

Report No.	19-88
Information Only - No Decision Required	

RURAL UPGRADE PROJECT UPDATE (OMS 15 36)

1. PURPOSE

- 1.1. The purpose of this item is to update members on progress with implementing the **Lower Manawatū Scheme (LMS) Rural Flood Protection Upgrade Project (RUP)**.

2. RECOMMENDATION

That the Committee recommends that Council:

- receives the information contained in Report No. 19-88; and
- notes progress with implementing the Lower Manawatu Scheme Rural Flood Protection Upgrade Project.

3. FINANCIAL IMPACT

- 3.1. The table below provides a summary of the key financial information for the RUP:

Cost to complete 2018-19 Budget	\$10.27M
Value of work completed over the 2019 construction season	\$5.74M
Revised estimated cost to complete	\$5.15M
Current 2019-2020 budget	\$5.60M
Estimated additional funding required	Nil

4. COMMUNITY ENGAGEMENT

- 4.1. Community engagement has been a significant element of the RUP delivery this construction season. Community engagement continues to be achieved through LMS Liaison Committee and Catchment Community meetings, however this season has seen a drive towards more focused communication with landowners and directly impacted community groups. Staff have utilized property consultants for liaison and guidance (particularly with statutory processes) with impacted landowners, as well as holding several productive Hui with local Iwi. A forward thinking approach has taken place with archaeological and cultural impact this season that has built working relationships that should grow with future endeavours between Council and the various public and private entities.

5. SIGNIFICANT BUSINESS RISK IMPACT

- 5.1. Implementing the RUP significantly reduces business risk associated with the provision of LMS flood protection. Although much of the focus with the RUP has been on gross standards of flood protection, the work also strengthens a significant proportion of the network ultimately providing a higher level of operating reliability. This in turn, translates to a tangible and substantial (but not quantified) reduction in expected damage costs across a significant portion of the lower Manawatū River floodplain.

6. BACKGROUND

- 6.1. The RUP forms part of Council's response to the February 2004 floods, with the intent of providing a higher and more uniform standard of flood protection to those on the Manawatū floodplain outside of Palmerston North. Consultation took place in 2008 with the project formally adopted through the 2009-19 Long-term Plan.
- 6.2. Since the RUP commencement in 2006-07, all scheduled works were prioritized with the prioritization taking into account both freeboard deficiency and the consequences (at a macro level) of failure. Project scope has largely been determined using a freeboard deficit criteria – where a section of stopbank has a freeboard deficit exceeding 100 mm.
- 6.3. Delivering a project of this size and timeline has provided a wide range of challenges. The scope of the project has evolved as it has progressed, requiring a range of value judgements to be made along the way. The project has also had to manage a range of weather-related risks, primarily a large flood event occurring at an inopportune time.
- 6.4. As we approach the end of this program of works resource planning, stakeholder engagement and risk management are paramount to ensuring a successful delivery of the final work packages in the 2019-20 construction season.

2019 CONSTRUCTION SEASON

- 6.5. The budget at the start of the 2018-19 financial year was comprised as follows:

2017-18 Carry-forward	\$2.94M
2018-19 Budget	\$5.52M
Additional Approved Budget	\$1.80M
Total 18-19 Budget	\$10.26M
Estimated Actual Spend	\$5.74M

- 6.6. Learnings from previous years have influenced the risk mitigation strategy employed with the 2019 season, one component being tendering large work packages earlier (June-July rather than October-December). This targeted the time of year when committed forward workload for contractors is generally at its lowest, maximizing both level of interest and competitive pricing. It also reduced the risk of a shortened 'good weather' window as work could (did) start earlier in the season. In the end, a relatively dry construction season prevailed.
- 6.7. Obtaining land entry agreements continued to challenge the Project team this season and resulted in a significant tax on resource (both internal and external). Due to receiving objections to the public works adjacent to the Ōroua River near Awahuri, a portion of stopbank construction was put on hold until next season. The relevant provisions of the **Soil and Conservation of Rivers Control Act (SCRCA)** have been utilised to reduce this risk, enabling discussions to follow a set protocol.
- 6.8. Another delivery challenge included working in areas of cultural and historical significance. Cultural monitoring and archaeological consultation have played an important role in project delivery, with the requirements relating to archaeological authorities changing as the year progressed. One catalyst for that change was the discovery of an artefact with the Himatangi Block Road work; work was stopped on the last section (approximately 250 m length) of that work package, to be completed next season once the authority is in place.

