

Report To: Council



Meeting Date: 24 February 2024

Subject: **Request for Additional Funds: Carroll Street (SH3)
Three Waters Asset Relocation Contract 500/24/083**

Type: Decision Required

Author(s): Shyamal Ram
General Manager – Infrastructure Services

1. Purpose of Report

- 1.1 The purpose of this business paper is to seek Council's approval of additional funding needed for the Carroll Street (State Highway 3) Three Waters Asset Relocation Contract 500/24/083.

2. Suggested Resolutions

- 2.1 The following are suggested resolutions only and do not represent Council policy until such time as they are adopted by formal resolution.
- 1 The business paper on the Request for Additional Funds: Carroll Street (State Highway 3) Three Waters Asset Relocation Contract 500/24/083 be received.
 - 2 Council approve additional funding of \$188,527 for Te Kuiti Water Reticulation Planned Renewals.
 - 3 The unbudgeted amount of \$188,527 be funded from the Te Kuiti Water Asset Replacement Reserve.

3. Background

- 3.1 On 17 July 2024, Waitomo District Council (WDC) received a formal notice from the NZ Transport Agency (NZTA) concerning the relocation of council infrastructure. This notice (**Attachment One**), issued under Section 54(2) of the Government Rounding Powers Act 1989, necessitated the relocation of cables, pipes, and other infrastructure located on State Highway 3 Te Kuiti, specifically from the north side of the intersection of State Highway 3 and Ward Street extending to 54 Carroll Street. The relocation was essential to facilitate NZTA's scheduled full-width road rehabilitation project for January – February 2025.
- 3.2 Initial discussions held on 10 April 2024 involved key stakeholders from WDC and NZTA to coordinate the upcoming relocation and road rehabilitation efforts. According to the Government Rounding Powers Act 1989, NZTA and WDC were equally responsible for the actual and reasonable costs associated with this infrastructure relocation.
- 3.3 Quotations were sought from contractors. WDC was tasked with informing NZTA of the preferred contractor and their programme by 13 December 2024 to proceed with ordering materials and approving traffic management plans. The project involved a one-lane closure of the highway, potentially escalating to a full road closure. Communications were to be issued following internal approvals.
- 3.4 The elected members were informed before commencing work in January 2025.

4. Commentary

- 4.1 Four (4) Request for Quotes were issued on the 8 November 2024.
- 4.2 All four (4) quotes were received and evaluated using Lowest Price method.
- 4.3 Camex Limited was awarded the contract for \$636,102 including Temporary Traffic Management (TTM).
- 4.4 Quotes did not include allowance for contingency. Therefore a contingency allowance of \$164,220 has been included for approval, the contingency is estimated to cover project management, MSQA supervision and unforeseen related issues that may arise including costs for removal or relocation or stand-over services from the Lines company.
- 4.5 Work on the watermain replacement is estimated to take about five weeks, whereafter NZTA will commence with its road rehabilitation. The primary shortfall is in the water budget for Te Kuiti Reticulation Planned Renewals, with a deficit of \$188,527.
- 4.6 The estimate by Council was \$864,000.
- 4.7 The Project Management and MSQA estimate has been revised, reducing it to \$800,322.46.
- 4.8 Of the total project cost of \$800,322, 50% of this will be funded from NZTA, leaving \$400,161 as the local share. There are capital expenditure budgets available under the waters activities of \$210,907, leaving a shortfall of \$188,527.
- 4.9 Addressing the shortfall in the Te Kuiti water budget is essential to ensure the continued reliability and safety of the water supply. Proactive measures to secure additional funding or reallocate resources can help mitigate the risks associated with underfunded water infrastructure projects.

5. Analysis of Options

- 5.1 **Do Nothing.** This option involves not taking any action to address the funding shortfall. However, this could lead to potential risks and delays in the project.
- 5.2 **Cost-Sharing with NZTA:** This option takes advantage of the cost-sharing opportunity offered by the NZTA to replace the 560-meter water main and the 31-meter sewer main, including refurbishing the existing stormwater manhole. This option results in savings of \$400,161. Noting the water pipeline was of AC material which would have needed to be replaced in the near future.
- 5.3 The local share would be funded from the Te Kuiti water asset replacement reserve (rate-funded depreciation). Noting that as these reserves are not represented by cash, external loan funding would increase as a result.

6. Considerations

6.1 RISK

- 6.1 The primary risk is the shortfall in the Te Kuiti water reticulation renewal budget, with a deficit of \$188,527. No other Te Kuiti water pipelines will be renewed in the current financial year.
- 6.2 Proactive measures to secure additional funding can help mitigate the risks associated with underfunded water infrastructure projects.
- 6.3 Not addressing the funding shortfall could lead to potential risks and delays in the project.
- 6.4 The project involves a one-lane closure of the highway, potentially escalating to a full road closure, which could increase costs. Engaging in discussions with contractors to refine proposals and select the most cost-effective Traffic Management Plan.

