

RELEASED AS PUBLICLY AVAILABLE INFORMATION 16/02/23

TE KAUNIHERA O TE AWA KAIRANGI | HUTT CITY COUNCIL

Meeting to be held on
Tuesday 22 November 2022 commencing at 2.00pm.

ORDER PAPER

PUBLIC EXCLUDED BUSINESS

22. **TUPUA HORO NUKU EASTERN BAYS SHARED PATH FUNDING**
(22/2470)
- Report No. HCC2022/5/209 by the Head of Transport 2
- MAYOR'S RECOMMENDATION:**
- "That the recommendations contained in the report be endorsed."
- PUBLIC EXCLUDED MINUTES OF COUNCIL MEETING DATED**
22 NOVEMBER 2022 (NOW RELEASED) 8

Kate Glanville
SENIOR DEMOCRACY ADVISOR

03 November 2022

Report no: HCC2022/5/209

Tupua Horo Nuku Eastern Bays Shared Path Funding

Purpose of Report

1. This report seeks approval for funding of the remaining four bays of the Tupua Horo Nuku Eastern Bays Shared Path.
2. This paper is being considered at a closed session due to the sensitivity of the timing of negotiations with Waka Kotahi and Crown Infrastructure Partners. Once funding decisions have been made by those parties, the paper will be publicly available.

Recommendations

It is recommended that Council:

- (1) notes that the Annual Plan 2022-23 includes capital budgets for Tupua Horo Nuku of \$29M, together with funding from Crown Infrastructure Partners and Waka Kotahi resulting in a net cost to Council of \$6.9M;
- (2) notes that Council approved proceeding for Windy Point and Sunshine Bay at a cost of \$16.8M in December 2021;
- (3) notes the update on the costs for design and construction of the remaining four bays (Mahina Bay, York Bay, Lowry Bay and Point Howard) at a cost of \$62.6M;
- (4) notes that officers are seeking additional funding of \$15M from Crown Infrastructure Partners and \$18.3M from Waka Kotahi to deliver the project;
- (5) notes that a decision from Crown Infrastructure Partners will be made in February 2023 in respect of their funding;
- (6) notes that the Waka Kotahi Delegations committee will be considering the funding application in March 2023, followed by the Waka Kotahi Board on 19 April 2023;

- (7) approves in principle an additional \$17.5M from Council (making the total Council contribution \$24.4M) towards the project which is contingent upon:
 - (a) further funding of \$15M from Crown Infrastructure Partners;
 - (b) further funding of \$18.3M from Waka Kotahi; and
 - (c) availability of debt funding by Council;
- (8) agrees that reprioritisation of Council's capital investment programme is required to find offsetting debt funded project costs to the value of \$17.5M;
- (9) notes that advice will be presented to the Long Term Plan/ Annual Plan Subcommittee on 20 December 2022 to support reprioritisation decisions by Council;
- (10) notes that officers will keep Council updated on the Crown Infrastructure Partners and Waka Kotahi Funding approval; and
- (11) notes that if the requested increase in funding from either Waka Kotahi and or Crown Infrastructure Partners is not approved a report with further options and recommendations will be developed and presented to Council for consideration.

For the reasons outlined in this report.

Background

3. The project, a walking and cycling route, has been an aspiration for Council and its residents for decades. It is proposed to extend along a distance of 4.4 km on Marine Drive, a coastal road, between Point Howard and the northern end of Days Bay, and the southern end of Days Bay (Okiwi Bay) to Eastbourne (Muritai Road / Marine Parade intersection).
4. In March 2021, the resource consent was initially granted. Although an appeal was lodged, this was resolved in June 2021, meaning the Project is approved to proceed to construction. The Project is now shifting from the consenting stage to the construction stage.
5. In November 2021, Council approved an Alliance delivery model and integration with the Te Ara Tupua Alliance to deliver the construction phase of the Project.
6. Total funding currently available to the Project at that point was \$29M which includes \$15M of Crown Infrastructure Partner funding, \$7.1M Waka Kotahi funding and \$6.9M funded by Council.

Target Outturn Cost

7. The Alliance has calculated the Target Outturn Cost to deliver the remaining four bays. The costs are summarised below:

Item	Value
Alliance TOC - design, construction, risk, fixed escalation and Limb2	\$55,421,289
Client retained risks and managed costs	\$4,599,967
Client provided insurances, excess allowances	\$2,549,379
Total Cost for Bays 1,2,3,4	\$62,570,635

8. For the total project (Bays 1-6), the costs are now as follows:

Item	Value
Alliance TOC - design, construction, and risk	\$70,738,362
Client retained risks and managed costs	\$5,855,751
Client provided insurances, excess allowances	\$3,245,356
Total Cost for Bays 1 - 6	\$79,839,469

9. Key reasons for cost increases between the project cost estimate in 2019 and the revised TOC costs include:

- Additional requirements of consenting process not previously included
- COVID-19 effects, an overheated market, and the increasing costs of labour/materials.
- Design development and estimating variances in the new TOC in the North

