First Re-forecast

The purpose of this report is to consider proposed amendments to the 2018/19 capital works programme for all Queenstown Lakes District Council capital projects.

That Council:

1. **Note** the contents of this report; and
2. **Approve** the budget changes proposed [and detailed in Attachment A].

Prepared by:



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30/11/2018

Reviewed and Authorised by:



Mike Theelen
Chief Executive

30/11/2018

- 1 At the 28 June 2018 meeting of the Queenstown Lakes District Council, the Council resolved to adopt the 2018/28 Ten Year Plan, which included a capital investment programme.
- 2 In order to demonstrate sustainable management of the financial assets committed to the capital investment programme, this paper provides the Council oversight of proposed changes to the current years capital programme and to gain approval to these changes.
- 3 This report is the first capex forecast review for the 2018/19 financial year.
- 4 The summary document and graphs are contained within Attachment A and B of this report.
- 5 This report breaks the programme into eight asset categories: Buildings, Libraries, Parks and Reserves, Transport, Storm Water, Venues and Facilities, 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 **Bring Forward:** The project is complex or has a longer lead-time and with available resource capacity, it is recommended to bring part of the expenditure forward from future years to enable work to commence ahead of the projects planned start date.
- 10 **Defer:** Projects that will not be completed within the current financial year but will be completed in future financial years. Deferred budgets cannot be used to fund other projects in the current financial year.
- 11 Projects that are recommended to be deferred are being considered in conjunction with the 2018 LTP programmes for synergies.
- 12 Where it is shown that the deferred projects cannot be delivered without affecting the 2018 LTP programme, these projects will be stopped.
- 13 Stopped projects will then undergo a revised better business case and following the outcome of that process, programmed in a future LTP.
- 14 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.
- 15 Option 1 Approve the changes to the 2018/19 proposed capital works programme as proposed in **Attachment A**.

Advantages:

- 16 Provides an opportunity for the Council to consider the latest recommendation from officers in respect to projects planned for 2018/19 financial year.
- 17 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:

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

Advantages:

- 20 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:

- 21 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.
- 22 The Council will not be able to respond in a timely way to changes its operating environment and investment will be less effective.
- 23 Projects which have commenced and where sufficient alternate budget is available will be deferred, increasing the costs of delivery.
- 24 Option 3 Approve only some of the changes to the 2018/19 proposed capital works programme as proposed in **Attachment A**.

Advantages:

- 25 Provides an opportunity for the Council to consider the latest recommendation from officers in respect to projects being delivered in the 2018/19 financial year.
- 26 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:

- 27 This would change or adjust the timing of the projects consulted on and approved through the Long Term Planning (LTP) process.
- 28 This report recommends **Option 1** for addressing the matter.
- 29 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy. The proposed project adjustments best reflect present day understanding of assumptions and project scope.
- 30 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.
- 31 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.
- 32 The financial implications are outlined in **Attachment A**.
- 33 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.

34 This matter is included in the 10-Year Plan/Annual Plan:

- The projects identified form part of the capital works projects for the 2018/19 financial year.

35 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.

36 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.

37 The persons who are affected by or interested in this matter are residents and ratepayers of the Queenstown Lakes district community.

38 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
- B LTP Budget vs Reforecast graphs

