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Supplementary agenda for a meeting of the Waikato District Council to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY, 28 FEBRUARY 2024** commencing at **9.00am**.

*Information and recommendations are included in the reports to assist the Committee in the decision-making process and may not constitute Council's decision or policy until considered by the Committee.*

**5. REPORTS**

5.2 Addressing budget shortfalls and prioritizing roading projects for delivery 4

**6. EXCLUSION OF THE PUBLIC**

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Please note that this report replaces the report sent out on the initial agenda.

GJ Ion  
**CHIEF EXECUTIVE**

**TERMS OF REFERENCE****COUNCIL**

<b>Chairperson:</b>	Her Worship the Mayor
<b>Deputy Chairperson:</b>	Deputy Mayor
<b>Membership:</b>	The Mayor and all Councillors
<b>Meeting frequency:</b>	Six weekly – or as required
<b>Quorum:</b>	Half of the members (including vacancies)

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**Purpose**

1. To provide leadership to, and advocacy on behalf of, the people of the Waikato District.
2. To define and represent the total communities' interests, ensuring ongoing community and economic development, the effective stewardship of existing assets, sustainable management of the environment, and the prudent management of the communities' financial resources.

**Terms of Reference**

The Council's terms of reference include the following powers which cannot be delegated to committees, subcommittees, officers or any other subordinate decision-making body:

1. The power to make a rate.
2. The power to make a bylaw.
3. The power to borrow money, or purchase or dispose of assets, other than in accordance with the Long-Term Plan.
4. The power to adopt a Long-Term Plan, Annual Plan, or Annual Report.
5. The power to appoint a Chief Executive.
6. The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long-term Plan or developed for the purpose of the local governance statement, including the Council's Infrastructure Strategy.
7. The power to adopt a remuneration and employment policy.
8. The power to approve or amend the Council's Standing Orders.
9. The power to approve or amend the Code of Conduct for elected members, and consider any recommendations made in relation to a complaint lodged under the Code.
10. The power to appoint and discharge:
  - a. members (including chairpersons) of Council committees and subordinate decision-making bodies, subject to the Mayor's powers under section 41A Local Government Act 2002; and
  - b. elected member representatives on external organisations.
11. The power to establish a joint committee with another local authority or other public body and appoint elected members as representatives on such committees or bodies.

12. The power to make the final decision on a recommendation from the Ombudsman where it is proposed that Council not accept the Ombudsman's recommendation.
13. The power to approve or change the District Plan, or any part of that Plan, in accordance with the Resource Management Act 1991.
14. The power to amend or replace the delegations in Council's Delegations Register (except where expressly permitted in the Delegations Register).

To exercise the following powers and responsibilities of Council, which the Council chooses to retain:

1. To approve a proposed policy statement or plan under the Resource Management Act 1991.
2. To approve changes to boundaries of the District under the Resource Management Act 1991 or any other legislation.
3. In respect of District Plan decisions:
  - a. To appoint independent commissioners to a panel for hearings of a Proposed District Plan;
  - b. To approve the recommendation of hearings commissioners on a proposed plan, plan change or variation (including private plan change); and
  - c. To approve a proposed plan or a change to a district plan under Clause 17, Schedule 1 of the Resource Management Act 1991.
4. To adopt governance level strategies, plans and policies which advance Council's vision and strategic goals (e.g. Hamilton to Auckland rail), other than where expressly delegated to a committee.
5. To approve Council's recommendation to the Remuneration Authority for the remuneration of elected members.
6. To approve the Triennial Agreement.
7. To approve resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of an electoral officer and reviewing representation arrangements.
8. To approve any changes to the nature and delegations of any Council committees or subordinate-decision making bodies.
9. To approve the Local Governance Statement.
10. To approve funding requests not allowed for within budgets, in accordance with Significance & Engagement Policy parameters.
11. To approve any additional funding decisions required for the Watercare Services contract.
12. To approve development agreements as recommended by the Development Agreements Subcommittee where infrastructure is not allowed for within the Long Term Plan.
13. To receive six-monthly reports from each Community Board on its activities and projects.

