
Council Kaunihera OPEN MINUTES

Minutes of a meeting of the Council held in the Council Chamber, Municipal Building, Garden Place, Hamilton and via Audio Visual link on Thursday 18 August 2022 at 9.33am.

PRESENT

Chairperson Mayor P Southgate

Heamana

Deputy Chairperson Deputy Mayor G Taylor

Heamana Tuarua

Members

Cr M Bunting
Cr M Gallagher
Cr R Hamilton
Cr D Macpherson
Cr K Naidoo-Rauf
Cr M Donovan
Cr A O'Leary
Cr R Pascoe
Cr S Thomson
Cr M van Oosten
Cr E Wilson

In Attendance

Lance Vervoort – Chief Executive
Blair Bowcott – General Manager Growth
Andrew Parsons - Executive Director Strategic Infrastructure
Justine Kennedy – Project Manager
Julie Clausen - Unit Manager Strategy and Planning
Cathy Kopeke – Sustainability & Climate Senior Advisor
Mark Davey – City Planning Unit Manager
Paul Bowman - Team Leader
Paul Gower - Programme Manager Assets Strategy

Governance Team

Amy Viggers – Governance Lead
Tyler Gaukrodger – Governance Advisor
Arnold Andrews - Governance Officer

The meeting was opened with karakia by Kelvin Powell.

1. Apologies – Tono aroha

Resolved: (Mayor Southgate/Cr Thomson)

That the apologies for early departure from Cr Bunting are accepted.

2. Confirmation of Agenda – *Whakatau raarangi take*

Resolved: (Mayor Southgate/Cr Hamilton)

That the agenda is confirmed noting that:

Item 12 (Recommendations from Open Committee Meetings) is to be taken after Item 6 (Chair's Report) to accommodate public in attendance; and

Item C6 (Update on Infrastructure Acceleration Fund – Central City Bid) is accepted. The report was circulated under separate cover to enable the most up to date information to be included.

3. Declarations of Interest – *Tauaakii whaipaaanga*

During Item 12 (Recommendations from Open Committee Meetings – General Manager's report), Crs Wilson and Donovan declared an interest in the item. They did not take part in the discussion and vote on the matter.

During Item C5 (Recommendations from Public Excluded Committee Meetings - 242 to 266 Victoria Street - VOTR Southern Edge Activation Project) Mayor Southgate declared an interest in the Item. She noted that she was not conflicted and would take part in the discussion and vote on the matter.

4. Public Forum – *AAtea korero*

Andrea Graves spoke to Item 12 (Recommendations from Open Committee Meetings - Our Climate Future: Te Pae Tawhiti o Kirikiriroa – strategy approval) to the climate emergency, the shrinking of the ozone hole, and the importance of climate initiatives.

Benjamin Doyle spoke to Item 12 (Recommendations from Open Committee Meetings - Our Climate Future: Te Pae Tawhiti o Kirikiriroa – strategy approval), noting the transformational actions Council is making in response to the climate crisis, and the need to ensure that climate change strategies centre on the needs of those at risk.

Eilidh Huggan spoke to Item 12 (Recommendations from Open Committee Meetings - Our Climate Future: Te Pae Tawhiti o Kirikiriroa – strategy approval), noting the urgent need for climate action, examples of climate change, Council's lack of action, and the need for progress for future generations.

Hannah Huggan spoke to Item 12 (Recommendations from Open Committee Meetings - Our Climate Future: Te Pae Tawhiti o Kirikiriroa – strategy approval), noting the alarming changes to the climate, and the need for substantial changes to save the environment for future generations.

Lauren McLean spoke to Item 12 (Recommendations from Open Committee Meetings - Our Climate Future: Te Pae Tawhiti o Kirikiriroa – strategy approval), noting the lack of progress in climate initiatives by Council, challenges to Council, the need to protect future generations, and the need for adequate reform.

5. Confirmation of the Council Open Minutes of 29 June 2022

Resolved: (Mayor Southgate/Cr Donovan)

That the Council confirm the Open Minutes of the Council Meeting held on 29 June 2022 as a true and correct record.

6. Confirmation of the Council Open Minutes of 30 June 2022

Resolved: (Mayor Southgate/Cr Donovan)

That the Council confirm the Open Minutes of the Council Meeting held on 30 June 2022 as a true and correct record.

7. Confirmation of the Council Open Minutes of 20 July 2022

Resolved: (Mayor Southgate/Cr Donovan)

That the Council confirm the Open Minutes of the Council Meeting held on 20 July 2022 as a true and correct record.

8. Confirmation of the Elected Member Open Briefing Notes - 28 June 2022

Resolved: (Mayor Southgate/Deputy Mayor Taylor)

That the Council confirm the Open Briefing Notes of the Elected Member Briefing held on 28 June 2022 as a true and correct record.

9. Chair's Report

The Chair took the report as read.

Resolved: (Mayor Southgate/Cr van Oosten)

That the Council receives the report.

Item 12 (Recommendations from Open Committee Meetings) was taken after item 9(Chair's report) to accommodate public in attendance.

12. Recommendations from Open Committee Meetings

Our Climate Future: Te Pae Tawhiti o Kirikiriroa - strategy approval

Staff responded to questions from Elected Members concerning the timeline of the Climate Change action plan, implementation within the Annual Plan, climate actions to take before the Annual Plan, collaboration with local authorities, carbon emissions in Hamilton, Long Term Plan amendments as part of the Annual Plan processes, and climate emissions reduction messaging in project communications.

Resolved: (Cr Thomson/Cr Gallagher)

That the Council:

a) adopts the climate change strategy:

i) 'Our Climate Future: Te Pae Tawhiti o Kirikiriroa';

ii) Next steps for Our Climate Future: Te Pae Tawhiti o Kirikiriroa - Our Plan for 2022-23; and

b) requests staff report back with potential climate actions in time for the next Annual Plan.

The meeting was adjourned from 10.57am to 11.23am.

Plan Change 12: Intensification Planning Instrument (IPI) - approval to notify

Staff responded to questions from Elected Members concerning engagement and events with the community, differences between Plan Change 12 and the National Policy Statement – Urban Development, design principles in Plan Change 12, design outcomes, zoning requirements within the National Policy Statement – Urban Development, timeline of Plan Change hearings, intensification considerations, risk of judicial review, and collaboration with Waipa District Council and Waikato District Council.

Staff Action: *Staff undertook to consider and advocate to Central Government for changes to legislation which would enable better design outcomes.*

Staff Action: *Staff undertook to note in communications concerning Plan Change 12 that the National Policy Statement – Urban Development in all future communications was a decision of Parliament.*

Resolved: (Cr Hamilton/Cr Thomson)

That the Council approves public notification of Proposed Plan Change 12 – Intensification Planning Instrument (IPI) pursuant to subpart 5A and Part 6 of Schedule 1 to the Resource Management Act (Enabling Housing Supply and other Matters) Amendment Act 2021, subject to the Plan Change 12 documentation being circulated alongside the recommendation to Council on 18 August 2022.

Deputy Mayor Taylor, Crs Pascoe and Bunting Dissenting.

