



ATTACHMENTS MINUTES

Ordinary Council meeting

Monday, 27 February 2023

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11.9 Project delivery update - verbal report

Attachment 1 Presentation - Project Delivery Update - PDF 4

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Agenda

- Update on overall progress to end of January for 2022/23 financial year
 - Comparison to last year
- Market update, key insights
- Key risks to capital delivery
- Activity Presentations
 - 2022/23 Programme
 - Top 5 Projects
 - Risks & Opportunities
 - Highlights
- Questions

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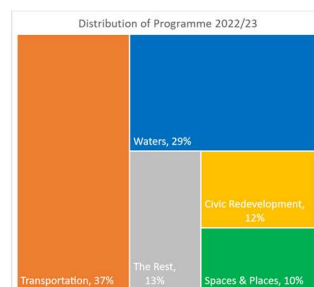
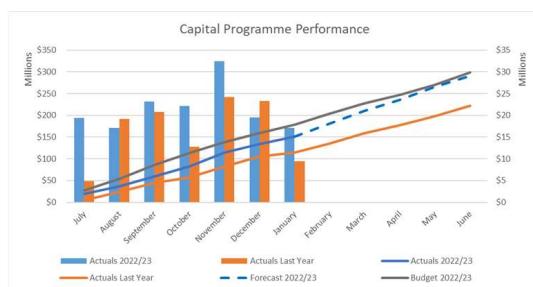
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Capital Programme Budget and Spend

- Annual Plan budget for 2022/23 is \$298m (excludes land sales, vested assets, 3rd party delivered projects)
- Transportation, Waters, Spaces & Places, and Civic Redevelopment & Waterfront/Public Realm make up 87% of this years programme budget



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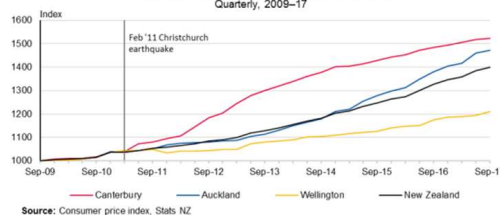
Market update, key insights

- Key Messages
 - Inflation is likely to take longer to come down
 - Cyclone event to cost Government circa \$13b
 - Impacts on market could be similar to Christchurch rebuild
 - Central government rewriting 2023 budget
 - Population gain in Sep-Dec this year of 21,600 or 0.4%, biggest gain since pre-covid, labour market tightness may gradually dissipate

Figure 4

Christchurch Rebuild Impact

Construction price index, for broad regions Quarterly, 2009-17



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Current Risks

1. Resource Availability
 - Provide clarity of pipeline
 - Panel Agreements
 - Moving to more Early Contractor Involvement engagements
2. Funding availability
 - Alternative funding models i.e. IFF
 - Open communication channels with central government
3. Cost Escalation
 - Project costs constantly being reviewed (BAU, and LTP)
 - Cost escalation work underway for LTP
 - Management of material supply

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Highlights

- Bureta Vale roundabout starting now, \$1.8m spend this F/Y.
- Bus shelters rollout starting in the next fortnight total of 150 to be built in the next 18 – 24 months
- LCLR contractor panel tenders now received.
- Cameron Rd stage 2 going to shortlist options for consultation.
- Maunganui Rd stage 3 now largely completed
- Wairoa Cycle way open day 16 March construction to start end of March.

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FY23 Programme

	Actuals as at Jan 2022	Budget	Forecast	Current % Forecast to year end	Movement from Dec 2022
Business Case Programme	\$5m	\$16.6m	\$12.6m	76%	+1%
Construction	\$35m	\$102.6m	\$70.0m	68%	-13%
Low Cost Low Risk	\$2.2m	\$22.9m	\$20.3m	88%	-4%
Renewals Programme	\$5.68m	\$21.4m	\$16.9m	77%	-1%
Balance of Programme	\$0.2m	\$9.8m	\$6.6m	67%	+3%
TOTAL (includes capital delivery adjustment \$37.5m)	\$47.9m	\$135.8m	\$126.4m	93%	-6%

- Projected construction underspend in FY23 predominantly due to Tauriko west programme budget was \$50.7 forecast now reduced to \$11.4. this is partially offset by higher Cameron rd spend, budget was \$23m vs forecast of \$36m.
- Forecasts to be further refined in March PEI Phase 2 – resulting from tender costs close this week
















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Top 5 Projects/Programmes

Project	Current Status			Key Milestones in Q3	Completion Date
	Cost	Time	Scope		
Cameron Rd Stage 1 2022/23 Forecast \$36m				Ongoing construction. Budget increased December. Completion date remains at risk. Boys high crossing now in place.	Dec 2023
Tauriko Early Works 2022/23 Forecast \$11.5m				Lodgement of NOR for road designation. Commencing construction procurement	March 2023
Papamoa East Interchange 2022/23 Forecast \$18m				Tender on stage 2 closes late feb 3 tenders expected. Early indications are that these will be higher than budget.	Review result Feb / March 2023
Maunganui Rd 2022/23 Forecast \$7.1m				Design commencing on final section. Waka Kotahi funding exhausted, requesting additional funding.	
Area B Cycling & Walking 2022/23 Forecast \$2.6m				Preferred options going out to community consultation. Early estimates are significantly higher than budget.	March 2023