ATTACHMENT A - December 2018 Capex Reforecast

Line #	Programme	Project Code	Project Description	Budget 2018-19	New Budget	Budget Increase	Budget Transfer	Sum of B/Fwd	Budget Deferred	Sum of Cancelled	Budget Forecast	Budget Comments
1	Property	000211	Albert Town Boat Ramp Upgrades	5,000	-	-	5,000	-	-	-	-	
2		000236	Glenorchy Marina Minor maintenance	35,000	-	-	20,000	-	-	-	15,000	
3		000323	Glenorchy Library Building	5,000	-	-	5,000	-	-	-	-	
3		000789	Lake Hawea Jetty & Ramp	10,000	-	-	7,700	-	-	-	2,300	
4		000900	Queenstown Bay Ramp	5,000	-	-	5,000	-	-	-	-	
5		000731	Wanaka Office Improvements	622,318	-	420,000	42,700	-	-	-	1,085,018	
6		000493	Project Connect New Office Accommodation	5,834,923	-	-	-	-	5,334,923	-	500,000	MOU agreement in process. \$5.33m deferred 18/19 to 20/21.
8		NEW 1	Bradley Building New Premises	-	378,250	-	-	-	-	-	378,250	New premises required for staff accommodation.
	Property Total			6,517,241	378,250	420,000	-	-	5,334,923	-	1,980,568	
9	Libraries	000886	Wakatipu Library Service	250,000	-	-	125,000	-	-	-	375,000	\$125k funds to be reallocated from district mobile library project for Frankton Library fitout. \$150k deferred 19/20
10		000929	District - Mobile facility	275,000	-	-	125,000	-	150,000	-	-	
	Libraries Total			525,000	-	-	-	-	150,000	-	375,000	
11	Parks and Reserves	000215	Aspiring Road - replace permaloo with Ex	190,233	-	-	182,403	-	-	-	7,830	
12		000338	Wanaka Lakefront Reclamation	525,780	-	-	500,110	-	-	-	25,670	Transfer from Wanaka Lakefront Reclamation and Aspiring Road Toilet to Wanaka Lakefront Development Plan
13		000894	Wanaka Lakefront Development Plan	2,530,000	-	-	682,513	-	-	-	3,212,513	
14		000382	Playground Renewal Queenstown Bathhouse	506,351	-	-	169,000	-	-	-	675,351	Transfer \$169k from project 420 Playground Renewals Wakatipu to Bathhouse Playground as agreed prior to tender approval.
15		000420	Playground Renewals - Wakatipu	300,000	-	-	169,000	-	-	-	131,000	
16		000422	Tracks and Trails Renewals - Wakatipu	150,000	-	-	50,000	-	-	-	100,000	Transfer \$50k from project 422 Tracks & Trails Wakatipu to project 906 Wakatipu Trail Development
17		000906	Wakatipu Trail Development	100,000	-	-	50,000	-	-	-	150,000	
18		NEW 2	Wanaka Skate Park Stage 1 - upgrade	-	200,750	-	-	-	-	-	200,750	Increase to allow for urgent refurb due to H&S issues (crack in main bowl). Decommission and removal of existing Stage 1 precast bowls and replace with in-situ concrete bowls.
19		NEW 3	Access upgrades to Lake Hayes Pavilion and Rowing Club	-	110,000	-	-	-	-	-	110,000	Upgrades required to entrances to both reserves to allow safe access/exit. Entrances currently not wide enough to accommodate 2 car access.
	Parks and Reserves Total			4,302,364	310,750	-	-	-	-	-	4,613,114	
20	Stormwater	000766	Recreation Ground SW new box culverts	20,000	-	-	-	-	-	20,000	-	Budget no longer required.
21		000046	Stormwater - Renewals - Wakatipu	376,282	-	-	100,000	-	-	-	276,282	
22		000047	Stormwater - Renewals - Wanaka	195,491	-	-	100,000	-	-	-	295,491	Transfer \$100k from project 46 to 47
23		000786	Ladies Mile HIF Stormwater new scheme	630,000	-	-	-	-	460,000	-	170,000	Cashflow forecast defer \$460k to 20/21.
24		000858	Kingston HIF Stormwater new scheme	3,402,374	-	-	-	-	3,182,374	-	220,000	Cashflow forecast defer \$3.18m to 20/21.
25		000945	Anderson Heights new SW pipeline	-	-	-	-	90,000	-	-	90,000	Budget b/f from 19/20 to 18/19 in line with 3W procurement bundles.
26		000946	Belfast Terrace new SW pipeline	-	-	-	-	180,000	-	-	180,000	Budget b/f from 21/22 to 18/19 in line with 3W procurement bundles.
27		000947	Windsor Place - Edinburgh Dr new SW pipe	-	-	-	-	20,000	-	-	20,000	Budget b/f from 22/23 to 18/19 in line with 3W procurement bundles.
28		000948	Wiley Rd - Beacon Pt new SW outlet	-	-	-	-	90,000	-	-	90,000	Budget b/f from 20/21 to 18/19 in line with 3W procurement bundles.
29		000949	Mt Aspiring College SW drainage upgrade	-	-	-	-	180,000	-	-	180,000	Budget b/f from 22/23 to 18/19 in line with 3W procurement bundles.
30		000950	Bills Way SW pipeline replacement	-	-	-	-	80,000	-	-	80,000	Budget b/f from 22/23 to 18/19 in line with 3W procurement bundles.
	Storm Water Total			4,624,147	-	-	-	640,000	3,642,374	20,000	1,601,773	
31	Transport	000074	Glenorchy SPR - Minor improvements	1,055,035	-	-	-	769,000	-	-	1,824,035	B/f \$769k from Year 3 required to complete Bennetts Bluff safety improvements (project cost approx \$900k). NZTA approved budget.
32		000788	Queenstown Parking Improvements	10,249,000	-	-	-	-	8,749,000	-	1,500,000	Budget \$8.7m deferred to 21/22. Balance 18/19 to progress options/ site investigations.
33		000850	Queenstown Town Centre Pedestrianisation	4,940,000	-	-	-	-	2,440,000	-	2,500,000	Budget \$2.4m deferred to 19/20 to complete Brecon and Upper Beach St upgrades. Balance 18/19 to progress with design.
34		000914	Travel Management Queenstown	1,930,500	-	-	-	-	1,900,000	-	30,500	\$1.9m deferred to 20/21 in line with parking buildings development.
35		000935	Public Transport Minor Infrastructure	755,000	-	-	327,129	-	-	-	1,082,129	Reallocation of TIF (Transport Infrastructure Funding) from OPEX Transport Information projects 51 (Network Mapping) \$100k & 52 (Website) \$25k. Plus allocation of remaining TIF parking surplus from 17/18 \$202,129.
	Transport Total			18,929,535	-	-	327,129	769,000	13,089,000	-	6,936,664	
36	Venues and Facilities	000912	Jack Reid Field Improvements	230,000	-	-	81,000	-	-	-	311,000	\$81k Budget to be reallocated from QEC Sportfields proj 927 as agreed.
37		000807	Accessibility change room	100,000	-	-	100,000	-	-	-	-	
38		000808	Replace / resurface outdoor courts	200,000	-	-	140,000	-	-	-	60,000	Transfer from proj 807 and 808 to project 836 to fund removal of roof tiles Alpine Aqualand.
39		000836	Alpine Aqualand building (Hampton Jones)	264,709	-	-	240,000	-	-	-	504,709	
40		000927	QEC Sportsfield Improvements	170,000	-	-	81,000	-	-	-	89,000	\$81k budget reallocated to Jack Reid Field Improvements proj 912.
	Venues and Facilities Total			964,709	-	-	-	-	-	-	964,709	