10. The updated cost reflects a difference in available technical information and key design and construction assumptions. Key considerations not included in the 2019 estimate include:

- Updated survey and geotechnical investigation information
- Fall from height
- Pre-cast block seawall with overtopping future proofing
- Deep rock foundations at Whiorau and York Bay

- Utilities location uncertainty
- Future proofed culvert extensions
- Ecological mitigation
- Cultural expression enhancement
- Traffic management limited to construction of bays in series
- Coastal wave defence system requirement during construction

Climate Change Impact and Considerations

11. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Consultation

12. Officers with the Alliance team engaged with the Eastbourne Community Board, Mana Whenua Steering Group, resident associations, East Harbour Environmental Association, and Council's Park and Reserves team on the Landscape and Urban Design Plan throughout the month of November. The Project team are currently consulting on the Bay Specific Urban Design Plans with the Eastbourne Community Board for Mahina and York Bays.

Legal Considerations

13. This paper is being considered at a closed session due to the sensitivity of the timing of negotiations with Waka Kotahi and Crown Infrastructure Partners. Once funding decisions have been made by those parties, the paper will be publicly available.
14. The Partner Agreement between Waka Kotahi and Council covers the integration of the project into the Te Ara Tupua Alliance for the first two bays. This agreement will be extended upon confirmation of funding for the remainder of the project.
15. Officers have been working with a resident who owns part of the land on Mahina Bay where the path will run through. Negotiations will commence shortly to purchase, or acquire the land for the shared path.

Financial Considerations

16. Officers have commenced discussions with Crown Infrastructure Partners about increasing their investment in the project. Officers will work with Crown Infrastructure Partners on a report to go to Ministers for the further funding.
17. Waka Kotahi is considering our application to increase their funding contribution at their Delegations Committee meeting in March 2023, followed by their Board on 19 April 2023.
18. Council needs to consider how the cost increase for our portion will be met. The cost of capital projects is generally met through an increase in debt and the cost of servicing this debt through ratepayer funding.
19. However, after adjusting for the City Centre Infrastructure Acceleration Fund project and other cost escalation on Three Water projects, there is

expected to be no available debt headroom to fund the cost increase for Tupua Horo Nuku.

20. Therefore, if this cost increase is approved, Council will need to reprioritize or re-phase other projects to create the appropriate headroom. The Long Term Plan/ Annual Plan Subcommittee will consider reprioritisation options on 20 December 2022.
21. The tables below reflect the financial impact. A comparison of budgets in the Annual Plan 2022-23 to the proposed draft Annual Plan 2023-24 budgets is provided.

Table 1: Revenue/Funding sources

\$M	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-31</u>	<u>Total</u>
Annual Plan 2022-2023	(15.48)	(4.53)	-	-	-	(20.01)
Draft Annual Plan 2023-2024	(15.48)	(18.89)	(13.18)	(5.93)	-	(53.48)
Variance	-	(14.36)	(13.18)	(5.93)	-	(33.47)

Assumed that Covid Response and Recovery co-funding pays for up to \$30M share of the Capital outlay of \$80M (Crown Infrastructure Partners) and Waka Kotahi funding.

Table 2: Capital expenditure

\$M	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-31</u>	<u>Total</u>
Annual Plan 2022-2023	20.50	6.00	-	-	-	26.50
Draft Annual Plan 2023-2024	20.50	25.02	20.10	11.63	-	77.25
Variance	-	19.02	20.10	11.63	-	50.75

Appendices

There are no appendices for this report.

Author: Jon Kingsbury
Head of Transport

Author: Deepu Nunnian
Manager Financial Strategy and Planning

Reviewed By: Jenny Livschitz
Group Chief Financial Officer

Reviewed By: Kara Puketapu-Dentice
Director Economy and Development

Approved By: Jo Miller
Chief Executive

Released as publicly available information 16/02/23

TE KAUNIHERA O TE AWA KAIRANGI | HUTT CITY COUNCIL

Minutes of an ordinary meeting of The Hutt City Council held in the Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt on **Tuesday 22 November 2022 commencing at 4.55pm**

PRESENT:

Mayor C Barry (Chair)	Deputy Mayor T Lewis
Cr J Briggs	Cr K Brown
Cr S Edwards	Cr A Mitchell
Cr K Morgan	Cr C Parkin
Cr N Shaw	Cr T Stallinger
Cr G Tupou	

APOLOGIES: Cr G Barratt and Cr B Dyer

IN ATTENDANCE:

J Miller, Chief Executive
 A Blackshaw, Director Neighbourhoods and Communities
 A Geddes, Director Environment and Sustainability
 K Puketapu-Dentice, Director Economy and Development (via audio-visual link)
 J Livschitz, Group Chief Financial Officer
 J Kingsbury, Head of Transport
 K Glanville, Senior Democracy Advisor
 K Davey, Democracy Advisor

PUBLIC EXCLUDED BUSINESS

22. TUPUA HORO NUKU EASTERN BAYS SHARED PATH FUNDING (22/2470)

Report No. HCC2022/5/209 by the Head of Transport

Michael Siazon, Project Manager, Waka Kotahi was in attendance for the item.

