

Dargaville Wharf / Pontoon Upgrade Business Case



Dargaville Wharf Upgrade Business Case

Developed on behalf of Kaipara District Council by:

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	11th February 2020
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Document History and Status

Revision	Date	Author	Reviewed & Approved by	Status
70% Draft	18-Oct-19	Commercial Information	Commercial Information	70% Draft
95% Draft	11-Nov-19	Commercial Information	Commercial Information	95% Draft
Final v1	3-Dec-19	Commercial Information	Commercial Information	Final
Final v2	11-Feb-20			Final



Executive Summary

This Business Case sets the justification for the Dargaville Wharf / Pontoon Upgrade Project which is located in central business area of Dargaville, the main town of the Kaipara District.

The Dargaville Wharf / Pontoon Upgrade Project is estimated to cost \$^{commercial Information} with an estimated Commercial Information to construct. The scope of the project is the upgrade of the wharf. The primary purpose of the Dargaville Wharf is to serve as the ferry transport hub for the district.

This project is strategically aligned in Councils objectives and is part of the Kaipara Kick Start Programme -Wharves Activation Programme; achieving economic growth through narressing the Kaipara Harbour the largest harbour in New Zealand.

The Dargaville Wharf is the first infrastructure to the built as part the Wharves Activation Programme with a supporting wharf network being established as identified in the Wharves Feasibility Study. The outcomes to be achieved by this project include:

- Increasing tourism activity
- Improving transport efficiency
- Improve safety
- Enhance, promote and protect heritage and local iwi culture.
- Increase local employmen

This business case applies a project prioritisation matrix to evaluate and quantify several criteria across each of the three key elements:

- Strategic alignment to Council's objectives; scoring mm%
- Project visk and complexity; scoring com %
- Economic cost benefit analysis including options analysis; scoring """%

The overall priority score for this project is commout of a 100 - high.

Economic benefits for the recommended option for this project over the next 25 years (the analysis period, AP) are estimated to provide: a net present value cost benefit of \$^{Commercal Information}. This is based on an increase of 1000 tourists, from the current base of approximately 5000 p.a via harbour cruises, in year 2 of the AP and growing at 5% p.a passenger increase thereafter. Under this scenario, the project has a ^{Commercal Inf} pay back period.

It is recommended that based on this project's alignment to achieving Council's objectives, a manageable project risk and complexity, combined with positive economic benefits and additional non-monetised community benefits, that this project proceeds. This qualified yes, is dependent on the tourism-only derived economic benefit based on key assumptions. The Wharves and Water Transport Network Feasibility Study will explore benefits in greater detail. Capital cost estimates supplied by the client are recommended to be validated to improve cost estimate accuracy and certainty.



Commercial Information

Project Name:	Dargaville Wharf Up	ograde Project			Project Cost	\$	Commercial Info
Project No.:				-	Contingency		Comr f /o
Project Owner:	Kaipara District Cou	ıncil			Total	\$	Commercial Info
Council Objec	tive Alignment:	Comm%	Is this an Existing o	or New Asset?	Existin	9	New
Project Risk & C	Complexity Score:	Comm ⁰ /0	Project Type:	Growth	Renewal	Leve	l of Service
Cost Bene	fit Analysis:	Comm ⁰ /		Tota	I Score		Comm <mark>%</mark>
Governance					[]	\sim	
	Prepared By:	Commercial Information	Date:	11 November	2019	S	
	Project Sponsor:	Commercial Information	Business Owner:	Commercial Information	\sim))		
Pr	oposed Start Date:	Commercial Information	Duration:	Commercia? Info	mation		
Context (Back							

The Dargaville Wharf Upgrade Project is part of the Kaipara District Council – Kaipara Kick-start (Kaipara Moana Activation Plan) - funding through the Provincial Growth Fund. Kaipara Kick-start consist of three complementary streams;

- Kai: Unlocking the potential of fertile land assets in the Kaipara through investigations and analysis and programme of work to begin the transformation of idle land, to productive land.