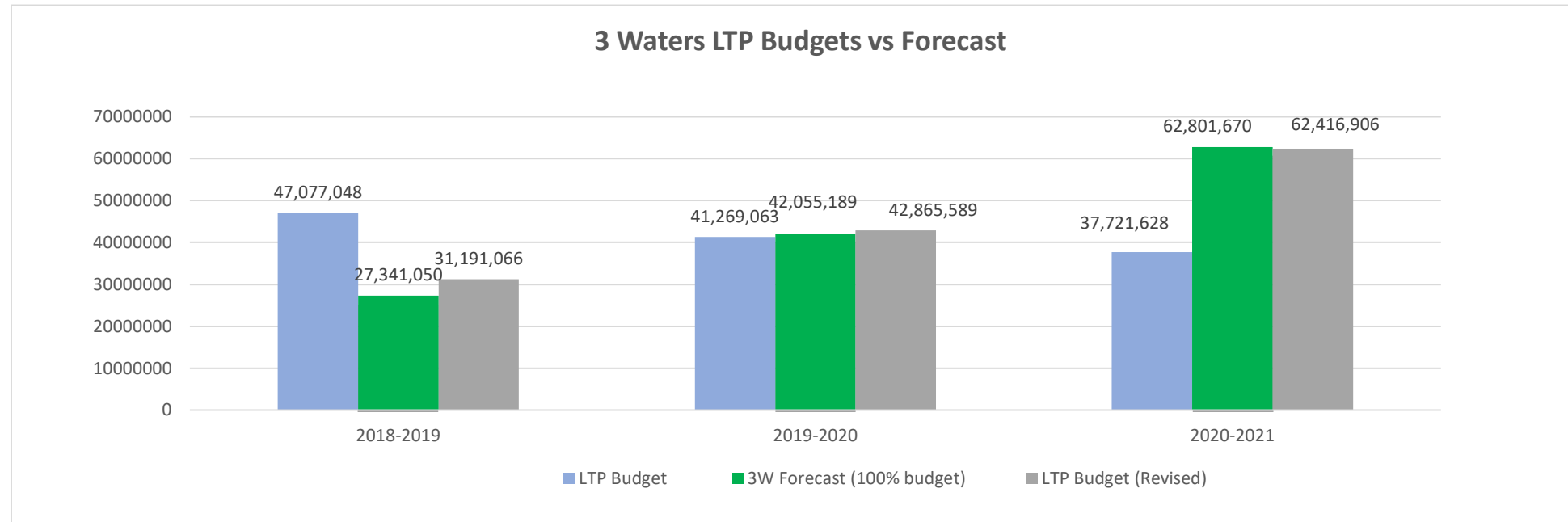
ATTACHMENT A - December 2018 Capex Reforecast