The meeting was adjourned from 12.36pm to 1.31pm.

Cr Gallagher left the meeting during the above adjournment.

General Manager's Report

At the beginning of the discussion on the matter (Item 12: Recommendations from Open Committee Meetings - General Manager's Report) Crs Wilson and Donovan declared an interest in the item. They did not take part in the discussion and vote on the matter.

Resolved: (Mayor Southgate/Cr Hamilton)

That the Council:

- a) appoint commissioners Bill Wasley (chair), Dr Lee Beattie and Cr Ewan Wilson and the delegation of its powers to hear, determine, and make decisions on all submissions and matters relating to the Tramway Block Private Plan Change;
- b) appoint commissioners Bill Wasley (chair), Dr Lee Beattie and Cr Mark Donovan, and the delegation of its powers to hear, determine, and make decisions on all submissions and matters relating to the Te Rapa Racecourse Private Plan Change;

Hamilton City Parking Policy – Approval

Resolved: (Cr O'Leary/Cr van Oosten)

That the Council approves for adoption the principles-based Hamilton City Parking Policy noting that:

- a) the policy guiding principles were developed by Members alongside the Access Hamilton Strategy refresh 2022;
- b) the guiding principles of the policy will be used in the development of any future parking management plans (area focused);
- c) the policy will be used to help make future decisions on the direction and approach of parking management in Hamilton city; and
- d) the policy will be reviewed every three years, in response to any issues that may arise, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).

Speed Management Plan review- Deliberations and Adoption report

Resolved: (Cr O’Leary/Cr van Oosten)

That the Council approves Option One of the staff report, adopts the Hamilton Speed Management Plan 2022 (**Attachment 1** of the staff report).

10. Reform Response Programme – update

Executive Director Strategic Infrastructure and the Unit Manager Strategy and Planning took the report as read. Staff responded to questions from Elected Members concerning collaboration with other local authorities to provide central government with suggestions for local government reform.

Resolved: (Cr Thomson/Deputy Mayor Taylor)

That the Council:

- a) receives the report;
- b) requests the Chief Executive seek an extension of time or deadline waiver from the Department of Internal Affairs to enable Council to be fully informed when considering the “Three Waters Reform - Better Off Funding Agreement” and provide an update at the Council as part of the meeting on 14 September 2022; and
- c) notes the cost reimbursement contract “Three Waters Services Reforms - Transition Support Package (Tranche 1) Funding Agreement” will be signed under staff delegation.

Cr Gallagher re-joined the meeting (1.34pm) during the above item. He was present when the matter was voted on.

11. Update on building programme and policy

The Programme Manager Assets Strategy spoke to the report, noting the changes to earthquake prone building legislation, the seismic performance of Council facilities, and renewals of facilities. He responded to questions from Elected Members concerning timeline of building renewals, risk of renewals not taking place sooner, risk to Council, increased insurance premiums covering at-risk buildings, central government policy replacing local building policy, timeline for buildings to require safety upgrades, obligations to tenants, information provided to Council’s insurance provider, and information being made available to the public.

Resolved: (Mayor Southgate/Cr van Oosten)

That the Council:

- a) notes that the Council’s seismic programme has been continuing over recent years with upgrades being undertaken to a range of Council owned buildings;
- b) notes that Earthquake Prone building notices will be applied to the identified buildings over the coming months; and
- c) rescinds the existing Seismic Performance of Council Buildings Policy as of 18 August 2022, noting that this is now being managed through comprehensive regulatory mechanisms.

13. Resolution to Exclude the Public

Resolved: (Mayor Southgate/Cr Hamilton)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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 follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Council Public Excluded Minutes of 30 June 2022) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)
C2. Confirmation of the Elected Member Closed Briefing Notes - 28 June 2022		
C3. Confirmation of the Elected Member Closed Briefing Notes - 8 August 2022		
C4. Peacocke - Whatukooruru Drive - Contract Award		
C5. Recommendations from Public Excluded Committee Meetings		
C6. Update on Infrastructure Acceleration Fund - Central City Bid		

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 C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C4.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
Item C5.	to enable Council to carry out negotiations to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C6.	to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (h) Section 7 (2) (i) Section 7 (2) (j)

The meeting went into a Public Excluded session at 2.03pm.

The meeting was declared closed at 4.27pm.

Minute Note 14/10/2022:

On 14/10/2022 the following report and resolutions were determined to be released to the public via these minutes as **Appendix 1** and the quarterly update.

Peacocke - Whatukooruru Drive - Contract Award

Resolved:

That the Council:

Peacocke - Whatukooruru Drive Contract

- a. approves the award of Contract 1298/2022; Peacocke Whatukooruru Drive to Downer NZ Ltd for the tendered sum of \$55,912,100.66 and sets an Approved Contract Sum of \$67,500,000.00 comprising the tender sum plus a project contingency of \$10,341,899.34 plus a further cost escalation contingency of \$1,246,000.00, subject to pre-award matters being resolved to the satisfaction of the Executive Director – Strategic Infrastructure;
- b. delegates approval to the Chief Executive to finalise and execute a contract with Downer NZ Ltd;
- c. delegates authority to the Executive Director – Strategic Infrastructure, and General Manager Development (as alternate), to approve all contract payments and variations for Contract 1298/2022 up to the value of the Approved Contract Sum;
- d. requests the Chief Executive provides a report back to Council with a revised tender recommendation if pre-award matters cannot be resolved with Downer NZ Ltd;
- e. approves inclusion of key value-add items (refer **Attachment 4** of the staff report), including the developer collaboration works, within the scope of Contract 1298/2022;

Supporting Professional Services Contracts

- f. approves an increase of \$4,400,000.00 to the existing Approved Contract Sum for Professional Service Contract PSP 18251 Peacocke East West Arterial Stage 2 (Whatukooruru Drive) comprising the Offer of Service sum of \$3,643,792.00 plus a contingency sum of \$756,208.00 (approx. 20%) should it be deemed necessary, setting a new Approved Contract Sum of \$8,575,000.00 to allow for the contract management supervision and quality assurance (MSQA) necessary to deliver contract 1298/2022 (refer resolution 3 a);
- g. approves a time only variation to Contract 451/2020 with Axell Consultants Limited for the provision of Engineer to Contract services and extend the contract term to 20 December 2025 to align with Downer NZ Ltd's tendered delivery programme for Contract 1298/2020 (refer recommendation 3 a);
- h. approves a time only variation to PSP 423/2020 – Peacocke Network Infrastructure Project Management with Gray Matter Ltd and extend the contract term to 20 December 2025 to align with Downer NZ Ltd's tendered delivery programme for Contract 1298/2020 (refer resolution 3 a);
- i. delegates authority to the Executive Director – Strategic Infrastructure, and General Manager Development as an alternate, to execute and approve all contract payments up to the approved contract sums relating to resolutions 3 f), g), and h);

General

- j. approves up to \$500,000 from existing budget be allocated for specific cultural symbolism engagements to meet He Pou Manawa Ora and Southern Links Tangata Whenua Working Group

expectations and to be delivered by direct appointments negotiated with the Southern Links Tangata Whenua Working Group's appointed artists

- k. notes that staff will continue to report on the overall Peacocke programme as part of the regular capital report to the Finance committee including updates on actual and forecast cost escalation, and;*
- l. notes that the decision and information in relation to this matter be released at the appropriate time, to be determined by the Chief Executive.*

Council Report

Item C4

Committee: Council**Date:** 18 August 2022**Author:** Tahl Lawrence**Authoriser:** Andrew Parsons**Position:** Project Engineer**Position:** Executive Director Strategic Infrastructure**Report Name:** Peacocke - Whatukooruru Drive - Contract Award**Report Status**

This report is taken as a publicly excluded item to enable Council to carry out commercial activities without disadvantage; AND to enable Council to carry out negotiations.