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Risks and Opportunities

Top 3 Risks to Programme	Mitigation
1 – Agreement on funding for Waka Kotahi	Regular engagement with Waka Kotahi and applying for other funding sources e.g. transport choices, IFF, CIP
3 – Programme slippage at consultation stage on multiple large projects	Focus on driving consultants, earlier engagement on designs direction before consultation.
3 - Cost escalation – particularly for construction material which is estimated at 20% – 30% PA	Regular cost reviews during design and value engineering on all projects and focus on accelerated delivery.

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Highlights

- Renewals programs are forecasted to track ahead of budget. Multiple team members involved in the delivery.
- Minimal issues with the stormwater network. Coped well.
- Planning team 100% resourced in readiness for preparation of the LTP. Wide and diverse group of people, qualifications, and experience.
- Waiari water treatment plant official public opening set for 22nd March.
- Opal Drive project well underway with combination of raising main and Pump station.
- Te Maunga WWTP - Bioreactor 2 Project- Foundations Trial 5 a success
- Harrison's Cut – Papamoa – Great Outcome.

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Recent storm events – Bioreactor 2 Site



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Recent storm events – Waiari Intake site



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Recent storm events – Waiari Intake site



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Te Puke Highway



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FY23 Programme

	Actuals (end Jan 23)	Budget	Forecast	Current % Forecast to year end	Movement from Dec Forecast
Projects	\$48.6m	\$85.8m	\$77.6m	90%	0%
Renewals	\$9.2m	\$19.5m	\$21.9m	112%	13%
Vested	\$3.3m	\$7.9m	\$7.1m	90%	0%
TOTAL	\$61.1m	\$105.7m	\$106.6m	101%	6%
















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Top 5 Projects/Programmes

Project	Current Status			Key Milestones in Q3	Completion Date
	Cost	Time	Scope		
Te Maunga Desludging				On target with contractor working 16hr days.	March 2024
Te Maunga 2nd Bioreactor				Precast Panels complete, Piling trial successful. Starting production piles.	December 2024
Te Maunga 3rd Clarifier				Ground Improvement trials and design completed enabling accelerated delivery.	December 2024
Eastern Corridor WW				Opal Drive RM - Construction 80% Opal Drive PS - Design 60%, Contractor Procurement commenced.	Opal RM - April 23 Opal PS - June 24
Western Corridor Water stage 1 /Wastewater stage 1A				Water and Wastewater on track to meet development needs. WW PS close to vesting along with land purchase	Evolving with latest works.

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Procurement Process

- Business as usual approach to current work programme
- Implementation of new procurement approach being implemented from 1st July 2023.
- Logical components of the work programme that are linked together.
- Only a percentage of the total work in play
- Separate panels for Construction activities and for design
- Focus on delivering the nine outcomes
- Process underway March – June 23.

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Risks and Opportunities

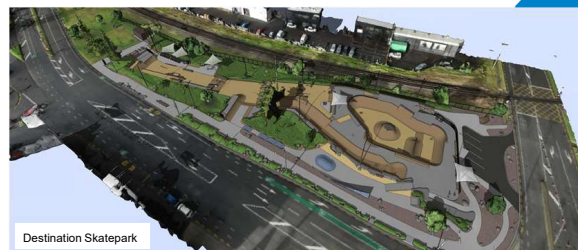
Top 3 Risks to Programme	Mitigation
1 – Te Maunga Bioreactor ground improvements	Trial has passed. Focus on replicating into production piling. Opportunity to accelerate Clarifier 3.
2 – Project Mix - Transitioning from a programme with spending dominated by large projects to a mix of medium/smaller ones	Strategic procurement exercise underway, resourcing in line with future requirements, with org chart review underway.
3 - Cost escalation	Regular cost reviews during design and project viability assessments during project lifecycle. External expertise providing 3rd party advice on unit rates and reviewing previous cost estimates.

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Spaces & Places

Amanda Davies
Manager: Spaces and Places Project Outcomes



Destination Skatepark



Kōpurerua Valley Stream Realignment



Omanawa Falls Cliff Stabilization



Te Ngaio Reserve Playground

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Highlights



Pacific Park Playground Upgrade

Bridge Installation K Valley

Complex 2 Upgrade Underway

Ila Park Upgrade Underway

Lakes & Welcome Bay Amenity Upgrades

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FY23 Programme

	Actuals (end Jan 23)	Budget	Forecast	Current % Forecast to year end	Movement from Dec Forecast
Spaces & Places Projects	\$11.6m	\$38.3m	\$28.6m	75%	-11%
Spaces & Places Renewals	\$1.8m	\$9.0m	\$8.2m	91%	-8%
TOTAL (includes capital delivery adjustment \$10.0m)	\$13.4m	\$37.3m	\$36.7m	99%	-14%