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<b>To</b>	<b>Waikato District Council</b>
<b>Report title</b>	<b>Addressing budget shortfalls and prioritizing roading projects for delivery</b>
Date:	26 February 2024
Report Author:	Jakir Hussain, Roothing Capital Projects Manager
Authorised by:	Megan May, General Manager Service Delivery

## **1. Purpose of the report**

### **Te Take moo te puurongo**

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To inform the Council on the status of roading projects in this Long-Term Plan (LTP), key risk, and funding recommendations/requests.

#### **AND**

To seek approval from the Council for additional funding for the identified Pookeno projects and River Road/Lake Road Roundabout.

#### **AND**

To reduce budgets for projects where surpluses have been identified.

## **2. Executive summary**

### **Whakaraapopotanga matua**

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The Council's Roothing Team is currently facing challenges in delivering some projects during the current financial year due to a shortfall in the allocated budget. The shortfall has resulted due to unexpectedly high prices encountered during the tendering process in the market. The increased cost are results of high inflation, changes in material costs, and high demand within the construction industry.

All these projects are either in, or due to commence, the physical construction stage and there is the risk of non-delivery due to insufficient budget. This report provides a comprehensive overview of multiple projects, detailed budget information and additional funding required to deliver these projects in current Financial Year (FY).

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### 3. Staff recommendations Tuutohu-aa-kaimahi

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**That the Waikato District Council:**

- a. **approves the following budget adjustments:**
  - i. **additional funding for the Pookeno Main Street project of \$1,773,472**
  - ii. **additional funding for the Pookeno Road/Great South Road Intersection of \$1,817,577**
  - iii. **additional funding for Munro Road of \$449,496**
  - iv. **additional funding for River Road/Lake Road Intersection of \$447,532**
  - v. **to reduce budgets for projects where surpluses have been identified, \$1,699,176.**
  
- b. **It should be noted that the net funding impact is \$2,788,901 to be funded by NZTA subsidy \$457,485, additional \$2,099,078 of future development contributions, a reduction in debt of \$16,401, and additional \$248,739 of replacement funding.**

### 4. Background Koorero whaimaarama

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Staff have completed all pre-implementation (investigation and design) for the projects in this report and are entering the delivery phase. We have approached the open market, and our Alliance partner, to obtain pricing for the delivery of these projects. Like previous projects, having undergone the same process this year, we have found that contractor pricing has exceeded our available budgets and we have insufficient budget to successfully deliver the following projects:

- Pookeno Main Street
- Pookeno Road/Great South Road Roundabout
- River/Lake Road Intersection Upgrade
- Munro Road Resilience (Pookeno)

Project estimates are a recurring challenge, with many of our budgets created and submitted for approval during the development of the 2021-24 LTP.

The Pookeno projects have a history of dialogue with the local community with significant consultation carried out over the past 18 months regarding Main Street and the Pookeno Road/Great South Road intersection. Procurement for these two projects has been via the Alliance with works on the Main Street commencing in early January. The Pookeno Road/Great South Road intersection underwent value engineering to bring the initial cost estimate down, though still representing a funding challenge. This project has been put on hold until approval, or otherwise, is provided for additional funding.

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For Pookeno Main Street, this was a continuation of the upgrade works that had already been completed and staff had made an assumption of the availability of funding within the budget to continue with the works. The construction for this project has continued and it is acknowledged that full funding is not in place for this project and therefore represents a risk. This risk is minimal due to our Alliance partners delivering this work on our behalf, as opposed to an external contractor.

Munro Road Resilience project includes road works and culvert replacements and coordination with the entrance to the new sports park. This project was tendered on the open market. Whilst the tender price was marginally above the available budget, we required additional funding for Management, Surveillance and Quality Assurance (MSQA) and contingency. This project is on hold.

River Road/Lake Road intersection upgrade includes construction of a roundabout, that required land purchase and service location as part of the project. Preliminary works commenced late in 2023 and the project is currently on hold awaiting final resource consent and additional funding.

## 5. Discussion and Analysis Taataritanga Me Ngaa Tohutohu

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### 1) Request for additional funding of the identified Pookeno projects and River Road and Lake Road Roundabout

#### a) Pookeno Main Street Project (Great South Road)

Great South Road identified as Pookeno Main Street in the Public Realm, extends from Shelby Street up to the intersection of Pookeno Road and Great South Road. It involves upgrading Great South Road to include pedestrian upgrades, raised safety platform, landscaping and beautification. The project is divided into three sections. First section stretches from Shelby Street to Wellington Street. The second section stretches from Wellington Street to Marlborough Street and the third section stretches from Marlborough Street to the intersection of Pookeno Road and Great South Road.