Purpose - Take

1. To approve to award the fourth construction contract and associated professional services contracts in accordance with the Housing Infrastructure Facility (HIF) agreement following a public tender process.
2. To provide a financial update across the suite of Peacocke Network Infrastructure projects.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Council:

Peacocke - Whatukooruru Drive Contract

- a. approves the award of Contract 1298/2022; Peacocke Whatukooruru Drive to Downer NZ Ltd for the tendered sum of \$55,912,100.66 and sets an Approved Contract Sum of \$67,500,000.00 comprising the tender sum plus a project contingency of \$10,341,899.34 plus a further cost escalation contingency of \$1,246,000.00, subject to pre-award matters being resolved to the satisfaction of the Executive Director – Strategic Infrastructure;
- b. delegates approval to the Chief Executive to finalise and execute a contract with Downer NZ Ltd;
- c. delegates authority to the Executive Director – Strategic Infrastructure, and General Manager Development (as alternate), to approve all contract payments and variations for Contract 1298/2022 up to the value of the Approved Contract Sum;
- d. requests the Chief Executive provides a report back to Council with a revised tender recommendation if pre-award matters cannot be resolved with Downer NZ Ltd;
- e. approves inclusion of key value-add items (refer **Attachment 4** of the staff report), including the developer collaboration works, within the scope of Contract 1298/2022;

Supporting Professional Services Contracts

- f. approves an increase of \$4,400,000.00 to the existing Approved Contract Sum for Professional Service Contract PSP 18251 Peacocke East West Arterial Stage 2 (Whatukooruru Drive) comprising the Offer of Service sum of \$3,643,792.00 plus a contingency sum of \$756,208.00 (approx. 20%) should it be deemed necessary, setting a new Approved Contract Sum of \$8,575,000.00 to allow for the contract management supervision and quality assurance (MSQA) necessary to deliver contract 1298/2022 (refer resolution 3 a);
- g. approves a time only variation to Contract 451/2020 with Axell Consultants Limited for the provision of Engineer to Contract services and extend the contract term to 20 December 2025 to align with Downer NZ Ltd's tendered delivery programme for Contract 1298/2020 (refer recommendation 3 a);
- h. approves a time only variation to PSP 423/2020 – Peacocke Network Infrastructure Project Management with Gray Matter Ltd and extend the contract term to 20 December 2025 to align with Downer NZ Ltd's tendered delivery programme for Contract 1298/2020 (refer resolution 3 a);
- i. delegates authority to the Executive Director – Strategic Infrastructure, and General Manager Development as an alternate, to execute and approve all contract payments up to the approved contract sums relating to resolutions 3 f), g), and h);

General

- j. approves up to \$500,000 from existing budget be allocated for specific cultural symbolism engagements to meet He Pou Manawa Ora and Southern Links Tangata Whenua Working Group expectations and to be delivered by direct appointments negotiated with the Southern Links Tangata Whenua Working Group's appointed artists;
- k. notes that staff will continue to report on the overall Peacocke programme as part of the regular capital report to the Finance committee including updates on actual and forecast cost escalation; and
- l. notes that the decision and information in relation to this matter be released at the appropriate time, to be determined by the Chief Executive.

Executive Summary - *Whakaraapopototanga matua*

- 4. All the contract award matters in this report are budgeted for in the 2021-31 LTP or will be funded by third parties. The resolutions recommended by staff relate to the implementation of the budgeted works in the 2021-31 LTP in accordance with the approved Peacocke Business Case and the interest free Housing Infrastructure Fund (HIF) facility agreement with government.
- 5. Three key physical works contracts (the bridge, wastewater pipeline and the wastewater transfer station) are already awarded and are well under way in line with the approved Housing Infrastructure Fund (HIF) Peacocke Detailed Business Case (DBC) and the subsequent HIF Facility Agreement with central Government. These contracts, to deliver strategic transport and wastewater infrastructure works, are going well despite pandemic disruption and associated challenges and are still on track to be operational by mid to late-2023.
- 6. Staff have completed the procurement process for the fourth key physical works contract to complete the Peacockes Road Urban Upgrade and a major section of Whatukooruru Drive (the East West Arterial). Staff are now seeking approval to award Contract 1298/2022 Peacocke Whatukooruru Drive to Downer NZ Ltd, subject to resolving technical pre-award matters, and the associated professional services contracts set out in this report.

7. The project macroscope was approved by the Strategic Growth Committee on 7 September 2021. Similar to the Peacocke Waikato River Bridge project, the design and macroscope responds to a range of broader outcomes driven by new levels of service or new compliance standards. These value-adds have been included within the tender scope and staff can now report on the actual cost of these items. In most cases existing budgets set through 2018-28 LTP and adopted within the HIF programme did not assume or make allowance for these broader outcomes.
8. Council received three high quality tenders from reputable contractors. Staff are presently working with the preferred tenderer to clarify and resolve a range of normal pre-award matters that are critical before entering into large-scale construction contracts.
9. The contract attracted competitive tender prices which, including the 'value-add' items, are marginally lower than project estimates reported to this Committee on 18 June 2020.
10. Specialist professional services are necessary to properly monitor, supervise and manage works on projects of this scale. Resourcing will continue to be from Council's LASS Professional Services Panel to both secure the subject matter experts and, ensure continuity for certain key personnel from the investigation and design phase is retained. This approach balances the need for access to specialists for key milestones/components and leverages the investment Council has already made in specialists. It avoids the considerable cost and risks of bringing new people up to speed. This outsourcing approach will allow the project team to be scaled up for this high intensity phase and rapidly disestablished as major project delivery demands reduce.
11. Staff consider the decision in this report have low significance and that the recommendations comply with the Council's legal requirements.

Discussion - *Matapaki*

Physical Works Contracts Award

12. Staff seek to award Contract 1298/2022; Peacocke Whatukooruru Drive subject to resolving some technical and commercial matters to the satisfaction of the Executive Director -Strategic Infrastructure through pre-award negotiations.
13. Staff do not expect any extraordinary issues, but the nature of negotiations mean the process could extend past the date of this Committee meeting.
14. Deferring award decisions to a future Committee meeting would result in unnecessary programme delays or additional cost and is not recommended.