- Wharves: Making the harbour access ble to tourism and the horticulture industry, and providing a lasting connection to Auckland, to provide a sustainable future for the Kaipara.

- Roads: Remediation and upgrade work to current roading infrastructure. The primary drivers for this are land access and road user (e.g. tourist) safety. The Dargaville Wharf Upgrade Project is part of the broader Wharves Werker Roject which consists of;

- Phase 1a: feasibility, project master planning network of wharves, project prioritisation through business cases, \$950,000.
- Phase 1b: projects construction; \$4,000,000.

Business Need / Justification:

The Kaipara Harbour is the biggest harbour in New Zealand. The natural topography of the harbour enables efficient harbour transport of passengers, vehicles and light freight as well as serving tourism. The harbour links locally the communities and lwi of the Kaipara District as well as connections to Auckland. The Dargaville Wharf is situated in the nearby town centre of Dargaville which is the main township of the Kaipara District. The Dargaville Wharf will serve as the Wharves transport hub servicing the district. The existing Dargaville Wharf is a few years old and in good condition yet the current design is not fit for purpose or adequate to serve in future as a what passenger ferry terminal.

Objective(s):

To construct an appraced, safe, cost effective, fit for purpose, optimum option wharf that fulfils all key functional requirements for stakeholders to serve as the ferry terminal hub for wharves network promoting tourism, ferry passenger commute and light ferry freight. This will in turn increase transport efficiency, tourism, safety and connect a network of wharves supporting increased economic activity in the district.

Benefit(s):

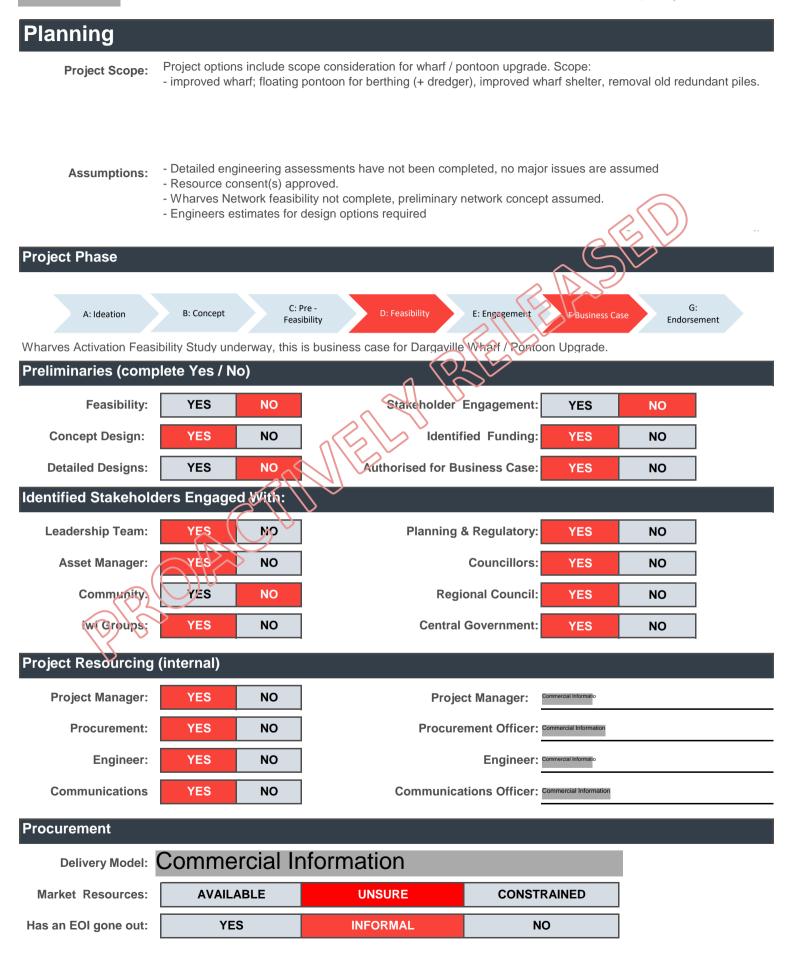
Providing a town centre ferry terminal hub servicing a network of wharves connecting communities, fertile lands, lwi at strategic nodes of the Kaipara Harbour and linkage to Auckland This will in turn increase transport efficiency, increase tourism, promote use or fertile lands and be a catalyst for increased economic activity. This project links to the broader Kaipara Kick-start program.