The second section from the Wellington Street to Marlborough Street is being delivered within the current FY budget and other two sections are programmed to be delivered in 2024-2034 LTP. Wellington Street to Marlborough Street is being delivered in parts. Wellington Street between the shops and truck stop has been delivered last FY and now works are underway for remaining part. As noted, there are budget issues to be resolved. The 2024 budget for the project is \$256,528 and we require an additional \$1,773,472 to deliver the project.

60% of this shortfall is related to growth and therefore has a corresponding impact on Development Contributions collected for the Pookeno Structure Plan.

#### b) Pookeno Main Street and Great South Road Roundabout

A new roundabout is set to be constructed at the intersection of Pookeno Road and Great South Road as part of intersection upgrade. The design of the project is complete, and we are now ready to enter the construction stage. The project faced an initial delay due to

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budgetary constraints prompting a review of its design. Following the design review, the estimated cost still exceeded the allocated budget by approximately \$1,817,577. Consequently, a temporary halt has been placed on the project pending further funding approval. It should be noted that the entire project may not be completed within the current financial year and the remainder of the project will be delivered in two consecutive FYs.

60% of this shortfall is related to growth and therefore has a corresponding impact on Development Contributions collected for the Pookeno Structure Plan.

### **c) Munro Road Project**

The project was tendered in December 2023. A combination of the tender price and the required project contingency and MSQA for the project has resulted in additional budget of \$449,496 required for completion. Staff have discussed this shortfall with our Principal Investment Advisor at Waka Kotahi, and they have indicated that they will fund the project for the additional \$449,496 at 51% if we have the available local share.

### **d) River Road and Lake Road Roundabout Project**

The River and Lake Road Roundabout project, which is being delivered by the Alliance, has an estimated total cost of \$1,973,410, including contingency, to deliver the physical works. The project aims to be completed by late June. The project attracts 51% subsidy from Waka Kotahi.

The cost to date encompasses design expenses, land purchase and various completed tasks such as the relocation of existing services, removal of trees and vegetation, and fence installation at private properties. All drainage work has been successfully completed. As noted earlier, staff are awaiting final resource consent, which is imminent, however acknowledge that we have a funding shortfall of \$447,532.

Staff have discussed this shortfall with our Principal Investment Advisor at Waka Kotahi, and they have indicated that they will fund the project for the additional \$447,532 at 51% if we have the available local share.

## **2) To reduce/reallocate budgets for projects where surpluses have been identified.**

### **Pookeno market square development**

The Pookeno Market Square Development project was originally intended to be spent to develop a "Market Square" around the intersection of Market Road and Great South Road. During recent planning work, including the development of the Pookeno Public Realm Concept plan, the concept of a Market Square has been superseded with a more holistic development of the Main Street. The project now involves urbanization of the Great South Road as Main Street, along with urbanization of the side roads leading to Great South Road (Main Street). The remaining budget will be used to design and upgrade the Market Street in future LTPs. Reducing project budgets where surpluses are identified can partially offset the additional local share requested from the Council.

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## **Helenslee/Pookeno Signals**

This project has been successfully delivered with traffic signals installed on site. After completion of the project there are some works identified by the safety audit which needs to be carried out. Notably, there is a surplus budget of \$100,000.

## **Helenslee Road Pookeno Structure Plan**

This project has been delivered, it involved upgrading the intersection of Helenslee Road and Pookeno Road. The budget surplus of this project is \$15,163.

## **Bankier Road Safety network Improvements Project:**

The project involved installation of the Rural Intersection Activated Warning Signs (RIAWS) at the intersection of the Boyd Road and Dawson Road to improve the safety of the intersection. The sign lights up if there is vehicle in the side road enabling the reduction of the speed of the vehicle in Bankier Road reducing the risk of head on collisions of the vehicles. The project was delivered in the last FY. The project surplus is \$290,749.

## **5.1 Options**

### **Ngaa koowhiringa**

**Option 1** Approve the staff recommendation, which includes approving the additional funding of the identified Pookeno Projects, and River Road and Lake Road Roundabout, and reducing the budgets for projects where surpluses have been identified.