Contract 1298/2022 – Peacocke Whatukooruru Drive

15. The macroscope for Whatukooruru Drive and Peacockes Road was approved by Strategic Growth Committee on 7 September 2021 (refer **Attachment 3 - macroscope**).
16. The approved macroscope confirms the scope to be designed and tendered for construction and is a result of substantial Elected Member and stakeholder engagement undertaken as part of the Peacocke Waikato River Bridge project (currently under construction). The Whatukooruru Drive and Peacockes Road corridors are largely an extension of the minor arterial network being delivered in that project which means a similar range of value-add items for broader outcomes are included within the approved macroscope and within the tender packages (refer **Attachment 4 – value-adds**)
17. Procurement has followed a two-staged approach, consistent with best practice for projects of this scale and complexity. A short-listing process was undertaken in February and March 2022 followed by a 12-week tender period from April to 30 June 2022.

Appendix 1:

18. Procurement experts participated in the development of the procurement strategy and in the procurement process alongside key project personnel. This included the engagement with Waka Kotahi (NZ Transport Agency) head office, specialist advisors for structures, geotechnical, pavement etc and independent probity services.
19. Three high quality, well-considered tenders were received and have been evaluated using Council's Price Quality Method.
20. Non-priced attributes (sustainability, relevant skills and methodology) were evaluated to record a Supplier Quality Premium (SQP). This is a premium that the evaluation team consider worth valuing one tender over another and is presented as a dollar value to be deducted from the tenderer's price for evaluation purposes. The best tender receives the highest SQP value. For this contract the calculated SQP range is approx. 3% of the Base Estimate. This is in the very low range and reflects good quality submissions from all tenderers.
21. In addition to SQP, the evaluation team applies additional Added Value Premium to tenders where additional value might be provided (such as longer asset life). Results can be negative if any part of a tender is not likely to deliver the quality sought or where Council might incur other extra costs that would not be incurred if another tender were selected. Positive and negative Added Value Premiums are quite normal and can help inform decisions in relation to contingency levels or other project costs. Added Value Premiums are calculated and presented as a dollar value to be deducted from the tenderer's price for evaluation purposes. In this instance, all tenders attracted some negative Added Value Premiums, reflecting potential costs or risks to Council.
22. A summary of price evaluation identifying the preferred tenderer is presented in **Table 1**

Table 1 – Summary of Price Evaluation – Contract 1298/2022					
Tenderer	Tender Price	Less Supplier Quality Premium	Less Added Value Premium	Adjusted Evaluation Price	Rank
Downer NZ Ltd (Downer)	\$55,912,100.66	\$921,957	(\$253,850) Negative	\$55,243,993.66	First (Preferred)
HEB Construction Ltd (HEB)	\$66,826,131.74	\$1,543,979	(\$74,880) Negative	\$65,357,032.74	Second
Brian Perry Civil Ltd (BPC)	\$75,564,314.36	\$0	(\$1,299,330) Negative	\$76,863,644.36	Third

23. When combining scores for non-priced scores (SQP and Added Value Premium) with the submitted tender prices, Downer have the lowest Adjusted Evaluation Price and are therefore the preferred tenderer.
24. Matters for clarification and potential issues noted throughout the evaluation have been captured and will form points to be discussed and resolved with the preferred tenderer prior to contract award. In addition, given the interest free nature of the HIF loan, staff will explore potential benefits of cashflow management opportunities through the pre-award negotiations.
25. Should any matters, clarified with the tenderer, present an unacceptable risk to Council then staff may terminate discussions and the next highest ranked tenderer would become the preferred. Staff do not currently anticipate any significant matters. However, should negotiation with Downer fail, this will be brought back to Council for a new award decision.

Assurances and Probity

26. Council's internal procurement, finance and insurance experts have provided guidance and quality checks at relevant stages. In addition, legal advice has been taken from Tompkins Wake on a number of contractual matters through the procurement process.
27. Waka Kotahi (NZ Transport Agency) provided technical input and advice during the procurement planning and Tender Evaluation process.
28. McHale Group Ltd provided independent probity assistance throughout. No probity issues have arisen and a full probity report will be completed prior to eventual contract award.

Supporting Professional Services Contracts

29. Specialist contract management, supervision and quality assurance roles are essential to deliver the construction contracts safely and successfully. These roles will form an essential part of the necessary project implementation team.
30. Resourcing will continue to be from Council's LASS Professional Services Panel to secure the subject matter experts and ensure continuity for certain key personnel from the investigation and design phase is retained.
31. All expected professional service engagements are of a scope and value anticipated within the HIF Detailed Business Case and are provided for within current budgets. The outsource model has been used for the HIF infrastructure projects since commencement in June 2018 which has proven to be highly successful on projects already under construction. This model specifically allows the project team to be scaled up for this high intensity phase and rapidly disestablished at the end of major project delivery, avoiding the considerable cost and risks of bringing new people up to speed.
32. The following professional service contracts require approval by Council due to their value or term. These engagements will be supplemented by various smaller engagements for specialist services from time to time and these will be administered within existing staff financial delegations.

PSP 18251 - Peacocke Whatukooruru Drive (Bloxam Burnett & Olliver)

33. Bloxam Burnett & Olliver (BBO) have been engaged following two separate competitive tender process within the LASS Professional Services Panel (PSP) in relation to design and procurement of the transport related works in Peacocke. They have subsequently been engaged to undertake contract Management, Supervision and Quality Assurance (MSQA) for the current Peacocke Waikato River Bridge project which is going well.
34. Staff now propose to extend BBO's current engagement, PSP 18251, to undertake contract MSQA functions necessary to deliver Contract 1298/2022. The proposal to engage BBO will minimise Council's risk in this space by ensuring continuity of the design consultant and the current onsite MSQA team which are highly skilled and experienced and are currently performing well.
35. Staff recommend approving an increase to the Approved Contract Sum for professional services contract PSP 18251 of \$4,400,000.00 comprising the Offer of Service sum of \$3,643,792.00 plus a contingency sum of \$756,208.00 (approx. 20%) should it be deemed necessary, setting a new Approved Contract Sum of \$8,575,000.00. The Offer of Service fee is based on the current agreed rates within the Waikato Lass Professional Services Panel and are made up of a mixture of time-write and lump sum elements.
36. Approval from Council is required as the value of the engagement exceeds the Chief Executives financial delegated authority.

PSP 423/2020 – Peacocke Infrastructure Project Management - Bridge, Transport, Wastewater, Peacockes Road Urban Upgrade, Whatukooruru Drive and Development (Gray Matter Ltd)

37. Gray Matter Ltd were engaged from within the LASS Professional Services Panel in 2020 to provide project management services across the first HIF infrastructure projects due for completion by 2023. This followed an earlier engagement to procure and establish the key professional service contracts and complete early procurement of the key strategic infrastructure packages.
38. Staff now recommend a time only variation to PSP 423/2020 (without costs) is approved to extend the contract duration of PSP 423/2020 to align with Downer's submitted tender programme and associated project lifecycle (project closeout and hand over, defects period etc). The new proposed contract end date will be 20 December 2026.
39. The Approved Contract Sum for PSP 423/2020 is \$7,500,000.00 (including contingency) and is currently considered adequate for the increased time due to now having more scope certainty requiring a lower contingency level. The Approved Contract Sum will be reviewed for appropriateness at the time staff have more clarity on the Property Land Valuation Tribunal (LVT) process and associated effort required.