Strategic Alignment:

This project is in alignment to:

- Kaipara Kick-start program (Wharves Activation Plan), Twin Coast Discovery Route, Northland Cycle Plan BC,
- Kaipara District Council Long Term Financial Plan, Kaipara District Council Infrastructure Strategy, The Kaipara District Plan,
- Northland Journeys Tourism Strategy, Tai Tokerau Northland Economic Action Plan, Regional land Transport Plan,
- Aotearoa New Zealand Government Tourism Strategy,







Project Alignment to Council Objectives

Description:

This business case applies a project prioritisation matrix which evaluates criteria across three key themes:

- Strategic alignment to Council's objectives.
- Project risk and complexity.
- Economic cost benefit analysis including options analysis.

The element measured here is strategic alignment to Council's objectives. The criteria as referenced below are quantified by variables scored 1 (low) to 3 (high) with exception of the Provincial Growth Funding criteria which is scored 1 (low) to 10 (high). The criteria are then totalled and converted to an overal percentage score. A low percentage score represents low project alignment to Council's objectives, whilst a high score represent high alignment and thus a more attractive - higher prioritised project.



*Core Service defined in Part 2 Section 11A of the LGA 2002: (a) network infrastructure, (b) public transport services, (c) solid waste collection and disposal, (d) the avoidance or mitigation of natural hazards, (f) libraries, museums, reserves, recreational facilities, community amenities.



Project Risk & Complexity

Description:

This business case applies a project prioritisation matrix which evaluates criteria across three key themes:

- Strategic alignment to Council's objectives.
- Project risk and complexity.
- Economic cost benefit analysis including options analysis.

The element measured here is project risk and complexity. The criteria as referenced below are quantified by variables scored 1 (low) to 3 (high) with exception of the Estimated Cost criteria which is scored 1 (low) to 6 (high). The criteria are then totalled and converted to an overall percentage score. A low percentage score represents a project with higher risk and complexity, whilst a high percentage score represent low risk and complexity and thus a more attractive, easier to delivery higher prioritised project.

Project Risk & Complexity Score	Comff/0			
	Low	High		
Description Score Weighting			Value Criteria 1 There are challenges in clearly defining benefits and stakel have not clearly stated their expectation of benefits.	nolders
Benefit 2 expectation			 There are challenges in clearly defining benefits, but stakel aware of the challenges and have clearly stated their experience Benefits can be clearly Quantified. 	
Dependencies 2			 Dependencies with major impacts to other projects, cost of changed. Dependencies can be flexible with management of change impacts to other projects, costs or services. Dependencies are flexible with no major impact to other p costs or services 	s and minor
Impact & consultation 2 with customer			 Customers won't notice any change and no consultation re Customers will notice some changes though few will be aff limited consultation will be required. 	ected and
or ratepayer			 Customers will be required to take action and change the videal with council and wide consultation is required. There will be cignificant changes to council stakeholders as 	
Impact on council 3			 There will be significant changes to council stakeholders as the project, such as changes in everyday activities, process or budget. There will be some changes or disruptions to council stake such as changes in everyday activities, processes, systems 	es, systems holders,
			3 There is minimal or no impact to council stakeholders, sucl changes in everyday activities, processes, systems or budg	
Risk 3			 Some very high or extreme risks exist. Some medium and high risks exist (no very high or extreme Only low risks have been identified. 	e risks).
Scope 2	•		 Unable to fully define scope, will require diligent monitorin management as scope is agreed and further defined. Scope is somewhat defined, may have some changes or ac need to be managed. Scope is clearly defined and well understood, may have m changes or additions with no major impact. 	lditions that
Funding source 1	-		 The majority of the funding is provided by organisations ere council and/or is arriving from multiple organisations. Some funding is provided by organisations external to cour multiple business areas. Funding is provided by only one business area within court 	ncil or
Estimated Com project cost		· ·	Comnercial Information	
Procurement 2			 Procurement requirements are minimal and can be manage business area. Procurement will involve formal tender. Procurement will involve a procurement strategy and markengagement. 	