**Option 2** To not approve the staff recommendation to fund the shortfalls identified. For Pookeno specifically there is significant reputational risk with the non-delivery of these projects which have been the subject of much public debate and have been identified in the structure plan over a number of years.

Staff recommend **Option 1**

## **5.2 Financial considerations**

### **Whaiwhakaaro puutea**

Table 1 summarises the shortfall as explained in Section 5 of this report. In the case of Munro Road and the River/Lake Roundabout the additional local share is offset by the 51% subsidy that we can attract from Waka Kotahi. Table 2 shows the funding adjustments required for each project split across subsidy, growth, LOS and renewal. The growth component will have the biggest impact as it relates to development contributions captured and a recalculation based on the increase in costs for these projects. The Pookeno Structure Plan reserve will be utilised to fund the additional growth component, internal loans fund the Level of Service component, and the Roading Replacement Fund will fund the additional Renewal component required.

Table 3 summarises the local share returned where surpluses have been identified. Table 4 shows the funding adjustments by project split across growth, LOS and renewal.



**Table 1 Projects Requiring Additional Local Share**

<b>PROJECTS REQUIRING ADDITIONAL LOCAL SHARE FUNDING</b>				
<b>Project Name</b>	<b>Approved Budget</b>	<b>Revised Budget</b>	<b>Adjustment Required</b>	<b>Additional Local Share Required</b>
Pookeno Main Street (Great South Road)	256,528	2,030,000	1,773,472	1,773,472
Pookeno Main Street and GSR RAB	1,946,423	3,764,000	1,817,577	1,817,577
Munro Road Project	1,400,504	1,850,000	449,496	220,252
River Road and Lake Road Roundabout	1,525,878	1,973,410	447,532	219,291
<b>TOTAL</b>	<b>5,129,333</b>	<b>9,617,410</b>	<b>4,488,077</b>	<b>4,030,592</b>

**Table 2 Funding Adjustments**

<b>Project Name</b>	<b>FUNDING ADJUSTMENT REQUIRED</b>			
	<b>NZTA Subsidy</b>	<b>Growth</b>	<b>Level of Service</b>	<b>Renewal</b>
Pookeno Main Street (Great South Road)		-1,064,083	-638,450	-70,939
		-60%	-36%	-4%
Pookeno Main Street and GSR RAB		-1,090,546	-654,328	-72,703
		-60%	-36%	-4%
Munro Road Project	-229,244	-55,063	-165,189	0
		24%	72%	0%
River Road and Lake Road Roundabout	-228,241	0	-109,645	-109,645
		0%	48%	48%
	-457,485	-2,209,692	-1,567,612	-253,287

**Table 3 Projects Returning Local Share Funding**

<b>Project Name</b>	<b>Approved Budget</b>	<b>Surplus Budget</b>	<b>Local Share Returned</b>
Pookeno market square development	1,493,979	1,293,264	-1,293,264
Helenslee/Pookeno signals	190,269	100,000	-100,000
Helenslee road Pookeno	17,788	15,163	-15,163
Bankier Road safety network improvements	290,749	290,749	-290,749
<b>TOTAL</b>	<b>1,992,785</b>	<b>1,699,176</b>	<b>-1,699,176</b>

**Table 4 Funding Adjustments**

Project Name	FUNDING ADJUSTMENT REQUIRED			
	NZTA Subsidy	Growth	Level of Service	Renewal
Pookeno market square development			1,293,264	
			100%	
Helenslee/Pookeno signals		100,000		
		100%		
Helenslee road Pookeno		10,615		4,549
		70%		30%
Bankier Road safety network improvements			290,749	
			100%	
<b>TOTAL</b>		<b>110,615</b>	<b>1,584,013</b>	<b>4,549</b>

The net adjustment required across the reserves for the budget adjustments in this report is shown in Table 5 overleaf.

**Table 2 Net Adjustments**

	Total	NZTA Subsidy	Growth	Level of Service	Renewal
Additional budget required	-4,488,077	-457,485	-2,209,692	-1,567,612	-253,287
Surplus budget returned	1,699,176	0	110,615	1,584,013	4,549
<b>Total Net Funding Adjustment</b>	<b>-2,788,901</b>	<b>-457,485</b>	<b>-2,099,078</b>	<b>16,401</b>	<b>-248,739</b>

### 5.3 Legal considerations Whaiwhakaaro-aa-ture

Staff confirm that the recommendation complies with the Council's legal and policy requirements.

