

Finance and Operational Performance Committee

**Thursday, 10 October 2002
Commencing at 9.30 am**

- Item 5: Annual Plan Budget Review
- Hobsonville Road
Construction**

- Item 6: Massey Community House
(Old Massey Library)
Building Alterations**

- Item 7: West Wave Aquatic
Development Project Costs
Update**

- Item 8: Aquatic Centre Shutdown -
Additional Funding Request**

**SUPPLEMENT TO AGENDA FOR AN ORDINARY MEETING OF THE FINANCE AND
OPERATIONAL PERFORMANCE COMMITTEE TO BE HELD IN THE CIVIC
CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN, WAITAKERE CITY,
ON THURSDAY, 10 OCTOBER 2002
COMMENCING AT 9.30 AM.**

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**SUPPLEMENT TO AGENDA FOR AN ORDINARY MEETING OF THE FINANCE AND
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PART II - FINANCE

5 ANNUAL PLAN BUDGET REVIEW - HOBSONVILLE ROAD CONSTRUCTION

PURPOSE OF THE REPORT

The purpose of this report is to advise the Finance and Operational Performance Committee of an over provision in the 2002/2003 Annual Plan for roading expenditure associated with Hobsonville and to rescind a previous resolution of Council in relation to this matter.

BACKGROUND

The draft 2002/2003 Annual Plan provided \$5.0 million dollars for Hobsonville Road. An additional amount of \$3,278,825 approved in the 200120/2002 Annual Plan was also included in the final Annual Plan process as a carry forward item known as Hobsonville Land Road Construction. Unfortunately this was not detected until after the Annual Plan had been finalised. In the normal course of events this budget item would have been highlighted in the quarterly review.

OVER PROVISION OF CAPITAL BUDGET

The over provision amounts to \$3.0 million, as the correct estimate for the Hobsonville Road is \$5,278,825. The over provision in the Annual Plan process is an isolated incident and processes will be strengthened in the forthcoming Annual Plan round to ensure that effective inter-unit communication occurs and the risk of this happening again is eliminated.

During the preparation of the budgets, there was also uncertainty surrounding the timing of Hobsonville projects so no allowance was made for interest costs apart for the carry forward amount of \$3,278,825. The consequence of this is that the over provision related to Hobsonville is not available for re-allocation. It is recommended that the budget be adjusted to eliminate the \$3.0 million over provision.

COUNCIL RESOLUTION 2896/2002

At the ordinary meeting of Council 25 September 2002 an item on sealed road maintenance contained reference to the over provision above and the Council passed the following resolution:

- “3. *That approval be granted to transfer an amount of \$645,000 (six hundred and forty five thousand dollars) as Council’s Local Authority share from the Roading New Capital Expenditure approved Annual Plan 2002/2003 budget under Hobsonville Road Construction, to the Capital Expenditure – Roading Renewals scheduled for Contract TA 02501C.*”

2896/2002

Upon review of this matter the appropriate funding source should have been surplus depreciation funds. Loan funding is not recommended for renewals now that the Council is fully funding depreciation. It is recommended that the Committee request Council to revoke that resolution and the following be substituted:

“That an additional \$645,000 be provided from surplus depreciation funds for Roothing Renewals scheduled for Contract TA 02501C”.

CONCLUSION

An error has occurred in preparation of the capital expenditure budget relating to the Hobsonville Road. It is recommended that the budget be adjusted to reflect this. Interest costs were not budgeted in the over provision. It is also requested that pursuant to Standing Order 27.18 Council resolution “number three”:

“3. That approval be granted to transfer an amount of \$645,000 (six hundred and forty five thousand dollars) as Council’s Local Authority share from the Roothing New Capital Expenditure approved Annual Plan 2002/2003 budget under Hobsonville Road Construction, to the Capital Expenditure – Roothing Renewals scheduled for Contract TA 02501C.”

2896/2002

be rescinded to correct the funding as resolved.

RECOMMENDATIONS

1. That information be received
2. That the capital expenditure budget available for the Hobsonville Road construction be amended to \$5,278,825 for 2002/2003.
3. That it be recommended to Council that pursuant to Standing Order 27.18 resolution “number three”:

“3. That approval be granted to transfer an amount of \$645,000 (six hundred and forty five thousand dollars) as Council’s Local Authority share from the Roothing New Capital Expenditure approved Annual Plan 2002/2003 budget under Hobsonville Road Construction, to the Capital Expenditure – Roothing Renewals scheduled for Contract TA 02501C.”

