

Thursday, 18 April 2024

Matamata-Piako District Council

Email: info@mpdc.govt.nz

Dear Sir/Madam

MATAMATA-PIAKO DISTRICT COUNCIL – LONG TERM PLAN 2024-2034 CONSULTATION RESPONSE

Apollo Projects is a specialist Design and Build contractor that has delivered successful community, sports, recreation and aquatic projects for Local Government throughout New Zealand. We are making this submission in response to the consultation process for Matamata-Piako District Council's (MPDC) Long Term Plan 2024-2034 to share our knowledge and insights in relation to the delivery of Local Government infrastructure projects.

We wish to declare that we are involved in the current procurement for the Matamata Stadium project and raise this to declare any potential or perceived conflict of interest. Our view is that the matters we have discussed are in relation to the wider benefit of the community of MPDC to ensure facilities are delivered efficiently and at reasonable budgets.

Review of draft LTP and consultation document

A key contributor of proposed rates increases is the cost of projects. Whilst Apollo supports that rates should cover the cost of these projects; we also believe that mitigating the cost of projects - and their subsequent impact on rates - is something that should be closely looked at.

Apollo has reviewed the draft LTP and associated consultation document and have identified the following key matters that are related to community infrastructure that we wish to submit upon:

Te Aroha Spa

We support the view that the Spa should continue to be looked at.

There are many Council projects we see with unrealistic budgets, either for the design scope or for the level of Ratepayer base that supports them.

We note many projects at feasibility stage in the Local Government sector that have over-estimated budgets or large contingencies leading to either reduced scope of what could be achieved, or stopped the project altogether due to them being unaffordable.

Recognising Councils typically need to apply conservatism and contingency when assessing project budgets, it is important that the budget does not become over-inflated to mitigate cost risk, thus resulting in that project becoming unaffordable. The worst outcome for a community is either to lose projects to an inflated budget when costs can be reduced, or for budgets to blow out during the construction phase. Apollo believes it is crucial for Councils to include expert construction feedback and advice that can often provide more realistic guidance on budget and risk, and recommend MPDC consider this (should this not already have been implemented).

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Te Aroha library

Apollo supports the proposed option to investigate and deliver a suitable building to continue providing library services to Te Aroha.

Apollo's experience in delivering both new buildings and undertaking refurbishments and strengthening on existing buildings means that we are well appraised of the risks and benefits of both options. Often a slightly lower budget amount for a refurbishment option may look attractive, however there are always major risks with this sort of work from unknown factors; it is not unusual for the final construction to be a series of compromises and ongoing maintenance that is more onerous than a new building.

A new building will often provide the best opportunity for cost surety in the construction and mitigation of ongoing operations and maintenance.

Apollo believes it is crucial for Councils to include expert construction feedback and advice that can often provide more realistic guidance on budget, or alternatively provide construction/risk alternatives that could reduce overall construction cost.

Consideration of Design and Build as the contractor engagement method would be a prudent in order to achieve a fixed price on the project.

Matamata Stadium

Apollo supports the increase to ensure this worthy community project gets across the line.

Apollo believe however, that should the LTP process not approve of the additional funds, the project could still be able to be delivered for the amount considered in the 2021-31 LTP, without substantially changing the functionality or overall scale.

The additional resource should ensure that the nice to haves and the add-on features that can support a wider community offering and impact are delivered upon.

Swimzone Morrinsville

It is not clear what the proposed solution is for Swimzone Morrinsville for the \$18.1m budget. Our experience shows that when facilities are near end of life, if there isn't a clear vision on the replacement solution, monies can quickly be wasted on elements that break down, or important maintenance is deferred.

Typically the feasibilities and business cases for solutions take a lot longer than envisioned, as do the consultations and decisions on preferred options. This is likely to be complicated where you have a much loved existing facility and a majority may want to retain a 50m pool. Being well prepared with costed options, allows fundraising where required, and or plant procurement that can future proof a new facility. i.e. if your existing plant unexpectedly breaks down, you could potentially install plant that would be fit for purpose and re-used in the new facility.

We would encourage you to consider a Design and Build solution and look at the pros and cons of recently built facilities around the country.

Apollo Projects Further Feedback

Apollo has successfully delivered many Local Government projects throughout New Zealand, including swimming pools, recreation facilities and community centres. We have also observed, however, many other Local Government projects that have been delivered with varying levels of success. In some instances, these projects have either been discontinued or delivered at unaffordable budgets which has potentially wide impacts on their respective communities.

- *Developing and delivering to realistic capital budgets for projects* – as mentioned above, Apollo believes it is crucial for Councils to include expert construction feedback and advice that can often provide more realistic guidance on budget and risk.
- *Design and Build should be leveraged* – Apollo is seeing more Local Government and Central Government projects move to Design and Build due to:
 - Single Point of Responsibility: With Design and Build, there is a single entity responsible for both design and construction. This can streamline communication, decision-making, and accountability throughout the project lifecycle.
 - Faster Project Delivery: Since the design and construction phases can overlap, Design and Build projects often have shorter timelines compared to traditional methods. This can result in faster project completion and earlier occupancy or utilisation.
 - Cost Certainty: Design and Build contracts often include a fixed price or a guaranteed maximum price, providing more certainty regarding project costs. This can be appealing to clients who want to avoid cost overruns.
 - Innovation and Collaboration: Design and Build encourages collaboration between designers and builders from the early stages of a project. This can lead to innovative solutions and value engineering, potentially resulting in better project outcomes.
 - Reduced Administrative Burden: Since there's only one contract and one point of contact, the administrative burden on the client is reduced compared to managing separate contracts for design and construction.

We recommend that Design and Build be considered as an engagement and contracting methodology for the construction of MPDC's proposed new Matamata-Piako Aquatic Centre and encourage this method to be explored as much as possible. Design and Build is sometimes considered as an appropriate methodology for 'cheap and quick' project types. The reality is that Design and Build, with the right team on board, is suitable for virtually any project type - with the true benefit being the project is delivered to a fixed price with one point of accountability for design and construction that means variations and programme extensions that so often blight Council projects are negated.

- *Facility utilisation predictions should be optimistic* – Apollo has seen first-hand how community assets are utilised to far greater levels than initially predicted during the planning phase. Sometimes demand estimates are based on the traditional existing not fit for purpose facility. Innovative and best practice community facility design will cater for a far wider range and number of users if designed well. Apollo recommend to MPDC that the projected utilisation of Community Assets, particularly those in highly engaged communities, be considered using predictions that are at the high end of probability.
- *Consider public/private funding models to deliver projects* – there are many options for funding or development that could be considered by MPDC for delivery of capital projects. In particular, the Spa with the right sized offering could be attractive, and an innovative library



solution could also be. This would reduce the debt burden on the council and remove significant risk of construction budget and ongoing maintenance.

Apollo Projects appreciates the opportunity to provide feedback to Matamata-Piako District Council in relation to the draft Long Term Plan 2024-2034.

Should it be available, we would appreciate the opportunity to present in person during the LTP hearing process. We do note however our declaration of potential perceived conflict of interest at the start of this document and understand if MPDC considers Apollo presenting to an oral hearing inappropriate.

Yours Sincerely,



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