

From: OfficialInformation@my.ccc.govt.nz
Sent: Friday, 24 September 2021 1:48 pm
To: Official Information
Subject: CMUA LGOIMA - EM information re cost increase - 23 July
Attachments: Item 6 - CMUA 13 July.pdf; Item 7 - CMUA - Notice of Motion.pdf; CMUA 27 July.pdf



From: Official Information
Sent: Wednesday, 1 September 2021 4:15 pm
To: [REDACTED]
Subject: CMUA LGOIMA - EM information re cost increase - 23 July

Dear [REDACTED],

Thank you for your email, received on 23 July. You requested the following information, under the Local Government Official Information and Meetings Act 1987 (LGOIMA):

"I am requesting all official information that has been provided to city councillors about the cost increase on the concept for the CMUA".

Please find attached copies of the Briefing PowerPoint presentations provided to Councillors. Please also refer to the publically available documents available on our website via the following links:

- PX 22 July meeting - <https://ccc.govt.nz/assets/Documents/The-Council/Request-information/2021/Council-Report-22-July-2021-5.-CMUA-Design-Directions-Financials.pdf>
- Report to Council - https://christchurch.infocouncil.biz/Open/2021/08/CNCL_20210812_AGN_5429_AT.PDF
- Council agenda 22 July - https://christchurch.infocouncil.biz/Open/2021/07/CNCL_20210722_AGN_7185_AT_EXTRA_WEB.htm
- Council agenda 12 August - https://christchurch.infocouncil.biz/Open/2021/08/CNCL_20210812_AGN_5429_AT_WEB.htm

You have the right to ask the Ombudsman to investigate and review our decision. Complaints can be sent by email to info@ombudsman.parliament.nz.

Publication of responses to LGOIMA requests

Please note: our LGOIMA responses may be published on the Christchurch City Council website a month after they have been responded to, with requesters' personal details withheld. If you have any concerns about this please contact the Official Information team on officialinformation@ccc.govt.nz.

Yours sincerely,

Gypsy Stevenson
Graduate Advisor
Office of the Mayor and Chief Executive

Contact us

 03 941 8999

 [Visit a Service Centre](#)

Briefing on Canterbury Multi Use Arena

Recap

CONCEPT DESIGN

- Project Cost increased to \$614.5m
- Construction costs increased to \$488m
- Unresolved
 - Concert mode
 - Turf impacts
- Opex/WOL escalated

Recap

COST DRIVERS

- Increased scale
- Escalation in construction costs

TURF

- Design issue
- PCSA is designed to ensure that any potential estimate blowouts and related scope issues are identified as early as possible

Response Team

- Value management of the current concept design;
- Providing advice on changes to the scope;
- Consider impacts in capital, operations and whole of life costs;
- Consider impacts on objectives and benefits;
- Council and Crown briefed;
- Consult with key stakeholders;
- Identify key risks.

Work to date

- Value management of base case – reduced construction costs by \$37m
- Worked with Kotui to identify two affordable options – which address cost drivers
 - Option 1 – 25,000 seating capacity (35,000 concert mode)
 - Option 2 – 30,000 seating capacity (40,000 concert mode) – compromised use experience and restart - increased risk/uncertainty in redesign

Options

- Both options within budget, only if
 - Scope reduced
 - Project Management costs reduced
 - \$21million to \$15million
 - Governance cost reduced
 - \$2.1million to \$1.4million
 - Below line risk % escalation until March 22
- Preliminary design phase will provide greater certainty

Other work to date

- Key stakeholder
- Christchurch NZ
- Christchurch Foundation
- Financial operational impact
- External review of financial
- Review non construction cost

Next Steps

- Instruct Kotui to move to Preliminary design asap
 - Resolution by Council
- Refine project management & governance structure & budget to realise cost reductions

CMUA – Notice of Motions 12 August 2021

Reason for the Briefing

- Clarification of the current position and options
- Advice on the Proposed Motions
- Construction Cost Estimates
- Operational and economic impact
- Impact on rates and debt ratio
- Funding options

Key Message

- It is critical that Contractors and staff have clear, unequivocal design direction to move to Preliminary Design as soon as possible.
- It would not be prudent to:
 - Delay the programme
 - Divert staff and Contractor's time and resources away from the project.
- The uncertainty and controversy will impact on cost, public confidence and ability to raise external funding.