2896/2002

be rescinded.

4. That it be recommended to Council that an additional \$645,000 be provided from surplus depreciation funds for Roothing Renewals scheduled for Contract TA 02501C.

Report prepared by: Andrew Pollock, Director: Finance.



6 MASSEY COMMUNITY HOUSE (OLD MASSEY LIBRARY) BUILDING ALTERATIONS

PURPOSE OF REPORT

To obtain approval for additional funding to carryout building alteration works required to accommodate the Massey Community House in the old Massey Library building.

BACKGROUND

The old Massey Library has been leased to the Massey Community House Society Incorporated (Massey Community House) following the relocation of the library to the new premises at the Massey Leisure Centre and Library development.

The proposed Massey Community House will include Plunket rooms, meeting rooms, play/multi purpose area, reception, kitchenette and toilets. The facility will be used for contracted Plunket services, Waitakere City Workers Educational Association training courses, Community education courses, after school care, school holiday programmes and meeting rooms for community use.

In order to provide an efficient space for all the activities that are envisaged in the building, significant building alteration works are required. The Massey Community House has engaged an architect to design the proposed layout of the Community House. A building consent has been obtained for this work.

STRATEGIC CONTEXT

In 1998, Council approved a Community Lease Policy, which in part seeks to obtain the maximum use from its community facilities.

As well as actually providing buildings, Council wants to make sure these buildings are:

- Easy to use, especially for people with disabilities.
- Affordable.
- Safe.
- Catering for a wide range of needs and communities of interest.
- Child and youth friendly.
- Accessible.
- Well used.
- Local centres for communities across the City.

The Council provides community space to ensure there are places for people to meet, talk, play, learn and have fun. A range of different spaces is needed to cater for different activities. Community facilities also help to build community spirit by bringing people together.

ISSUE

The old Massey Library building requires building alteration and external works such as an enclosed playground in order for the Massey Community House to provide the range of community services and functions envisaged for the facility. The fit out, fencing, playground, architects fees and other works costing approximately \$45,000 are being funded by the Massey Community House by seeking grants from charitable bodies.

At present there is an expectation by the Massey Community House that the cost of the building alteration works will be paid for by the Council. The project cost for this element of the works is \$44,726 (ex GST). A budget of \$20,000 (ex GST) was allocated from the Massey Leisure Centre & Library stage 2 budget for the renovation of the old Massey Library building as part of the process for seeking an alternative use for the building. In addition to this a budget of \$5,000 (ex GST) was carried forward from the 2001/2002 financial year for the Massey Community House relocation costs. This gives a total available budget of \$25,000 (ex GST) and a budget shortfall of \$19,726 (ex GST). The financial details mentioned above and a proposal for funding this shortfall is outlined in the Resources section of this report.

The establishment of a well-equipped community house will be of great benefit for the fast growing Massey Community. It will provide the social structure that is essential for the new Massey envisaged by the proposed development of the Massey Corridor. The proposed facility and the people involved in the Massey Community House would also assist with elements of the design of the future Massey area.

The Massey Community House will compliment and work well with the community meeting rooms and the CAB at the Massey Leisure Centre and Library development.

RESOURCES

Four quotations have been obtained by the Councils Consultancy Services for the proposed building alteration works, which ranged from \$38,726 (ex GST) to \$67,000 (ex GST). The lowest price is from Brett Collecutt Builders. Consultancy Services personnel involved in managing this project are satisfied that this builder can carryout the work satisfactorily and for the submitted price.

Project Cost:	Building Alteration Cost	\$38,726
	Project Management (Consultancy Services)	\$ 2,000
	<u>Contingency</u>	<u>\$ 4,000</u>
	Project Cost	\$44,726

The budget currently available for this work is as follows:

Current Budget:	Relocation of Massey Community House (Carry forward from 2001/2002 financial year)	\$5,000
	Massey Leisure Centre and Library <u>Stage 2 budget</u>	<u>\$20,000</u>
	Current available budget	\$25,000

Budget Shortfall: **\$19,726**

The expenditure required for alteration to the old Massey Library can be funded from surplus depreciation funds.