The Head of Transport elaborated on the report.

Michael Siazon advised that the original costings were based on the consented design and the current costings were based on the construction design. He said the impact of the ongoing COVID-19 situation, inflation, the current labour market, and both local and global supply chain issues had contributed to increased costs for the project. He stated there had also been changes in the design to take safety issues into account.

The Head of Transport noted that the coastal marine environment was complex. He said experts in the coastal marine environment space were working with the Alliance to deliver the project.

In response to questions from members, the Head of Transport said Council was in discussions with Waka Kotahi and Crown Infrastructure. He was confident further resourcing would be provided and this would be spread over two financial periods. He said the report was in the public-excluded section of the meeting due to the sensitive nature of these discussions. He advised the "fall from height" provision was not originally accounted for in the project design.

Cr Brown left the meeting at 5.02pm.

The Director of Economy and Development advised that the cost estimates were carried out in 2019 and 2020 for the 2021-2031 Long Term Plan.

In response to questions from members, the Head of Transport said future communications could include messaging that elaborated on the cost increase. He noted the resilient seawall and shared pathway would lessen the impact of marine surges.

Cr Brown rejoined the meeting at 5.04pm.

In response to a question from a member, the Director Economy and Development advised a Qualitative Risk Assessment (QRA) had not been undertaken for the project. The Chief Executive clarified that the project preceded Council's QRA process.

In response to a question from a member, Michael Siazon clarified that "over-topping" future-proofing allowed for additional layers or crowns to be added to the resilient seawall to minimise "over-topping" during marine surges. He said this was currently being looked into for Lowry Bay.

In response to a further question from a member, the Head of Transport confirmed that an independent engineering and cost review evaluation had been carried out.

In response to questions from members, the Chief Executive advised a public statement would be released noting the cost changes, and potential risks and that Council was working closely with the project partners. She said the report would remain confidential until negotiations were finalised. She confirmed the additional funding would be included in a report to the Long Term Plan/Annual Plan Subcommittee meeting on 20

December 2022. She added the report would include clear costings and that Council was working with project partners to secure additional funding.

In response to a question from a member, Mayor Barry advised the Eastbourne Community Board would receive an update on the project at its first meeting of the new triennium.

Members asked that communications highlight that the increased cost was due to the climate resilience infrastructure part of the project ie the resilient seawall and not the shared pathway. Members noted that going forward Council needed to apply the risk framework to all projects.

Mayor Barry said it was a significant cost increase but it was an important project for the Eastern Bays community.

RESOLVED: (Mayor Barry/Deputy Mayor Lewis) **Minute No. C 22515(2)**

“That Council:

- (1) *notes that the Annual Plan 2022-23 includes capital budgets for Tupua Horo Nuku of \$29M, together with funding from Crown Infrastructure Partners and Waka Kotahi resulting in a net cost to Council of \$6.9M;*
- (2) *notes that Council approved proceeding for Windy Point and Sunshine Bay at a cost of \$16.8M in December 2021;*
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- (5) *notes that a decision from Crown Infrastructure Partners will be made in February 2023 in respect of their funding;*
- (6) *notes that the Waka Kotahi Delegations Committee will be considering the funding application in March 2023, followed by the Waka Kotahi Board on 19 April 2023;*
- (7) *approves in principle an additional \$17.5M from Council (making the total Council contribution \$24.4M) towards the project which is contingent upon:*
 - (a) *further funding of \$15M from Crown Infrastructure Partners;*
 - (b) *further funding of \$18.3M from Waka Kotahi; and*
 - (c) *availability of debt funding by Council;*
- (8) *agrees that reprioritisation of Council’s capital investment programme is required to find offsetting debt-funded project costs to the value of \$17.5M;*
- (9) *notes that advice will be presented to the Long Term Plan/Annual Plan Subcommittee on 20 December 2022 to support reprioritisation decisions by Council;*
- (10) *notes that officers will keep Council updated on the Crown Infrastructure Partners and Waka Kotahi Funding approval; and*
- (11) *notes that if the requested increase in funding from either Waka Kotahi and/or Crown Infrastructure Partners is not approved a report with further options and recommendations will be developed and presented to Council for consideration.”*

23. CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA

Unuhia!	<i>Release us from the supreme sacredness</i>
Unuhia!	<i>of our tasks</i>
Unuhia i te uru-tapu-nui	<i>To be clear and free</i>
Kia wātea, kia māmā	<i>in heart, body and soul in our continuing journey</i>
Te ngākau, te tinana, te wairua i	<i>Oh Rongo, raise these words up high</i>
te ara takatū	<i>so that we be cleansed and be free,</i>
Koia rā e Rongo whakairihia ake	<i>Yes indeed, we are free!</i>
ki runga	<i>Good and peaceful</i>
Kia wātea, kia wātea!	
Ae rā, kua wātea!	
Hau, pai mārire.	

There being no further business the Chair declared the meeting closed at 5.18pm.

C Barry
MAYOR

CONFIRMED as a true and correct record
Dated this 20th day of December 2022