- The recent bad weather has affected the commencement date of some construction contracts and delayed the completion of some contracts.
- Resources in marketplace still constrained
















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Top 5 Projects/Programmes

Project	Current Status			Key Milestones in Q2	Completion Date
	Cost	Time	Scope		
Omanawa Falls				Geotechnical risk on project has increased. Currently working through options around project completion	2023/24
Marine Parade Boardwalk				Recent bad weather has delayed the start of the project civil work. Natural Play area at Te Ngaio Reserve completed pre-Christmas	Late 2023
Upgrades to Sports Fields Networks				Recent bad weather has meant that work at Waipuna Park will be preprogrammed to next renovation season.	Three year construction programme completion FY 2025
Marine Precinct – Offloading Wharf				Once consents received will issue construction tender to start work mid 2023	Mid 2024
Kopurerua Valley Development				Cycleway bridges installed in January. Livening of southern alignment programmed in February (weather permitting)	Three year construction project due for completion FY 2024

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Risks and Opportunities	
Top 3 Risks to Programme	Mitigation
1 – Cross council project dependencies and relationships –external funding, project go/no go	Need to ensure there is a programme view to understand funding and critical project interdependencies. Ensuring correct governance structures are in place
2 – Inflation and cost escalation – pressure on project budgets	Regular QS and reviews on project proposals
3 - Availability of contractors and consultants to complete work	Regular engagement with supply chain. Ensuring there is a council wide view of resource allocation. Use existing panel agreements to facilitate early contractor engagement.

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Highlights

- In December 2022, Council approved the preliminary designs and cost estimates for Te Manawataki o Te Papa (Site A) and authorised staff to proceed to developed and detailed design.
- The Dive Crescent Carpark development is underway and scheduled for completion in April.
- All seismic and internal fit out works have been completed on the Cargo Shed and it has now been handed over to the Community Services team for operation.
- The developed designs and cost estimates for the north, central and south Strand Reserve are being finalised and will be presented to Council in early April.
- The project team, KiwiRail, and contractors are finalising a programme for the installation of the underpass over Easter.
- The Maeaui (Tunk's Reserve) and Elizabeth Street East tender has been advertised.
- The developed design for Masonic Park is currently being finalised, with construction scheduled to commence by mid-2023.
- Engagement with stakeholders on the viewing deck and floating pontoon option for Beacon Wharf was completed in late February, and feedback is being collated.

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FY23 programme

	Actuals (end Jan 2023)	Budget	Forecast	Current % Forecast to year end	Movement from Dec Forecast
Civic Development	\$8.5m	\$35.3m	\$26.5m	75%	-1%
Waterfront/Public Realm	\$3.7m	\$14.0m	\$7.2m	51%	-20%
TOTAL	\$12.2m	\$49.3m	\$33.7m	68%	-6%

- High confidence in the year end forecast due to the number of Te Manawataki o Te Papa projects entering developed/detailed design.
- The developed designs and cost estimates for the projects will be presented to the Council in July.
- Potential carryforward for the Beacon wharf project, which is currently in design (approx. \$1.8M).

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Top five projects within the programme

Project	Current Status			Key Milestones in Q2	Completion Date
	Cost	Time	Scope		
Central Library and Community Hub (\$7.6m)	●	●	●	Preliminary designs completed and approved. Developed design underway and will be presented to Council in July.	Late-2026
Site A Civic Establishment (\$5.7m)	●	●	●	Part 1 demolition completed, ahead of schedule and within budget. Early engagement has taken place with PowerCo in relation to the necessary relocation of power assets.	Late-2024
Spring Street Carpark Seismic Works (\$5.7m)	●	●	●	Due to unexpected complexities of the work, the contractor has issued a new construction programme showing a three-month completion date extension. This extension will have financial implications that are still to be determined.	May-2024
Waterfront Playground Development (\$5.0m)	●	●	●	Registration of Interest has been evaluated and three playground design specialists have been invited to participate in the final selection process.	Mid-2025
Civic Administration Building (\$4.2m)	●	●	●	Stage 1 Foundation Building Consent has been issued. The fitout developed design is in progress.	Early-2025

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Risks and opportunities

Top three risks to programme	Mitigation(s)
1 – Risks associated with programme slippage because of unplanned events (e.g. weather, natural event etc.) in the delivery of the Strand Underpass project.	Contractors and Kiwirail are fully engaged on efficient delivery of the project, including in a relation to a revised methodology and a new Block of Line over Easter.
2 – Inflation and cost escalation, and the consequential pressure on project budgets.	Regular QS and gateway reviews on project budgets, managing scope creep etc.
3 – Ensuring project resilience through appropriate governance.	The establishment of a Te Manawataki o Te Papa delivery CCO was approved by Council on 12 December 2022 and is planned to be in place by 1 July 2023.

Opportunities:

- Early contractor engagement will ensure that the industry is aware of the pipeline of work associated with the civic development programme.

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Questions?



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