Cost Benefits Analysis

Description

Cost Benefit Analysis has been performed in alignment to "The Treasury" of New Zealand's " Better Business Case - 2019 Guidelines". Cost benefit analysis important feature of decision-making where the economic impacts are evaluated via a systematic approach by estimating the strengths and weaknesses of project options to inform the optimium approach to achieving benefits while preserving savings. Tangible benefits are quantified in monetary terms and are adjusted for the time value of money; all flows of benefits and costs, over time are expressed in terms of their net present value (NPV). NPV, Pay Back Period and Return on Investment (ROI) are the methods used in the business case for cost benefit analysis and evaluation, with final options selection incorporating non-monetised benefits (such as cultural, environmental, efficiency, community well being and so on).

Cost Benefits Ana Score	lysis	8	80%																					
Options																								
Project Title					Descri	otion											N	PV		F	Paybacl	ĸ	F	ROI
1. Concrete kit pontoor	n no surr	rounds			Concre	ete float	ing por	toon or	ly							\$	Comm	ercial In			Co	$\overline{\frown}$	\mathcal{I}	Comme%
2. Bespoke pontoon no	surrour	nds			Concre	ete float	ing por	toon or	ly							\$	Comm	ercial In		$\langle \langle \rangle$	5		リ	Comp%
3. Concrete kit pontoor	n no surr	rounds			Concre Option		ing por	toon or	ly with	differer	it capita	l cost va	alue fro	m		\$	Comm	ercial In	(5	Co	2		Comm%
Net Present Value	Options	s Cost	Bene	fits A	nalys	is											\wedge	11		Ľ				
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-\$Commer						$\langle \rangle$		\backslash	5		Yea	ır												
Year	1	2	3	4	5	6	7	ک ₈	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24 25
Option 1	·	-		-(Ĵ		<u> </u>	U	3	10		12	10	14	10	10		10	15	20			10	14 10
Capital Costs	Commerc	cial Informa	iun 🗌	$\overline{}$	\sim	\frown												-						
Operating Costs		Com	erc. al I Co	ວເພາະພາ																				
Maintenance Costs	$\left[\right]$	Comper	c.al II fon	nation																				
Economic Benefit*	DD	Comm ro	i r.i Inf orr	nation																				
NPV Total	Cu.rme ci	ai Informati	on																					
Option 2	\searrow	,	T		T	T	1	1		1									r					
Capital Costs	Commerce	cial Informa	ion																					
Operating Costs		Comm	ercial Info	ormation																				
Maintenance Costs		Commer	cial Inform	mation																				
Economic Benefit*		Commerc	ial Info m	nation																				
NPV Total	Comme ci	ial Informati	on																					
Option 3			Т					1																
Capital Costs	Commerc	cial Informa																						
Operating Costs			ercial Info																					
Maintenance Costs	$\left \right $	Commer																						
Economic Benefit*		Commerc	_																					
NPV Total	Comme ci	ial Informati	on																					
Options Recommen	ndation	Sumn	nary																					

Project Option 1 - Concrete kit pontoon with no surrounds is the recommended option project to proceed. The scope includes:

- upgraded wharf; floating pontoon for berthing high and low tides, improved wharf shelter, removal old redundant piles, dolphins for larger ship such as dredger, LED lighting; elevated and underneath, 15AMP electric charger.