Background

- Council was notified of a significant increase in the Contractor's Design & Construction (D&C) Contract Price Estimate – late June
- Base Case scheme had unresolved issues which would impact on Opex/Whole of Life (WOL) costs.
- Two options were identified and presented to Mayor and Councillors in briefings and report
 - RT1 required a scope change to 25000 seating capacity
 - RT2 required a budget increase of approximately \$7.5M
- No requests for alternative over-budget options
- RT1 30,000 would have been available for briefings & Council Meeting 22nd July if any indication it was desired.

Background cont

- Budgets are high level estimate – there will not be certainty until D&C contract in April/May 2022

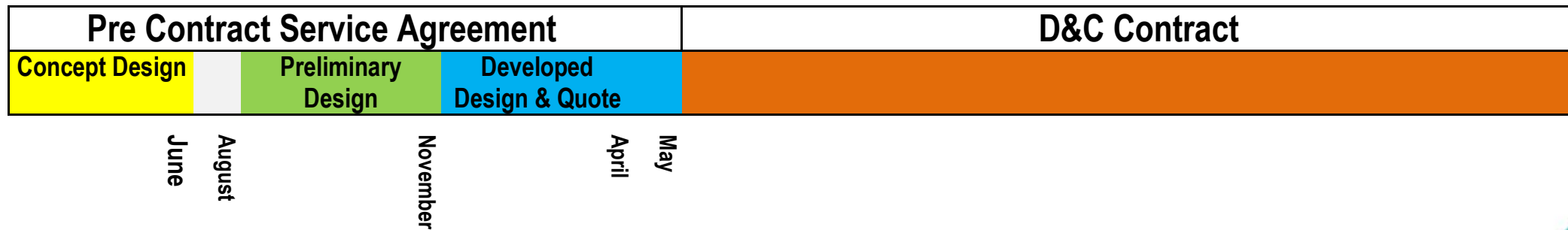
Concepts

Scheme	Description	Estimate
Investment Case	<ul style="list-style-type: none"> • Covered arena • Minimum 25,000 permanent seats Up to 36,000 concert mode capacity • Acoustic quality • A covered arena with an ETFE roof • Permanent in-situ turf • No level 1 concourse included in this concept. <p>Council resolution 12 December 2019 - 5000 additional temporary seats in the future.</p>	\$483,165,830
Funding Agreement	<ul style="list-style-type: none"> • A roof that covers the entire arena. • A minimum of 22,500 permanent seating capacity. • Multi use, being that the predominant “mode” is an indoor arena, not a sports field or a stadium. • Capable of hosting: Turf based sports; Non-turf based sports and events & Non-event day functions 	N/A
Base Case Concept Design	<p>Design and budget as provided by CMUA project & verified by an Independent <i>Qualified QS Price Verifier</i>)</p> <ul style="list-style-type: none"> • 30,000 sports mode seating capacity: 36,000 large concert mode capacity • All the concert staging on the field of play • Level 1 concourse • Three functional lounges • Unresolved issues regarding both large scale and reduced mode concerts for turf health 	\$614,567,194 Variance to budget (\$131,401,364)

Scheme	Description	Estimate
Post VM Base Case Concept Design	Design and budget as provided by CMUA project & Independent Qualified QS Price Verifier <ul style="list-style-type: none"> • 30,000 sports mode seating capacity 36,000 large concert mode capacity • All the concert staging on the field of play • Level 1 concourse • Three functional lounges • Unresolved issues for turf health 	\$ 571,964,122 Variance to budget (\$88,798,292)
RT1	<ul style="list-style-type: none"> • 25,000+ sports seating capacity total (Permanent & Temporary) • 35-36,000 full concert mode; stage off turf • Level 1 U-shaped concourse • Level 3 remains to West • Maximum premium seating, corporate spaces & optimal seating comfort. 	\$483,264,561
RT2	<ul style="list-style-type: none"> • 30,000 total sports seating capacity total (Permanent & Temporary) • 40,000 full concert mode; stage off turf • No Level 1 concourse • Maximum premium seating and corporate spaces and optimal seating comfort. 	\$ 490,664,633

Parallel Preliminary Design

- Risk
 - Increase costs
 - Potentially delay the delivery of the Multi Use Arena
 - Add complexity and risk to the project.