The result of this will be a decrease in the amount of available funds for repayment of debt.

CONCLUSION

The Massey Community House was granted the lease to operate out of the old Massey Library Building in March 2002. The building requires alteration works to create the various spaces required to run and provide the range of programmes and community service envisaged by the Massey Community House Society.

The cost of the building alteration works is \$44,726 and the budget currently available for this works is \$25,000. A budget shortfall of \$19,726 has been identified following design and obtaining market prices. It is proposed that this be sourced from depreciation funds.

RECOMMENDATIONS

1. That the information be received.
2. That approval be granted to allocate an amount of \$19,726 from the Annual Plan 2002/2003 budget from depreciation funds.

Report prepared by: Suresh Nagaiya, Acting Manager Leisure Services.



7 WEST WAVE AQUATIC DEVELOPMENT PROJECT COSTS UPDATE

PURPOSE OF THE REPORT

The purpose of this report is to seek approval for additional funding for the West Wave Waitakere Aquatic Centre Upgrade Project 73430 following a project update briefing given to the Projects Special Committee on 2 October 2002. This briefing advised on developments which have the potential to impact on the total project funding and recommended that a prudent level of contingency be maintained at this critical stage of the project.

BACKGROUND

The background to the project has been summarised in earlier reports to the Projects Special Committee, most recently on the 2 October 2002 (as Urgent Business) and prior to that on 4 September 2002 (Agenda Item 5). At the 2 October meeting the project team presented the updated financial position, as shown in Table 1 below, and advised that a number of factors had impacted on the then forecast final project cost to such an extent as to warrant the increase in the budget to ensure that a prudent level of contingency is maintained.

The report proposed a source of the additional funding required. The recommendation has been forwarded to the Finance and Operational Performance Committee with the endorsement of the Projects Special Committee.

BUDGET

Project Financial Status Update

The report to Projects Special Committee on 4 September 2002 advised that the project contingency at that time was \$174,344 and expenditure trending and forecasting indicated that the project would be completed within budget. The report further advised that a degree of uncertainty remained as to the final project cost due to anticipated claims for extensions of time and finalisation of contract variations.

At the 2 October 2002 meeting of the Projects Special Committee, the project team updated the situation, advising that there was a need to increase the budget allocation in order to maintain a prudent level of contingency for the project - especially at this critical stage as construction nears completion.

It is therefore proposed that an additional amount of \$505,000 be allocated to this project to ensure a prudent level of contingency is maintained. The reasons are outlined later in the report and summarised in the table below.

PROJECT FUNDING	Report 4 Sept. 2002	Report 2 Oct. 2002
Project Funding Allocated - Capital Expenditure	\$14,167,919	\$14,167,919
Project Funding Allocated - Operational Expenditure	\$32,592	\$32,492
Total Current Budget Allocation: (including Contingency \$715,000)	\$14,200,511	\$14,200,411
Which includes reimbursement from: Parks Asset Management towards Fencing and other Site Works \$21,000 Property Management for Services Relocation and Upgrade \$65,500		
Less Costs Incurred to Date	(\$10,296,911)	(\$12,541,224)
Balance of Funding Available to Complete:	\$3,903,600	\$1,659,187
Forecast Cost to Complete	\$3,729,256	\$1,951,300
Forecast Budget Contingency (Overspend)	\$174,344	(\$295,000)
* Reversal of Consultancy Fee (see note below)	N/A	\$100,000
** Additional funding required for Facilities Management System Software	N/A	(\$65,000)
Current Project Contingency as at 2 October 2002	N/A	(\$260,000)
Recommended Additional Prudent Contingency Amount:	N/A	\$245,000
*** Additional Funding Sought	N/A	\$505,000

Table 1: Project Costs Incurred and Expenditure as at 12 August 2002.

Notes:

- * The Costs Incurred to Date have been reduced in the recent days through reimbursement by the internal Consultancy Services Business Unit of \$100,000 for project management of the various consultants, cost and budget tracking, liaison with affected parties such as the Bowling and Croquet Clubs, and other Council departments such as Parks and Transportation Assets, managing Resource and Building Consent applications and compliance, liaison with Waitakere City Council's Arts Co-ordinator for both local artists and iwi input, management of client-supply purchases and the like.