Line #	Programme	Project Code	Project Description	Budget 2018-19	New Budget	Budget Increase	Budget Transfer	Sum of B/Fwd	Budget Deferred	Sum of Cancelled	Budget Forecast	Budget Comments
41	Waste Water	000784	Drainage Water Minor Capex	9,354	-	-	55,000	-	-	-	64,354	Transfer \$35k from proj 12 and \$20k from project 783 to proj 784.
42		000366	Recreation Ground new WW Pump Station	751,201	-	-	-	-	301,201	-	450,000	Cashflow forecast defer \$300k to 20/21.
43		000771	Ladies Mile HIF Wastewater new Scheme	1,600,000	-	-	-	-	1,430,000	-	170,000	Cashflow forecast defer \$1.43m to 20/21.
44		000779	Hawea WW Cxn to Project Pure WWTP	704,875	-	-	-	-	594,875	-	110,000	Cashflow forecast defer \$595k to 20/21.
45		000871	Project Shotover FOG Treatment facility	500,000	-	-	-	-	440,000	-	60,000	Cashflow forecast defer \$440k to 20/21.
46		000895	Luggate Scheme Design	5,000	-	-	-	-	-	5,000	-	No longer required.
47		000909	Kingston HIF Wastewater new scheme	1,582,977	-	-	-	-	762,977	-	820,000	Cashflow forecast defer \$760k to 20/21.
48		000943	Project Pure FOG Treatment facility	-	-	-	-	50,000	-	-	50,000	Budget b/f from 19/20 to 18/19 in line with 3W procurement bundles.
49		000944	North Wanaka new WW conveyance scheme	137,160	-	-	-	162,840	-	-	300,000	Budget b/f from 19/20 to 18/19 in line with 3W procurement bundles.
	Waste Water Total			5,290,567	-	-	55,000	212,840	-3,529,053	-5,000	2,024,354	
50	Water Supply	000012	Water Supply - Renewals - Lake Hayes	96,240	-	-	35,000	-	-	-	61,240	Transfer \$35k from proj 12 to proj 784.
51		000001	Glenorchy WS Bore upgrades	300,000	-	-	-	-	290,000	-	10,000	Cashflow forecast defer \$290k to 20/21.
52		000280	Shotover Country WS new WTP	2,433,604	-	-	-	-	1,643,604	-	790,000	Cashflow forecast defer \$1.64m to 20/21.
53		000281	Shotover Country Rising Main (bridge)	2,071,237	-	-	-	-	1,401,237	-	670,000	Cashflow forecast defer \$1.4m to 20/21.
54		000361	Glenorchy Reservoir upgrade	1,258,724	-	-	-	-	788,724	-	470,000	Cashflow forecast defer \$790k to 20/21.
55		000518	Beacon Point Reservoir	3,314,460	-	-	-	-	2,364,460	-	950,000	Cashflow forecast defer \$2.36m to 20/21.
56		000762	Beacon Point new Water Treatment Plant	660,000	-	-	-	-	360,000	-	300,000	Cashflow forecast defer \$360k to 20/21.
57		000783	Drinking Water Minor Capex - Queenstown	46,771	-	-	20,000	-	-	-	26,771	Transfer \$20k from proj 786 to proj 784.
58		000790	Ladies Mile Reservoir & WS trunk mains	200,000	-	-	-	450,000	-	-	650,000	Budget b/f from 19/20 to 18/19 in line with 3W procurement bundles.
59		000817	Ladies Mile HIF Water Supply new scheme	1,600,000	-	-	-	-	1,240,000	-	360,000	Cashflow forecast defer \$1.24m to 20/21.
60		000881	Hawea WTP minor upgrades	210,000	-	-	-	-	200,000	-	10,000	Cashflow forecast defer \$200k to 19/20.
61		000888	Arrowtown new WPS & bores	1,544,013	-	-	-	-	534,013	-	1,010,000	Cashflow forecast defer \$534k to 20/21.
62		000905	Luggate New WTP,PS & pipeline to airport	1,841,000	-	-	-	-	921,000	-	920,000	Cashflow forecast defer \$921k to 20/21.