Contract 451/2020 – Engineer to Contract (Axell Consultants Ltd)

40. Axell Consultants Ltd were previously engaged to provide the Engineer to Contract (EtC), a requirement, defined within NZS3910 Conditions of Contract, for the physical works contracts in Peacocke. The role requires both specialist skills and experience, and to be independent from the designers of the works. The same EtC role is now required for Contract 1298/2022 with Downer.
41. Staff now recommend a time only variation to Contract 451/2020 (without costs) is approved to extend the contract duration of Contract 451/2020 to align with Downer's submitted tender programme. The new proposed contract end date will be 20 December 2025.
42. The Approved Contract Sum for Contract 451/2020 is \$900,000.00 (including contingency) and is currently considered adequate for the increased time period due to now having more scope certainty requiring a lower contingency level.

Annual Plan cost escalation allowance

43. The 2022/23 Annual Plan was approved by Council at its 30 June 2022 meeting and included consideration of cost escalation for some 'high risk' capital projects. The additional budget provision for cost escalation, an increase to 7% per year allowance (an increase of 4% per year) specifically for the Peacocke Whatukooruru Drive project is \$1.246m. Staff note however, that while all tender works have been subject to substantial cost escalation only the transport related budgets were increased through the 2022/23 Annual Plan. Cost escalation within the three waters budgets have remained as set 2021/31 LTP and is reflected within budgets presents in **Attachment 2**.
44. The 2033/23 Annual Plan allowance of \$1.246m represents an increase in the budget inflation assumptions, estimated based on the relevant September – December 2021 quarter results published by Statistics New Zealand. Staff note that actual inflation costs is likely to differ from the budget assumptions due to changing external economic factors and actual contract cash flow.
45. Staff do not recommend changing the approved 2022/23 Annual Plan cost escalation given the programme management approach where individual project overs and unders can be reconciled at the programme level.

46. Staff will monitor the updated cost escalation indices as they are published quarterly and, will report them to the Finance Committee as part of the regular capital programme reporting going forward.
47. Staff are in discussion with Waka Kotahi (NZTA) to extend funding assistance on any new local share budget for cost escalation and Covid-19 related costs.
48. Notwithstanding the programme approach to budget management, an increase in the approved contract sum for Contract 1298/2022 - Peacocke Whatukooruru Drive may be required in the future should actual cost escalation be higher than that budgeted for through the 2022/23 Annual Plan process.

Financial Wellbeing – Project Costs Update and Value Add items

49. Staff provided a full update of Peacocke Network Infrastructure costs to the Strategic Growth Committee on 7 September 2021 when seeking contract award decision for the Peacocke wastewater transfer station.
50. The Peacocke Network Infrastructure costs have been updated to reflect construction progress to date and the recommendations in this report (refer **Attachment 2**). It has also been updated to include the 2021-31 10YP budgets and funding for other items introduced into this programme of work.
51. Costs relating to the August 2021 Covid-19 restrictions have now been included as well as the increased forecast of cost escalation following recent unexpected inflation.
52. **Attachment 2** shows the updated expected estimate of network infrastructure costs at \$456.3m (includes recommended levels of contingency at a project level as well as all of Council's value-add items) versus \$438.7m total available budgets.
53. The total available budgets of \$438.7m can accommodate the Base Estimate plus the normal project contingency sum of around 10% (in this case \$41.6m). However, in adopting the Expected Estimate staff consider that the current economic uncertainty, arising from Covid-19 and very high inflation, now warrants a higher-than-normal contingency sum so have included around 15% (\$59.2m) across the programme, resulting in a potential budget shortfall of \$17.6m.
54. Staff do not recommend changing or increasing Peacocke Network Infrastructure budgets at this time, noting the actual contingency amount needed will be better understood as works progress. Staff recommend reviewing contingency sums in around 12 months, at which time a broader economic view, construction industry demand and new cost escalation trends will be available that will inform contingency recommendations.
55. In around 12 months' time Council can consider contract award decisions for the remaining tranches of construction projects (refer **Attachment 1**) and land acquisition at the same time as informing the 2024-34 10YP so can consider a range of cost management options, if required.
56. Of particular note are property acquisition costs. While all 39 areas of land originally identified for the current construction projects have now been secured, some through compulsory acquisition and others by agreement, the actual financial compensation Council will be obligated to pay remains unknown for the majority of the transactions. Property budgets still include \$14.8m set aside pending the outcome of Land Valuation Tribunal (LVT) hearings should the eventual outcome be that Council, contrary to all professional advice to-date relating to betterment, be ordered to pay compensation higher than expected. The outcome of the first LVT hearing is unlikely to be known until 2023. Should Council's position on betterment and compensation be found correct this will have a significant positive impact on available programme contingency.

57. A financial review is under way by an internal qualified financial auditor. The audit is anticipated to be complete late August/early September with the conclusions and actions (if any) will be approved by Council's Director of Finance and reported through to the Finance Committee as part of the capital programme reporting.
58. Estimates presented in **Attachment 2** include costs for the August 2021 Covid-19 outbreak but do not yet include costs or time impacts for the Omicron outbreak which is still impacting supply chains (particularly three-waters infrastructure) and continuity of the workforce. Staff are working through quantifying these impacts and will report this when available.

Cultural value-adds

59. Staff continue to work closely with the Tangata Whenua Working Group (TWWG) on incorporating cultural symbolism story telling into some structural elements such as retaining walls and bridge elements and incorporating cultural narrative into wayfinding and placemaking. In some locations a pou or other similar standalone cultural element acknowledging and celebrating the cultural identity of the area will be appropriate and consistent with He Pou Manawa Ora. The TWWG will continue to provide advice and direction on these matters. Staff estimate the value of delivering these elements will be around \$500k (equivalent to around 1% of the construction budget), which is in line with other large-scale projects, including those of Waka Kotahi.
60. Staff will continue to explore Iwi expectations and opportunities to develop a cultural narrative in Peacocke. Any opportunities that carry a more than minor cost will be reported to committee for approval.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

61. Tompkins Wake were engaged to provide legal advice on the contract documents.
62. Staff confirm that the staff recommendations comply with the Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

63. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
64. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
65. The recommendations set out in this report are consistent with that purpose and the overall infrastructure programme contribution to the four wellbeings was recently reported in detail to the [29 June 2022 Council meeting](#) (item 18 page 298 and, specifically Peacocke Network Infrastructure Wellbeing in Attachment 5, page 311).
66. Staff note that a Green Star Community accreditation rating has been lodged seeking a 5 star rating for Peacocke. This is a NZ first for a greenfield growth area and an Australasian standard. The Green Star Community rating is a new and independent framework for sustainability that assesses 5 principles that define sustainable communities. The principles are enhanced livability, economic prosperity, environmental responsibility, design excellence and, strong governance and leadership.