This project has NPV value at Scommercial Infor 25 years with a spyear pay back and has the highest ROI. Option 1 also provides additional non-monetary community benefits such as: Improved cultural and heritage enhancement including local lwi, future proofing infrastructure.
 electric charger for future electric ferry and boat charging capability enabling reducing carbon footprint.
 enhancing transport capability for efficiency and reduced transportation costs via Kaipara Harbour.



Assumptions and Diligence Check List

Description:

The purpose of this check list is to provide a business case and preliminary project planning due diligence and governance check, identifying he main project risks and identify tasks to mi igate these risks. This check list is no exhaustive. The intension is to transfer knowledge collated through the development of this business case to inform he project manager to facilitate project planning for delivery.

		WEAK	A	ssessn	nent	STRONG	
	Questions	THREAT	2	3	OPPC		Key Observations & Actions
	STRATEGIC FIT		2	9	-		
.1	Does this asset serve a core mandatory service?			√			Core service, level of service undefined.
2	Is this project supported by stakeholders?			√			Yes,+ community consulta ion planned Commercial Information
3	Does this project sit within a developed and endorsed master plan?					✓	Kaipara Kick Start Programme
	FUNDING						
1	Is the project identified in he Long Term Financial Plan?				 Image: A set of the set of the		Will be in next round LTFP 2021 - 2031
2	Is the project in he alignment to Infrastructure Strategy?				✓		Will be in next round IS 2021 2051
3	Are funds available and secured?				 Image: A set of the set of the		Comniercial Information
4	Does the project has a positive NPV?					1	yes, abow \$°omm⊾ cia
3	Are whole of life costs for the asset acceptable and affordable?					\checkmark	Yes, WOL costs estimated
	PROJECT REQUIREMENTS					$\boldsymbol{\boldsymbol{\Lambda}}$	
1	Have we established the full functionality the asset(s)? (What is has to do)				$\langle \langle \rangle$	V	Wharves Steering Group meeting 18th Oct 2019
2	Do we fully understand the scope of the project?			(Δ)	$\langle \rangle$	2	Wharves Steering Group meeting 18th Oct 2019
3	Have we consulted with stakeholders?		'n	X	\succ		Wharves Steering Group established, community engagement planned
4	Are the project timelines acceptable?		14	~~~			Commercial Information
5	Do we have the right Project Manager available?		\mathbf{N}			✓	Commercial Info
6	Do we have the right resources & capability to deliver?					✓	KDC resources available, market to deliver
7	Does delivery requiring more than one primary contractor?	b~	✓				Unsure
3	Are the potential risks understood and manageable to acceptable level?				 Image: A set of the set of the		Minimal risks and mitigated
	DELIVERY PREPARATION						
1	Have concept designs been produced?			√			Draft concept designs
2	Has an engineers estimate been developed			✓			Cost data Supplied KDC and Wharves Steering Gro
3	Are Resource Consents likely to be obtained without issue?					 ✓ 	Yes, RC for concept design approved
4	Are time constraints in line with proposal / tender imetables?			✓			Tight imelines
5	Do we have experience with the procurement process?					 ✓ 	Yes and experienced
	Risk						
1	Are assumptions well known and acceptable?				✓		Minimal risks and mitigated
2	Are additional myes gations needed to sure up assump ions and risks?			√			Refer below.
	Key Economic Analysis Assumptions						
1	Costs are indicative, supplied by Kaipara District Council and the Wharves Steer	ing Group).				
2	Detailed engineering assessments will produce no major issues that will impact of	on cost.					
3	Project options and scope provided by Kaipara District Council and the Wharves	Steering	Group.				
4	Weighted average cost of capital %.						
5	River cruise tourists increase by 1000 in yr.2 (increase of 20%), 800 of whom will over night and spend \$400 in local economy, at 5% p.a. growth in the additional					0 stay	
.6	Refer Appendix A Cost & Benefit Assumptions for additional detail.						
V	/hat are the main risks associated with THE "PROJECT" and "BUSINESS CA communicated?	SE"? Ho	w they	will be i	manageo	8	Based on the assessment, the assumptions and is acceptable as viable?
Proje Ingii Vha	munity consultation planned. ct imelines to be confirmed. neering assessments will improve cost accuracy. rves & Water Network Feasibility Study planning will refine cost benefits ct costs to be validated						YES NO
>/N	o Go Approval						
	NAME					SIGNATU	RE DATE