63		000930	Kingston HIF Water Supply new scheme	1,630,201	-	-	-	-	1,160,201	-	470,000	Cashflow forecast defer \$1.16m to 20/21.
64		000936	Quail Rise new Reservoir	-	-	-	-	450,000	-	-	450,000	Budget b/f from 19/20 to 18/19 in line with 3W procurement bundles.
65		000937	Hanley's Farm PS & Rising/Falling mains	-	-	-	-	170,000	-	-	170,000	Budget b/f from 20/21 to 18/19 in line with 3W procurement bundles.
66		000938	Wanaka WS Transmission Pipeline stage 2	-	-	-	-	90,000	-	-	90,000	Budget b/f from 20/21 to 18/19 in line with 3W procurement bundles.
67		000939	Arrowtown new Reservoir	-	-	-	-	370,000	-	-	370,000	Budget b/f from 19/20 to 18/19 in line with 3W procurement bundles.
68		000940	Glenorchy WS new WTP and building	-	-	-	-	10,000	-	-	10,000	Budget b/f from 20/21 to 18/19 in line with 3W procurement bundles.
69		000941	Wanaka WS Transmission Pipeline stage 1	-	-	-	-	690,000	-	-	690,000	Budget b/f from 19/20 to 18/19 in line with 3W procurement bundles.
70		000942	Kelvin Peninsula new Reservoir	-	-	-	-	200,000	-	-	200,000	Budget b/f from 19/20 to 18/19 in line with 3W procurement bundles.
	Water Supply Total			17,206,250	-	-	55,000	2,430,000	-10,903,239	-	8,678,011	
	Lakeview Development											
71	Buildings	000148	Lakeview Development	750,000	-	-	-	100,000	-	-	850,000	B/F \$100k from 19/20 to 18/19 to progress development agreements.
72	Storm Water	000283	Lakeview Development SW servicing	1,128,205	-	-	-	-	818,205	-	310,000	Cashflow forecast defer \$820k to 20/21.
73	Water Supply	000385	Lakeview Development WS servicing	375,951	-	-	-	-	275,951	-	100,000	Defer budget \$275,951 to Yr2 & Yr3.
74	Buildings	000286	Lakeview Development - Other Inf	2,108,799	-	-	-	-	1,758,799	-	350,000	
75	Transport	000285	Lakeview Development - Transportation	183,546	-	-	-	-	133,546	-	50,000	Reduce transport and other services to \$500k 18/19 to progress design.
76	Transport	000794	Lakeview Development Road & Public Realm	391,027	-	-	-	-	341,027	-	50,000	Balance deferred to 19/20.
77	Transport	000893	Lakeview Development - Market Square	191,486	-	-	-	-	141,486	-	50,000	
	Lakeview Development Total			5,129,014	-	-	-	100,000	-3,469,014	-	1,760,000	
	Grand Total			63,488,827	689,000	420,000	327,129	4,151,840	-40,117,603	-25,000	28,934,193	

ATTACHMENT B - December 2018 Capex Reforecast

3 Waters Programme Comments: The complexity and scale of the 3 Waters Programme has led to a bundled approach to take this work to market. To ensure the efficient and effective delivery of asset improvements, similar and compatible types of work have been bundled together into packages, representing approximately 60 projects. A number of project budgets in the 3 year programme have been re-phased to reflect this delivery approach and are consistent with the long term plan.

The following graph illustrates the movement across the 3 Waters programme to reflect revised deliver dates:



	LTP Budget	3W Forecast (100% budget)	LTP Budget (Revised)
2018-2019	47,077,048	27,341,050	31,191,066
2019-2020	41,269,063	42,055,189	42,865,589
2020-2021	37,721,628	62,801,670	62,416,906