Cultural value-adds

67. Staff continue to work closely with the Tangata Whenua Working Group (TWWG) on incorporating cultural symbolism story telling into some structural elements such as retaining walls and bridge elements and incorporating cultural narrative into wayfinding and placemaking. In some locations a pou or other similar standalone cultural element acknowledging and celebrating the cultural identity of the area will be appropriate and consistent with He Pou Manawa Ora. The TWWG will continue to provide advice and direction on these matters. Staff estimate the value of delivering these elements will be around \$500k (equivalent to around 1% of the construction budget), which is in line with other large-scale projects, including those of Waka Kotahi.
68. Staff will continue to explore Iwi expectations and opportunities to develop a cultural narrative in Peacocke. Any opportunities that carry a more than minor cost will be reported to committee for approval.

Local Outcomes

69. Downer has a large and long-term local presence in Hamilton and the Waikato. Award of Contract 1298/2022 will result in substantial use of local subcontractors (who are large construction companies in their own right), suppliers, labour pool and machinery hire will mean a significant portion of the contract spend will be right here in the local economy. As a result, Downer advise approximately 90% of the project revenue will be spent locally in the Waikato region.
70. Downer have cadetship programmes and employment pathways, particularly aiming at bringing young people through and into sustainable long-term work. Due to Downers large local presence, it would be expected these resources would find continued local employment after this contract is completed.
71. New employment, training and apprenticeships for locals is part of this contract.

Broader outcomes

72. Similar to the Peacocke Waikato River Bridge project, already under construction and over halfway to completion, a range of value-add items are included within the approved macroscope for Whatukooruru Drive and will be delivered within Contract 1298/2022. The value-add items are to deliver a range of broader community outcomes and reflect a step-change in expectations or requirements of Councils new transport corridors since the time the Southern Links designation was secured (2012-2016).
73. Approx. \$22m (before escalation) of value-add items were approved within contracts currently under way to deliver broader community and future proofing outcomes. Now within Contract 1298/2022 a further \$16.7m of value-add is included to be delivered as part of the works that will ensure consistency with works already under way, seeking to leverage maximum value from Council's investment in this leads infrastructure in Peacocke.
74. Value-adds relate to achieving Vision Zero, reducing car travel by prioritising public transport, encouraging active transport modes and making streets safer and more accessible. Given the nature of the HIF programme of works, some of the outcomes also relate to future flexibility for development that will follow this key lead infrastructure as well as for some increased policy and legislative compliance. Refer **Attachment 4**.

Recognition and awards

75. The Peacocke programme has recently received awards including the Northern Wastewater Pipeline which was declared the civil construction national winner in the \$20m to \$100m category. The project was also declared regional supreme winner and, winner of the overall safety award.

76. In addition, the Waikato River Bridge won the National Crane Association award for the most complex lift in New Zealand and won highly commended in the national civil construction awards for the soil nailing work on the northern bridge abutment.

Risks - Whatukooruru Drive Contract

77. Normal construction risks exist with projects of this size, scale and complexity. Staff will be working with the successful contractor following contract award in a risk workshop and will develop a new Construction Phase Risk Register to be regularly reviewed and maintained as construction progresses. Key current known risks are expanded on below.
78. New Zealand has so far managed the COVID-19 pandemic relatively well and this has provided the opportunity for continuing with planned procurement, however the risk of reoccurrence remains. Staff have established a contractual position that (to some extent) limits Council's exposure to costs should Government direction lead to a shift within the existing Covid-19 protection framework. However, given the likelihood, duration and Government's ongoing response (such as to new variants) remains unknown it is difficult to fully value this risk or to avoid it altogether.
79. There is a risk that current very high cost escalation continues due to uncertainty in supply chain and/or cost escalation effects from external factors remain. As far as practicable within the Peacocke programme and contract frameworks, staff continue to manage risks such as Covid effects on staffing, materials pricing and availability, with steel and fuel being particularly sensitive.
80. Protestors remain on site and have, in the past, physically climbed on machinery causing works to be stopped for safety reasons. More recently staff have issued trespass notices where protestors have acted within HCC privately owned land (i.e. not on road land) which has been effective. There remains a risk that once more significant works begin these provide a more visible platform for protesting. Staff will continue to work with NZ Police and mandated mana whenua to manage these matters as far as practicable.
81. The volume of earthworks and underground structures (pipes, bridge foundations, pavement, subsidence etc) and the significant quantities of material from on site is expected to be reused for creating road embankments means that unexpected or poor ground conditions could have a significant time and cost impact. The extent of old farming and gully areas means there is a high risk of historic dump sites similar to those found on the Wairere/Cobham project. The project team have undertaken extensive pre-construction investigation to identify and minimise this risk, including interviewing past and present landowners, site investigations and contamination testing and even examining historic aerial photography to pick up old work or dump sites. Staff propose to engage contract supervision resources with high experience and knowledge of the area and a higher-than-normal contingency for unforeseen construction issues has been forecast within project expected estimates associated with Contract 1298/2022 (refer to **Attachment 2**).
82. Safety and environmental protection when working over and near the significant natural Mangakootukutuku gully network is front of mind in all proposed methodologies. However once works begin, unexpected constraints, particularly related to works in the gullies themselves, could demand alternative methodologies which could lead to time and cost impacts. Staff work with Waikato Regional Council, Waikato River Authority and Iwi ensuring best practice is followed.
83. Construction on this size and scale will have impacts on the local community in many ways, particularly in respect to temporary construction traffic. While comprehensive conditions exist to best manage these effects it is inevitable that these will be felt, particularly during periods of bulk cartage e.g. earthworks, pavement construction and bridge beam delivery to name a few key activities. Early and thorough community engagement as well as a strong focus on best

practice traffic management and construction management techniques will be sought from the contractor.

84. Cost over and under-runs are likely on individual project components; however, this risk will be mitigated within the overall funded network infrastructure budget for Peacocke.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

85. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

Engagement

86. Community views and preferences are already known to the Council through the Southern Links Designation, Peacocke Structure Plan process, Land acquisition programme, resource consent programme, 2018 10-Year plan process, and various community/stakeholder engagements/open days.
86. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Peacocke Network Infrastructure Scope

Attachment 2 - Peacocke Network Infrastructure Project Implementation Estimate Summary