Parallel Design

Rough Order of Magnitude Estimates:

- Continue through to the end of Preliminary Design \$7M-9M
- Continued through to Developed Design and prepare a final quotation \$18M-22M

If BESIX Watpac could not upscale resources - risk of up to 6 months delay.

- 6 months delay would equate to an escalation cost of circa \$6M.

\$7 - \$22 million in the project better applied to the construction cost

- avoid potential delays
- help manage cost risks
- could increase scope.

Cost Estimates for Additional Seating in RT1

	Sports mode seating	BESIX Watpac Construction Price Estimate (including 3% Escalation)	Additional Exposure (6% Escalation and not allowed for or anticipated risks)
RT1/25	25,000 seats	\$396M D&C Estimate	\$24.6M additional exposure if 6% escalation + \$10-\$30M if other un-allowed for or anticipated risks materialise
RT1/27	27,500 seats	\$406M D&C Estimate Additional \$10M	\$25.4M additional exposure if 6% escalation + \$10-\$30M if other un-allowed for or anticipated risks materialise
RT1/30	30,000 seats	\$446M D&C Estimate Additional \$50M	\$27.8M additional exposure if 6% escalation + \$10-\$30M if other un-allowed for or anticipated risks materialise

Why +5000 increase

- Roof increases disproportionately because of increased span required over the additional seats and concourse areas;
- Concourse widths increase to accommodate the additional seat numbers;
- F&B exists in both cases, but width to go around the concourse increases to accommodate the additional seats' circulation, again this increases the roof span;
- The seismic resilience design of the roof facilitates a curved design that contributes to a curvature to span over the additional seat numbers making it disproportional;
- Stair widths increase substantially to the north, requires two entry points, two equitable access lifts and additional stairs structures outside footprint;
- Rigging truss required to 30K option as no rigging truss required to North Stage pocket. The rigging truss increases the roof loading and member sizes for increased span, again increases member sizes disproportionately to seat numbers
- Additional F&B and amenities required to North

Rates Impact

Different Scenarios	Cost	2023/24	2024/25
	\$	Rates Increase %	Rates Increase %
Per Current LTP		5.42	5.37
RT1 – 27,500 seats	\$10m	+0.02	+0.07
New Proposed Increase - RT1/27,500 seats		5.44	5.44
RT2 – 30,000 seats	\$50m	+0.07	+0.35
New Proposed Increase - RT1/30,000 seats		5.49	5.72

Debt Headroom

(\$m)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Per LTP	627.5	502.0	450.6	490.7	499.6	532.4	597.9	692.5
RT1/27,500	617.8	493.9	442.9	483.4	492.6	525.7	591.5	686.5
RT1/30,000	578.8	461.7	412.0	454.0	464.6	499.1	566.2	662.4

Net Debt as Percentage of Total Revenue

(%)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Per LTP	224.0	234.2	236.5	235.0	235.8	234.5	230.4	224.6
RT1/27,500	225.1	235.1	237.2	235.7	236.5	235.1	231.0	225.1
RT1/30,000	229.2	238.4	240.3	238.5	239.0	237.4	233.1	227.1

Briefing on Canterbury Multi Use Arena 27 July 2020

Next Steps

- Issuing instructions to Kotui
- Legal advice regarding contract
- Treasury update and discussion
- Report to F&P re Board interim chair
- Update Board
- Move Board closer to project
- Reset project team, incl capacity/roles etc
- FAQs – ongoing comms
- Forward planning stakeholder engagement
- Completed phase1 of Enabling works
- Officials contact with TA peers.
- Fundraising plan