This decision was made in consultation with the Chief Executive in response to a sudden and significant reduction in the available contingency due to a number of factors. These are covered in more detail later in the report.

- ** Provision of the Facilities Management System Software is currently being sought through the Information Management Steering Committee. This system is required to upgrade the existing ticketing and membership software to cater for the anticipated increase in patronage and would allow interfacing with entry barriers and membership card-readers in selected areas such as the Fitness Centre.

- *** Refer to the section headed "Source of Additional Funding" for how it is proposed to fund this amount.

A Prudent Approach

Given the critical stage of the project and the imperative that the City not delay the Contractor's programme by a failure to respond to further identified contingent items in a timely manner, it is recommended that additional funding be allocated to the project to ensure that a prudent level of contingency be maintained.

It is emphasised that, at this stage, there is no identified imperative for additional funding over and above that currently reported or specific to particular known or anticipated items of work, rather that funding be made available in order that the City may respond without delay should the need arise. Equally, the expectation remains that the final project cost, excluding any variation not yet issued, would be less than forecast due primarily to the Quantity Surveyor's conservative forecasting. It would, however, be unwise to ignore or discount these forecasts until the final costs have been agreed with the Contractor.

Recent Factors Impacting on Contingency

There have been a number of factors impacting on the project cost forecasts in recent weeks, as follows:

The first was the receipt in early September of the Quantity Surveyor's Financial Report for August, which flagged a \$130,155 increase in forecast costs due largely to higher than expected claims from the Contractors, Gibson O'Connor Limited, against a number of variations previously issued, and some \$150,000 in anticipated variations.

The second was the identification of a number of items which had been omitted from the original construction drawings, particularly in relation to electrical, security and sound system componentry which were not identified previously. There have also been a number of variations required to address identified safety concerns, particularly in relation to the Hydroslide entry platform, as well as detailing issues in relation to the siteworks, exterior paving, fencing and the like. Individually these have not been particularly significant, however, in aggregate have contributed to a reduction in the available contingency.

The third has been the receipt, in late September, of the ninth Financial Report from the Quantity Surveyors which again identifies an increase in the forecast contract costs by a further \$127,037. Some of this increase is due to variations issued during the month of September, however, a substantial component has been the increase in the difference between the latest anticipated value of variations previously issued over the value recorded at the time of issue from \$75,000 to over \$127,604.

Correspondence received on 1 October 2002 from the Quantity Surveyor further "updates" previous information and, if proved valid, adds a further \$250,000 to the forecast contract sum.

In addition, prudent accounting for the cost of the facilities management system software from within the project budget, pending a decision by the Information Management Steering Committee, adds a further \$65,000 to the forecast project costs.

The combined effect of these revisions in forecasts has been to reduce the available contingency to **\$260,000 (Forecast Overspend)**.

Source of Additional Funding

The additional funds should be funded from new borrowings. The half yearly review will be the appropriate time to consider any re-allocation of capital expenditure approved in the 2002/2003 Annual Plan. At that time (March 2003) the full extent of compliance with the approved work programme will be more certain.

Errors by Consultants

As with any complex project of this nature, minor omissions from the original design can be expected. These would typically be funded from the project contingency. There have, however, been a number of errors made by the consultants which have resulted in the need to issue variations to the Contractor. In this case consideration is given to seeking recovery from the consultant responsible for costs over-and-above those which would have been expected had the error (or omission) not occurred.

An alternative response to errors in design or construction may be to require the party responsible for the error to mitigate the effects of the error at no cost to Council. This is a legitimate approach where the implications of rectification are unacceptable from a time impact perspective - provided any compromise outcome is acceptable to Council.

Given that a number of variations to this contract have arisen from errors or omission made by various consultants managing the contract, action seeking recovery of costs incurred over-and-above those which would have been expected had the error (or omission) not occurred, is being investigated.

RECOMMENDATIONS

1. That the information be received.
2. That an additional loan of \$505,000 be approved for completion of the West Wave Aquatic Development.
3. That the Finance and Operational Performance Committee endorse the proposal for the Information Management Steering Committee to approve the funding of the Facilities Management System Software, subject to a satisfactory business case being presented to that Committee.
4. That options for recovery of costs incurred, arising from errors or omissions by consultants, and which are significantly over-and-above those costs which would have been expected had the error (or omission) not occurred, be investigated and pursued.