Attachment 3 - Peacocke East West Arterial Whatukooruru Drive Macroscopic

Attachment 4 - Peacocke Network Infrastructure Value-Add Items

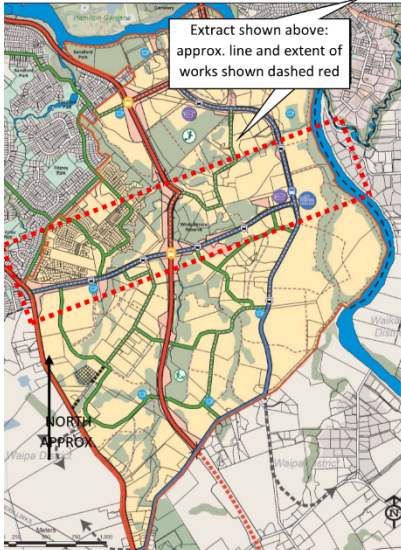
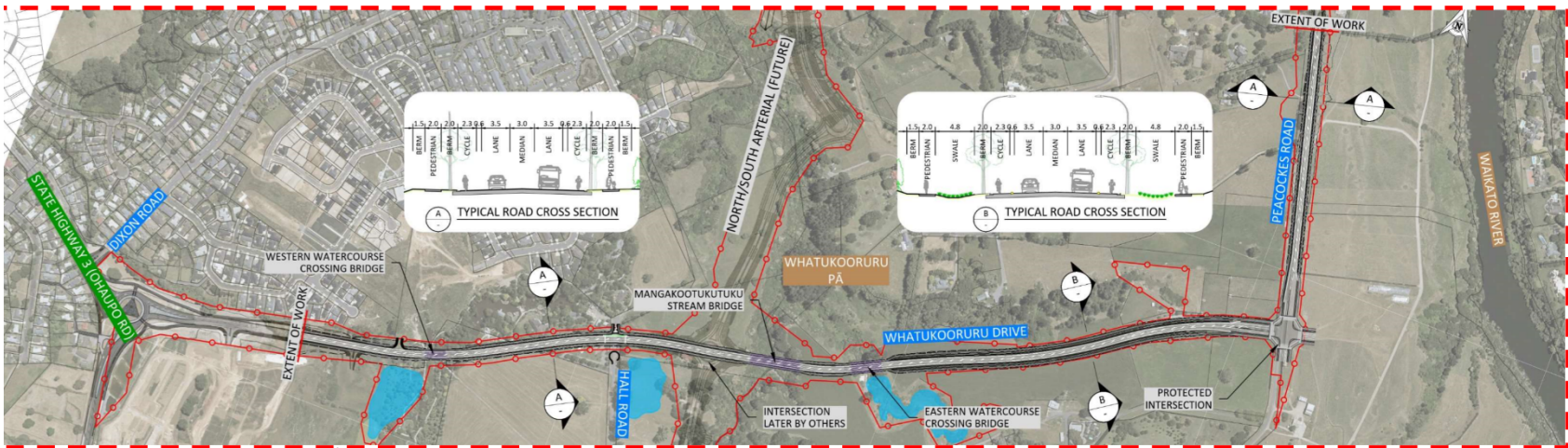


Peacocke Network Infrastructure				Estimated Costs				
Project Estimates - Implementation (2018 - 2028 LTP Period) as at 18 Aug 2022				(\$Millions - Excl. GST)			Approved LTP	HIF Budget
Current Implementation Packages	Package Description	Status of physical works	Base Estimate	Expected Estimate *** (50th percentile)	95th percentile Estimate		Total Available Budget** (relates to Expected)	HIF Funding Component
Property	Total Peacocke Network Infrastructure Project Property Cost (incl. professional services)		\$ 18.7	\$ 33.5	\$ 36.9		\$ 38.6	Incl. in projects
	Implementation Packages - Combined Project Costs (All Phases excl. property)							
A	Wairere/Cobham Interchange	Complete	\$ 3.2	\$ 3.2	\$ 3.2		\$ 3.2	\$ 3.2
B	SH3 Ohaupo Rd Roundabout and EW Arterial Stage 1	Complete	\$ 20.3	\$ 20.5	\$ 20.7		\$ 20.5	Incl. in E below
C	Waikato River Bridge and Strategic Services*	60%	\$ 164.4	\$ 173.0	\$ 197.2		\$ 172.4	\$ 133.1
	Peacocke Strategic Wastewater: Northern Transfer Main	Complete	\$ 21.2	\$ 22.1	\$ 22.1		\$ 22.1	Incl. in C1 below
C1	Peacocke Strategic Wastewater: Snell Connections diversion; Strategic Transfer Pump Station and Storage; Fitzroy diversion; Bikes on Pipes*	35%	\$ 59.6	\$ 69.6	\$ 88.8		\$ 76.8	\$ 50.1
E	E-W Arterial Stage 2 and Peacocke Road Urban Upgrade*	0%	\$ 65.6	\$ 78.3	\$ 92.5		\$ 64.9	\$ 42.3
E2	EW arterial (Hall Rd to SH3)	0%	\$ 18.8	\$ 24.1	\$ 29.0		Incl. in Proj. E.	\$ 11.4
F	N-S Arterial Land (Investigation and design phase)	n/a	\$ 0.4	\$ 0.5	\$ 0.6		\$ 5.4	\$ 25.2
	Combined minor/background projects (e.g. Developer upsize, future projects)	1%	\$ 25.0	\$ 31.5	\$ 44.1		\$ 34.8	\$ 25.1
	Peacocke Network Infrastructure Estimate (all projects and phases from 1 July 2018 including property)		\$ 397.1	\$ 456.3	\$ 534.9		\$ 438.7	\$ 290.4
	HIF - deferred repayments to transport imp (aka interest savings)****						\$ 3.0	-

Symbol:	Footnotes:
*	Collectively includes \$38.6M value add and compliance costs previously out of scope (improved seismic and operational resilience, future proofing, enhanced accessibility supporting mode shift and inclusive transport, Vision Zero for safety).
**	Comprising Actuals 2018-21 plus approved budgets 2021 -2028 plus 22/23 Annual Plan changes plus external funding.
***	Allows for August 2021 Covid-19 restrictions but excludes Omicron outbreak costs and associated delays which are still being quantified and valued.
****	MHUD condition of accepting deferral is benefit to HIF programme and E-W Arterial. Approx \$3mil assumes interest savings of shifting \$16.4mil outside of 21-31 LTP.
	Notes:
	Subtotals may not match exactly due to rounding.

Construction cost estimates have been developed following Waka Kotahi NZ Transport Agency guidelines, which are industry standard for transport work of this scale. The terminology used when describing estimates and associated levels of contingency is set out in the table below.

Estimate terminology	Description
Base Estimate (BE)	Includes a schedule of quantities and rates but does not include any contingency for unforeseen matters. This is the schedule that is used for tender evaluation.
Expected Estimate (EE)	Includes the Base Estimate, plus a level of contingency appropriate for the type of project following assessment using a risk management process. This is the estimate normally used to set Approved Contract Sum amounts and is normally close to the final completion cost. It is also the estimate typically used in the development of the Council's 10 Year Plan.
95 th Percentile Estimate (95 th PE)	This is the Expected Estimate plus a further contingency risk amount that considers the outside chance of encountering numerous unforeseen issues, typically a 1 in 20 or less statistical chance of occurring. Assessment of this value follows a risk management process and will vary based on the nature of the project, often being higher where significant earthworks or structure feature in the scope.