REMAINING WORK PROGRAM

6.9. The budget summary is as follows:

2018-19 Carry-forward	\$4.52M
2019-20 Budget (as per Annual Plan)	\$1.0 8M
Total 2019-20 Budget	\$5.60M
Revised estimated cost to complete	\$5.15M

- 6.10. Note that the process of obtaining archaeological authorities was not part of the original budget. Having authorities in place will reduce a range of risks of discovery, delay and being on the receiving end of the not insignificant penalties contained in the Heritage New Zealand Pouhere Taonga Act 2014. The knowledge capture associated with obtaining the authority will help maintain relationships with local Iwi through knowledge sharing (in addition to the Cultural Impact Assessments already carried out and the onsite monitoring that Iwi representatives have undertaken with some of the key construction projects).
- 6.11. Construction cost estimates have been updated for the remaining work on the Ōroua River around Awahuri. As previously noted, certainty around cost will occur once contracts are in place and absolute certainty once work is completed. The remaining RUP works program, apart from the Ōroua River Awahuri section, is largely made-up of various smaller packages. It is likely that some rationalisation of the forward work programme will take place as the year progresses e.g. transferring the extension of the Makino right stopbank upstream of the control gates to the Reid Line Floodway upgrade project.

PRIMARY DELIVERY RISKS AND MITIGATION STRATEGIES

- 6.12. Although close to completion, there remain a number of issues that could affect the delivery of the project. One issue that has been highlighted in previous years is adverse weather; this will continue to be a risk in the final delivery year of the RUP. The final section of the Ōroua River to be stopbanked will require a large volume of material and maximization of the construction weather window.
- 6.13. Due to the complex nature of the finishing pieces of this delivery, the project risks a lack of contractor availability and experience. In 2018 staff worked hard to ensure work was tendered early, enabling certainty for contractors and their program planning; a similar intent is planned for this year. Where smaller projects can be packaged together, staff will do so, in order to appeal to the market but also allow efficient use of resources.
- 6.14. Fill availability and sourcing will continue to be a significant challenge for the 2019-20 season. On the Ōroua River investigations have been undertaken to confirm borrow material with physical characteristics suited to stopbank construction. Some areas are located on land owned by another local authority and will require agreement of use and assurance of archaeological authority. If significant amounts of fill are required to be imported, additional haulage costs may increase costs significantly, one of the large costs risks for the upcoming season.
- 6.15. Archaeological authority is being sought for two projects; the Ōroua Left Bank and Himatangi Block Road Sector 3, the latter after a discovery of significance. Although staff have engaged consultants early in the calendar year in order to have authority before the 2019-20 construction season, consultation plays a role in the submission process and it can take months to get 'the right people in the room'. Due to the hard work of staff over the past 12 to 18 months in establishing relationships with local Iwi, the hope is that this aids in the consultation process and timeline. However, this remains a significant risk for the Ōroua River final section, as it is the larger of the two projects in this process and therefore requires authority to be in place early in the season.

11 June 2019

- 6.16. Objection(s) received to the issue of SCRCA notices for the construction of the remaining sections of new stopbank alongside the Ōroua River are (at the time of this report) yet to be heard in front of an independent assessor. After trying to work through the reasons for the objection(s), objection(s) are scheduled to be heard in July 2019. River Management staff are confident with the design and consultation that has taken place, however this risk will remain until after the hearing decision. Staff have sought legal and property specialist advice throughout the process, consistent with the wider risk management strategy around the use of statutory tools.

7. SIGNIFICANCE

- 7.1. This is not a significant decision according to the Council's Policy on Significance and Engagement.

Claire Kitson
PROJECT ENGINEER

Ramon Strong
GROUP MANAGER RIVER MANAGEMENT

ANNEXES

A LMS RUP Project Status