Report prepared by: Simon Guillemin, Business Manager: Projects, Consultancy Services.



8 AQUATIC CENTRE SHUTDOWN - ADDITIONAL FUNDING REQUEST

PURPOSE OF THE REPORT

The purpose of this report is to seek approval for the transfer of funding for the major pool facility maintenance (known as the “shutdown” project) scheduled to be carried out between April and June 2003. The project relates to the original facility.

BACKGROUND

The “shutdown” is an integral part of the long-term maintenance plan for the original main and dive pool areas of the West Wave complex. Importantly, the maintenance will be timed for when the new upgrade area is operational so as to ensure continuity of access for patrons.

The plan includes a major maintenance period every 5 years to allow access to underwater fittings, pool water treatment systems, and tiling. The works are planned to include April and May to coincide with the swimming clubs’ annual layoff. The last such major maintenance project was completed in May 1997 and was project managed by Centre staff.

The 2002 project was planned and budgeted to include:

- the standard underwater items;
- the replacement of acoustic tiles, which had started to fall out of their ceiling mounts;
- the replacement of a number of Dive Pool tiles, which were failing on both the walls and floor;
- recoating of the roof structural members, which were showing signs of corrosion.
- cleaning of the powder coated roof support structure members.

The budget lines for the acoustic tiles and roof structure work were based on estimates from potential contractors in 1999 and as the deterioration was advancing and unsightly the work was planned to be brought forward 12 months to April to June 2001. This was subsequently delayed for 12 months to allow a satisfactory level of service and cash flow to be maintained during the Aquatic Centre Upgrade, which had a planned start date of April 2001. An additional Capex sum of \$74,000 was obtained to complement the \$714,000 carried over from the 2001/2002 Annual Plan.

Following further failures of dive pool tiles it was decided to seek the services of Octa Associates Limited to manage what had become a major project beyond the capabilities and expertise of Centre staff.

STRATEGIC CONTEXT

Council Leisure Facilities and activities strongly contribute to the well being of the City’s residents, by providing recreation opportunities that promote health and social cohesion. Council’s Leisure Strategy, Community Facility Plan, Parks Strategy, Youth Recreation Needs Assessment and the Funding Policy guide the provision of these facilities and activities to ensure that they are available to all residents, responsive to changing demands and provided efficiently.

The Aquatic Centre is a major City-wide asset and a venue for international, national, regional and local aquatic sporting events. It is a key element in Council’s leisure service delivery and hosts a number of high profile events each year some of which are televised.

ISSUES

The following issues were raised following the appointment of Octa Associates:

1. Roof Framing

Close inspection of the roof framing was made by a certified coatings inspector to determine the condition of the paint and surface of the roof framing above the pools. The follow observations were made:

- It is now known that the final protective coat was omitted during construction of the roof framing for cost savings reasons. This final protective coat would have provided further strength to the coating system and deterioration of the framing would not be as severe. It was also pointed out that under the harsh environment current coating systems have really only a maximum life of 10 years.
- The coated surfaces of the main steel trusses have moderate to major deterioration, lost adhesion of the protective paint, visible rusting and blistering. There are areas where the coatings are showing minor to moderate deterioration, mainly over the Dive Pool. The worst of the accessible areas were spot treated using 2001/2002 response maintenance monies.
- The chequer plate walkway has major deterioration visible and rusting has occurred.
- The powder coating to the galvanised CHS space frame is showing extensive blistering.
- There is surface contamination present on all surfaces.

From the observations above, the roof framing and its coatings require urgent attention. Initial quotes, by sub-contractors to the Aquatic Centre Staff, were based on a combination of cleaning, minor preparatory work and a generic paint system. The required work to maintain the long term integrity is in fact major water/grit blasting with a specialist protective paint system.

The full extent of the problem and the required amount of corrective maintenance could not be fully established when setting the CAPEX budget.

A structural analysis on the roof framing has uncovered that the roof structure was designed to the minimal code requirements for applied loads. Therefore further deterioration of the roof structure during the next five years could result in a potential collapse of the roof framing in the future. This also means that scaffolding cannot be hung from the framing as first envisaged to reduce the amount and cost of the scaffolding, and also that maintenance crews cannot place too much loading on the frame by working from it.