	NAME	SIGNATURE	DATE
Completed by Business Case Developer:	Commercial Information		
Acceptable by Project Manager:	Commercial Information		
Acceptable by Project Sponsor:	Commercial Information		

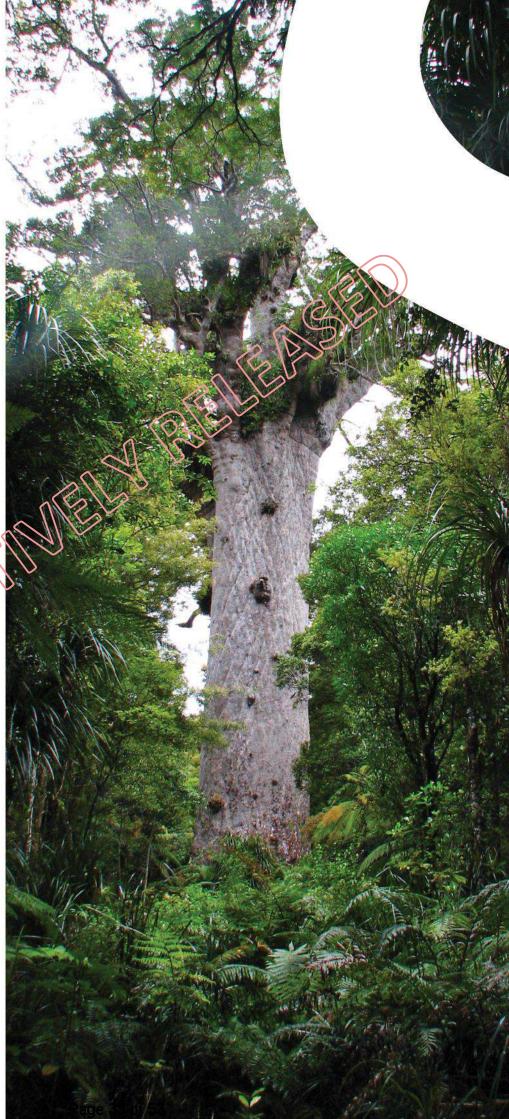
A

Cost & Benefit Assumptions

Commercial Information









Cost & Benefit Assumptions

1. Concrete kit pontoon with surrounds Capital Costs \$

ltem	Cost		Comment
Pontoon supply & delivery*	\$	Commercial Infor	
Pontoon cranage, elec, gangway install, shelter*	\$	Commercial In	
Pontoon fending*	\$	Commercial In	
Dolphins*	\$	Commercial In	Two pile dolphins with double timber headstock, SS fasteners – pine (bare) - supply/driven/assembled
Removal redundant piles*	\$	Commercial In	Barge based pull - \$commer/pile or 2. Diver cut off at seabed - \$commercial Infor - could do commercial a day
Contingency		Comn%	
Operating, Maintenance & Renewal Costs		variable	Indicative estimates: No allowance for full asset renewal at end of life (>25years)