### 5.4 Strategy and policy considerations Whaiwhakaaro whakamaaherehere kaupapa here

The report and recommendations are consistent with the Council's policies, plans and prior decisions.

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## **5.5 Maaori and cultural considerations**

### **Whaiwhakaaro Maaori me oona tikanga**

Each project identified throughout this report has Maaori and cultural considerations and are considered and managed through the life of the project. The funding requests included in this report, which enable the projects to be completed, have no Maaori and cultural considerations in relation to the recommendations in the report.

## **5.6 Climate response and resilience considerations**

### **Whaiwhakaaro-aa-taiao**

The decisions sought by, and matters covered in, this report are consistent with the Council's [Climate Response and Resilience Policy](#) and [Climate Action Plan](#). The development of all infrastructure will be undertaken in accordance with the Regional Infrastructure Technical Specifications and best practice.

## **5.7 Risks**

### **Tuuraru**

No new significant risk is considered besides those already identified in the options section discussion.

## **6. Significance and engagement assessment**

### **Aromatawai paahekoheko**

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### **6.1 Significance**

#### **Te Hiranga**

The decisions and matters of this specific report are assessed as of low significance in accordance with the Council's [Significance and Engagement Policy](#).

### **6.2 Engagement**

#### **Te Whakatuutakitaki**

Public engagement is not required in relation to the issues discussed in this report.

## **7. Next steps**

### **Ahu whakamua**

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If the recommendations in this report are approved, the finance team will make the approved budget adjustments to enable all projects to proceed.

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## 8. Confirmation of statutory compliance Te Whakatuuturutanga aa-ture

As required by the Local Government Act 2002, staff confirm the following:

The report fits with Council's role, Terms of Reference and Delegations.	Confirmed
The report contains sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages ( <i>Section Error! Reference source not found.</i> ).	Confirmed
Staff assessment of the level of significance of the issues in the report after consideration of the Council's Significance and Engagement Policy ( <i>Section 6.1</i> ).	Low significance
The report contains adequate consideration of the views and preferences of affected and interested persons taking account of any proposed or previous community engagement and assessed level of significance ( <i>Section 0</i> ).	Confirmed
The report considers impact on Maaori ( <i>Section 5.5</i> )	Confirmed
The report and recommendations are consistent with Council's plans and policies ( <i>Section 5.4</i> ).	Confirmed
The report and recommendations comply with Council's legal duties and responsibilities ( <i>Section 5.3</i> ).	Confirmed

## 9. Attachments Ngaa taapirihanga

There are no attachments for this report.

<b>To</b>	<b>Waikato District Council</b>
<b>Report title</b>	<b>Exclusion of the Public</b>
Date:	20 February 2024
Report Author:	Gaylene Kanawa, Democracy Manager
Authorised by:	Gavin Ion, Chief Executive

## 1. **Staff recommendations** **Tuutohu-aa-kaimahi**

a. **THAT the public be excluded from the following parts of the proceedings of this meeting: The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:**

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>
<b>Item PEX 2 – Minutes for confirmation</b>	<b>Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987</b>	<b>Section 48(1)(a)</b>
<b>Item PEX 3.1 – Rescindment of Previous Resolution WDC2402/08</b>		
<b>Item PEX 4 – Chief Executive Issues</b>		

**This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:**

Item No.	Section	Interest
Item PEX 2 – Minutes for confirmation	Refer previous minutes for reasons for exclusion.	
Item PEX 3 – Rescindment of Previous Resolution WDC2402-08	7(2)(b)(ii)	To protect information that would otherwise unreasonably prejudice a person’s commercial position.
	7(2)(g)	To maintain legal professional privilege
	7(2)(i)	To enable negotiations to carry on without prejudice or disadvantage.
Item PEX 4 – Chief Executive Issues	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.
	7(2)(g)	To maintain legal professional privilege
	7(2)(c)(i)	To protect information that is subject to an obligation of confidence and to ensure the information avenue remains open, when it is in the public interest for it to do so.

## 2. Attachments

### Ngaa taapirihanga

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There are no attachments for this report.

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