It is also noted that the rough estimate made for the roof framing and scaffolding was included in the Acoustic ceiling replacement estimate, and was not based on expert technical advise, although the Aquatic Centre Staff were lead to believe that this was the case from the preparer of the quote.

2. Acoustic System

The current acoustic treatment installed is and has since late 1998, been slowly failing. A January 1999 examination by a Registered Structural Engineer attributed failure to inadequate fixing during initial installation and the fixing edges have weakened from the increase in tile weight from moisture absorption over time. Councils material damage schedule does not cover such incidents and an attempt to pursue a legal claim against the original installer failed as the company had gone bankrupt. The falling tiles pose a danger to the pools users and staff. Due to this danger netting has been installed under the roof framing to catch the tiles before they injure patrons. The netting has only been a temporary measure and the entire existing acoustic treatment requires total replacement.

As the new addition was being built adjacent to the existing Centre, the Aquatic Centre staff believed a good solution was to install a similar acoustic ceiling system to tie the new and existing areas together aesthetically.

A sub-contractor's estimate to replace the acoustic ceiling was sought by Aquatic Centre Staff and was based on 1,760 sqm. The Aquatic Centre Staff were lead to believe that the 1,760 sqm area was correct and a CAPEX budget allowance of \$200,000 was set accordingly. During the technical investigation it was identified that the sub-contractor had underestimated the required area.

The technical investigations identified alterations to the current ventilation system which would be required to prevent long term damage to the ceiling and steelwork.

OTHER ISSUES

Dive Pool Tiles

An allowance of \$30,000 was made in the original budget for labour to replace areas of Dive Pool tiles which had been failing for reasons not fully understood. A significant quantity of new tiles had been purchased from a previous financial years maintenance budget. The tile failure has now reached a stage where the prudent option is to replace all Dive Pool tiles at an estimated cost, including 5% contingency, of \$105,000.

Dive Tower Platform

The dive tower has a number of platforms at different heights from the water surface and was built to a FINA specification valid at the time. The introduction of Synchronised diving requires the 10 metre platform to be widened to comply with the new standard at an estimated cost of \$9,500.

Staff Room Refurbishment

The staff room area was designed to accommodate the numbers required to staff the original pool complex and has not been refurbished in the 14 years since nor expanded as part of the ACU Project due to a focus on public areas for the available funding. An amount of \$30,000 of Programmed Maintenance funding was approved in the 2002/2003 Annual Plan to carry out this work. In the absence of a suitable alternative area offering toilets, privacy and close access from the main pool, the staff facilities are used during competition events for drug testing, which requires the staff to relocate to a less than satisfactory area in the Recreation Centre and share it with the public. In addition, the windows have had to be barred to prevent unauthorised access from the public walkway and there is now only one exit point in the event of a fire. To add another exit and provide a unisex area which will become a drug testing facility when required and allow concurrent staff usage will cost a total of \$52,500 including contingencies.

COSTS / FUNDING

The current funding approved in the 2002/2003 Annual Plan is:

Capital Expenditure		Operational Expenditure	
Source	Amount	Programmed Maintenance	Amount
Carry fwd 2001/2002	\$716,000	Staff Room Refurb	\$30,000
2002/2003	\$ 74,000	Replace Pool Grates	\$35,000
		Resurface Dive Tower platforms	\$ 8,000
		Lighting Main Pool	\$ 8,000
Sub Total	\$790,000		\$81,000
TOTAL		\$872,000	

Table 1: Approved Funding

The revised estimated major facility maintenance work package costs are:

Work Package	Work Package Cost	Running Cost
Fees (Incl. 5% Contingency)	\$68,600	\$68,600
<u>Roof Frame</u>		
Scaffolding (Birdcage method)	\$190,000	
Inspect & review & protection	\$5,000	
Clean & re-coating	\$340,000	
5% Contingency	\$26,750	
TOTAL	\$561,750	\$630,350
Raisable Floor (Incl. 5% Contingency)	\$41,370	\$671,720
Staff Facilities Upgrade (Incl. 5% Contingency)	\$52,500	\$724,220
Bulkhead (Incl. 5% Contingency)	\$22,500	\$746,720
<u>Dive Platform Surfacing</u>		
Surfacing (Incl. 5% Contingency)	\$6,300	
TOTAL	\$6,300	\$753,020
Lighting (Incl. 5% Contingency)	\$8,700	\$761,720
<u>Dive Platform</u>		
Widening	\$7,128	