EXTRACT FROM PEACOCKE STRUCTURE PLAN
(TRANSPORT NETWORK)

Description of Macroscopic	Opportunities/Threats
<p>The proposal is for completion of the Peacocke East West Minor Arterial (Whatukooruru Drive) between the newly constructed roundabout on SH3 (Ohaupo Road) west to Peacockes Road, and an urban upgrade of Peacockes Road through to connection with the Peacocke Waikato River Bridge project works (currently under construction). The works are consistent with the scope included within the Peacocke Housing Infrastructure Fund Detailed Business Case and agreement and are in the the Hamilton Southern Links designation.</p> <p>The proposal provides for construction of a Minor Arterial transport corridor of approximately 2.4km in length, comprising:</p> <p><u>Links:</u></p> <ul style="list-style-type: none">1.8km of greenfield Minor Arterial construction (Whatukooruru Drive from existing roundabout section to Peacocke Road).0.6km of urban upgrade to Minor Arterial standard (Peacockes Road Urban Upgrade north from East West Minor Arterial).Three gully crossings providing vehicle, cyclist and pedestrian connectivity (retaining opportunities to provide multi-modal access beneath the bridge structures). <p><u>Active modes and passenger transport:</u></p> <ul style="list-style-type: none">Fully segregated cyclist and pedestrian facilities full length.Cycle paths being segregated through use of raised pavement devices (such as “armadillos” or concrete kerbs).A series of mid-block raised platforms for pedestrian crossings, integrated with in-lane bus stops.Single vehicle lanes in each direction with future proofed pavement width to provide flexibility for possible future bus lane <p><u>Intersections:</u></p> <ul style="list-style-type: none">East West Minor Arterial/ Peacockes Road - Signalised Protected Intersection (four-leg) – prioritising pedestrian and cycle level of service (efficiency and safety). This is consistent with the Peacocke Development intersection hierarchy philosophy that prioritises alignment with Vision Zero principles and promotion of alternative modes in priority to vehicle efficiency.Future North-south arterial alignment crossing - no intersection at this stage - for safety and to protect options for the arterial form. <p><u>Utilities:</u></p> <ul style="list-style-type: none">Incorporation of strategic (fresh) water and wastewater infrastructure as determined by parallel (Peacocke) projects.Road frontage utility services to enable direct connection from future development.Stormwater treatment and management devices, which are generally aligned with the principles of the Mangakootukutuku ICMP. <p>Procurement for physical works is programmed to commence in early 2022, with construction starting in October 2022. Completion of works expected in April 2024. It is possible that the construction contract will include a number of separable portions to manage risk around land access, delays in consents, and integration with adjoining development works. These separable portions could include: 1) Hall Road to Peacockes Road, 2) Peacocke Road Upgrade 3) Hall Road to Northview (SH3). The project is also being planned in such a way to enable other procurement opportunities to be advanced through this major project (e.g. Bikar or Biora opportunity).</p>	<p><u>Opportunities:</u></p> <p><u>Future connections:</u> Project designed to enable future construction of roundabout with North-South Arterial including active mode grade-separation. Also facilitates road connections shown in Peacocke Structure Plan.</p> <p><u>Cultural Connections:</u> Tangata Whenua are involved project planning and opportunities for cultural symbolism to be incorporated within the works, including access for Whatukooruru Paa.</p> <p><u>Pedestrian Linkage:</u> Pedestrian linkages across the corridor can readily be accommodated within the proposed cross-section with inclusion of raised platforms. In addition, the bridge structures enable grade separation of crossings (beneath), if desired. This includes connectivity to the Whatukooruru Paa site.</p> <p><u>Threats:</u></p> <p><u>Funding:</u> - The indicative construction estimate is higher than the original HIF estimate. Additional funding has been allowed for in the 2021-31 LTP. Work is under way to refine project estimates, including value for money reviews.</p> <p><u>Programme/Consents:</u> - In order to achieve timing to optimise construction seasons there is time pressure for design, procurement, and consents. These pressures are exacerbated by the changes in the planning environment including the NPS for Freshwater Quality, possibility of works exceeding the designated footprint, and the need to still secure some land for construction activities.</p>

Peacocke Network Infrastructure Value-adds – Council Report, 18 August 2022

- On 20 August 2020 the Strategic Growth Committee resolved to include \$22m of value-add items into the scope of the construction contracts being awarded at the time. The scope of the value-adds approved within the Peacockes Waikato River Bridge project predominantly relate to achieving Vision Zero, reducing car travel by prioritising public transport, encouraging active transport modes and making streets safer and more accessible. Table summarises the value-adds already committed within works under way, which will also have been subject to cost escalation.

Table 1 – Currently Committed Key Value Add Items	
Value-add items included in current construction tender packages	Approx tender costs
Transport Contract 142/2019	
Northern Pedestrian Bridge	\$6,345,000
Additional underpasses	\$1,128,000
Segregated walking and cycling paths	\$1,500,000
Early PT facilities – dedicated lanes, bus stops and associated infrastructure	\$2,000,000
All modes intersection at Weston Lea Drive & Peacockes Lane	\$1,000,000
Strategic bulk water from Water Treatment Plant to Cobham Drive (including crossing the bridge)	\$7,500,000
Waters Contract 188/2019	
Future proofing (deeper and/or larger pipes)	\$2,500,000
Peacocke Total Value Adds within budget (before escalation)	\$21,973,000

- Approval of the Whatukooruru Drive macroscope at Strategic Growth Committee on 7 September 2021 confirmed a similar range of value-add items, particularly around safety, active modes and public transport. Table 2 summarises the value-add items within the approved macroscope and that have been included in the tender package for Contract 1298/2022 considered for an award decision in this report.

Table 2 – Contract 1298/2022 – Proposed Macroscope (7/9/21) Key Value-Add Items		
Value-add items included in Contract 1298/2022 tender package	Approx. tender costs (\$m)	Could item be removed and built later? (Y/N)
Signalised collector road intersections (x3)	\$3,800,000.00	N*
Upgrade to 'all modes' intersection at Whatukooruru Dr & Peacockes Rd	\$700,000.00	N*
Segregated walking and cycling paths	\$2,400,000.00	N*
Early PT facilities - bus stops and associated facilities (ped crossings)	\$1,000,000.00	N*
Compliance with H Pou Manawa Ora	\$621,000.00	Y
Compliance with stormwater ICMP outcomes	\$500,000.00	N*
Compliance with S.Links ecological outcomes	\$300,000.00	Y
Compliance with Council's Play Strategy	\$400,000.00	Y
Development flexibility - wastewater infrastructure	\$900,000.00	N*
Development flexibility - water infrastructure	\$1,500,000.00	N*
Upgrade from culvert (assumed by S.Links) to a bridge for eastern gully crossing	\$200,000.00	N*

Total value-adds from Council budgets (before escalation)	\$12,321,000.00	
Developer Collaborations <i>(costs recovered via Private Developer Agreements with developers)</i>		
Signalised collector road intersections (x2)	\$2,800,000.00	N*
Peacockes Road boundary earthworks	\$1,600,000.00	N*
Total value-adds paid for by developers	\$4,400,000.00	
Total Value-Adds included in Contract 1298 - Peacocke Whatukooruru Drive	\$16,721,000.00	

* Possible but at significant additional cost to construct later. Probably precluded.

- Values presented are individual components within a much larger package of works and are identified here as approximate values as they are more difficult to clearly distinguish in most cases.