6.5 Coordinating efforts between WDC and NZTA is crucial to ensure timely completion and compliance with NZTA requirements. Regular communication and updates between WDC and NZTA will take place to ensure alignment and address any issues promptly.

6.6 The decision could have an impact on the community, especially if it involves significant changes or disruptions.

6.7 CONSISTENCY WITH EXISTING PLANS AND POLICIES

6.8 The inconsistency arises from the shortfall in the water budget for TK Reticulation Planned Renewals, which has a deficit of \$188,527. This shortfall is due to the higher-than-expected costs associated with the relocation of water infrastructure as necessitated by the NZTA for their scheduled full-width road rehabilitation project.

6.9 To address this inconsistency, the Council intends to amend its plan by securing additional funding or reallocating resources. This proactive measure is essential to ensure the continued reliability and safety of the water supply.

6.10 The council is considering several options, including cost-sharing with NZTA, seeking additional funding through grants or loans, or increasing budget allocations. Regular communication and updates between WDC and NZTA will take place to ensure alignment and address any issues promptly.

6.11 SIGNIFICANCE AND COMMUNITY VIEWS

6.12 Solving the Carroll Street water, wastewater and stormwater relocation and upgrade is in the best interest of the community.

6.13 WDC has shown consideration for the views and preferences of affected parties by engaging in discussions and meetings with NZTA and relevant stakeholders. Specifically, a meeting was held on 10 April 2024. WDC is engaging with key representatives to discuss the project and its implications.

6.14 Additionally, WDC has expressed a willingness to work collaboratively with the NZTA and share costs to facilitate the removal of water services from the state highway pavement.

6.15 The decision to relocate infrastructure for the SH3 Ward St rehabilitation project is not considered to be significant and would not trigger the Significant and Engagement Policy.

6.16 The community has been updated on decisions via letter drops to the residence and through media release and social media WDC page update.

7. Attachments/Separate Enclosures

Attachments:

1. Formal Notice of Council Infrastructure Relocation – SH3 Ward St Rehab (Doc #816353)

17 July 2024

Waitomo District Council
PO Box 404,
Te Kūiti 3941

Delivered via email to info@waitomo.govt.nz

Attention: Shyamal Ram

Dear Shyamal,

Level 1, Deloitte Building
24 Anzac Parade
PO Box 973,
Waikato Mail Centre
Hamilton 3240
New Zealand
T 64 7 958 7220
F 64 7 957 1437
www.nzta.govt.nz

FORMAL NOTICE OF COUNCIL INFRASTRUCTURE RELOCATION – SH3 Ward St Rehab

The NZ Transport Agency Waka Kotahi (NZTA) gives notice of its requirements under Section 54(2) of the Government Roadway Powers Act 1989 to relocate your overhead or underground cables/pipes and other associated infrastructure currently located in State Highway 3 Te Kuiti SH003-0065/10850-11300, which is from the north side of the intersection of State Highway 3 and Ward St for a length of 450m to 54 Carroll St (see Attachment 1).

This will allow NZTA to complete a full-width road rehabilitation of this section of pavement. We have the work programmed for January – February 2025.

Discussions were opened at a meeting between David Karrol, Francis Oliveros, Senior Network Manager Jacques Bruwer and Maintenance Contract Manager Joanna Towler on 10 April 2024. We are shortly to begin pavement design for this section. We wish to work in with you and share temporary traffic management (TTM) to facilitate removal of your services from the state highway pavement.

In accordance with section 54(4) of the Government Roadway Powers Act 1989, NZTA and Council are responsible in equal shares for the actual and reasonable costs associated with relocating your infrastructure. A preliminary relocation design is required for review and acceptance by NZTA. Please provide NZTA with a cost estimate to undertake the work. An Agreement for the relocation of the infrastructure between Waitomo District Council and NZTA will be entered into to outline costs, and other requirements in more detail for the various stages of the project where required.

The utility work relocation is to be carried out immediately before, or in conjunction with the project works. We will arrange for the West Waikato NOC Contractor (Fulton Hogan) to liaise with your local representative.

If you have any questions about the above, please contact me to discuss.

Yours sincerely,



Joanna Towler

Maintenance Contract Manager, West Waikato
Transport Services – Maintenance and Operations

Email: Joanna.Towler@nzta.govt.nz

Phone: 64 7 987 0946 (Teams only)

Mobile: 64 21 465 527

Attachment: Location of SH3 Ward St Rehab.pdf

Cc: Jacques Bruwer
David Karrol
Andy Oakley
Roger Brady