Work Package	Work Package Cost	Running Cost
Handrails	\$2,000	
5% Contingency	\$456	
TOTAL	\$9,584	\$771,304
<u>Acoustic</u>		
Remove tiles & nets	Included	
Ventilation modification	\$25,000	
New tile panel installation (Option Analysis based on 2500sqm not 1760sqm as previously estimated)	\$255,000	
5% Contingency	\$14,000	
TOTAL	\$294,000	\$1,065,304
Dive pool (Incl. 5% Contingency)	\$104,700	\$1,170,004
<u>Main Pool</u>		
Main pool tile clean	\$12,500	
Main pool re-grout	\$5,745	
Main pool tile replacement (prov)	\$200	
Main pool joint re-sealing	\$9,250	
Length certification	\$2,000	
Window review	\$11,200	
Fittings review & lane markings	\$4,700	
5% Contingency	\$2,280	
TOTAL	\$47,875	\$1,217,879
<u>Concourse</u>		
Tile replacement (prov)	\$3,000	
Clean & re-grout & CJ re-sealing	\$18,033	
Drainage grate & rebates (prov)	\$44,000	
5% Contingency	\$3,252	
TOTAL	\$68,285	\$1,286,164
WORK PACKAGE TOTAL (including contingencies of (57,228)		\$1,286,164
FUNDING AVAILABLE (From table 1)		\$872,000
FUNDING SHORTFALL		\$414,164

Table 2: Revised Costings

Notes:

1. All figures are exclusive of GST.
2. The tenders process may reduce some costs however there are a limited number of suppliers and contractors available in the major and specialist work package areas.

Source of Additional Funding

The expenditure required for the Aquatic Centre major facility maintenance can be funded from surplus depreciation funds. The result of this will be a decrease in the amount of available funds for repayment of debt.

CONCLUSION

Although the Aquatic Centre Staff had identified the major items requiring maintenance, the extent required has been unknown until this time. Without expert advice on individual items, setting budgets to deal with required maintenance meant reliance on individual sub-contractors.

The rough estimates that were given to the Aquatic Centre by suppliers were taken in good faith to reflect the likely funding for the required maintenance.

The full extent of the required corrective remedial work and the additional cost to rectify these were discovered by expert investigation and subsequent more detailed estimates from individual contractors who specialise in their chosen field.

Major costs that were not included in the original capital expenditure budget were:

- The deterioration of the paint system and the subsequent corrosion of the roof framing, culminating in the increase in cost to rectify.
- The roof framing not being able to withstand large loading such as scaffolding and maintenance crews.
- Alteration to the existing ventilation system because of the proposed position of the replacement acoustic ceiling.
- The extent of the acoustic system replacement.
- Dive Pool total re-tile, dive platform widening and additional work in the staff room area.
- Consultant fees for project manager and technical experts such as structural engineer, architect and acoustic consultant.

The following works could be done under the current approved total budget:

1. Roof framing restoration (painting & scaffolding).
2. Raisable floor.
3. Staff facilities upgrade.
4. Bulkhead.
5. Dive tower widening.
6. Dive tower surfacing.
7. Dive pool tile replacement.
8. Fees.

Work considered essential which the current budget **would not** allow for:

1. Acoustic ceiling replacement.
2. Lighting maintenance.
3. Main pool tiling clean and restoration.
4. Concourse tiling clean and restoration.

The option of deferring work to the next maintenance period has been examined, but is not recommended for the following reasons:

- Health and safety issues - from broken tiles;
- Progressive roof framing deterioration leading to potential long term collapse;
- Loss of potential earnings from patronage of the dive pool by clubs, schools, etc;
- Acoustic and aesthetic problems related to the failure of more acoustic tiles;
- The need to spend \$190,000 for scaffolding now and again in five years.

RECOMMENDATIONS

1. That the information be received.
2. That additional funding of \$414,164 for the Aquatic Centre major maintenance project be approved and funded from surplus depreciation funds.

Report prepared by: Doug Guthrie, Manager: Aquatic and Recreation Centre.