*Cost estimates supplied by client

2. Bespoke pontoon with surrounds Capital Costs \$commercial Information

ltem	Cost	Comment
Pontoon supply & delivery	\$ Commercial Infor	Derived January 2018 Barfoot Construction quote and information supplied by Hawthorne Geddes during Wharves Steering Group meeting 18 Oct 2019.
Pontoon cranage, elec, gangway install, shelter*	\$ Commercial In	
Pontoon fending*	\$ Commercial In	
Dolphins*	\$ Commercial In	Two pile dolphins with double timber headstock, SS fasteners – pine (bare) - supply/driven/assembled
Removal redundant piles*	\$ Commercial In	Barge based pull - \$ ^{comme} /pile or 2. Diver cut off at seabed - \$ ^{commercial Infor} - could do ^{commerc} in a day
Contingency	Comn%	
Operating, Maintenance & Renewal Costs	variable	Indicative estimates. No allowance for full asset renewal at end of life (>25years)

*Cost estimates supplied by client



Cost & Benefit Assumptions

3. Concrete kit pontoon without surrounds Capital Costs \$commercial Information

ltem	Cost		Comment							
Pontoon supply & delivery*	\$	Commercial Infor								
Pontoon cranage, elec, gangway install, shelter*	\$	Commercial In								
Pontoon fending*	\$	Commercial In								
Dolphins*	\$	Commercial In	Two pile dolphins with double timber headstock, \$\$ fasteners – pine (bare) - supply/driven/assembled							
Removal redundant piles*	\$	Commercial In	Barge based pull - \$ ^{comme} /pile or 2. Diver cut off at seabed - \$ ^{commercial Infor} – could do ^{commerc} in a day							
Contingency		Comn%								
Operating, Maintenance & Renewal Costs		variable	Indicative estimates. No allowance for full asset renewal at end of life (>25years)							
*Cost estimates supplied by client										
4. Economic Benefit Ass	umptio									

4. Economic Benefit Assumptions

Item	Benefit	Comment
Tourism from wharf	then 6 % p.a.	Current Kaipara Harbour River Cruises bring 5000 tourists per year. The Dargaville wharf current can only operation at a vailability for docking due to tidal movements. A pontoon will enable come docking availability and in alignment with organic tourism growth and the assumption that cruise operators will take advantage of the increased availability, 1000 tourists are projected to increase after the build of the new wharf pontoon. 80% of the additional tourist will bring \$100 per day into local economy with day trips and 20% of the additional tourist will bring in \$400 with staying overnight (accommodation etc). Growth in the additional tourists is at 5% thereafter.
Light Freight	None	Further investigation needed – feasibility study will inform
Ferry passengers	None	Further investigation needed – feasibility study will inform
Transport efficiency	None	Further investigation needed – feasibility study will inform
Safety	None	Further investigation needed – feasibility study will inform
Weighted average cost of capital	-	⁶⁶ % applied as discount factor
Cost Accuracy	-	Costs are indicative, supplied by Kaipara District Council and the Wharves Steering Group. Additional cost accuracy recommended via validating costs.
Engineering assessments	-	Detailed engineering assessments will produce no major issues that will impact on cost.
Project options and scope		Workshopped and provided by Kaipara District Council and the Wharves Steering Group.



Cost & Benefit Assumptions

5. Disclaimer of liability for reliance on client-supplied data if appropriate

In preparing the Report, WSP has relied upon data, surveys, analyses, designs, plans and other information ('Client Data') provided by or on behalf of the Client. Except as otherwise stated in the Report, WSP has not verified the accuracy or completeness of the Client Data. To the extent that the statements, opinions, facts, information, conclusions and/or recommendations in this Report are based in whole or part on the Client Data, those conclusions are contingent upon the accuracy and completeness of the Client Data. WSP will not be liable in relation to incorrect conclusions or findings in the Report should any Client Data be incorrect or have been concealed, withheld, misrepresented or otherwise not fully disclosed to WSP.

B

Dargaville Wharf Facility Preliminary Layout Concept -Drawing Removed

No Longer Applicable because the on-land facilities are not part of this revised project. Commercial Information





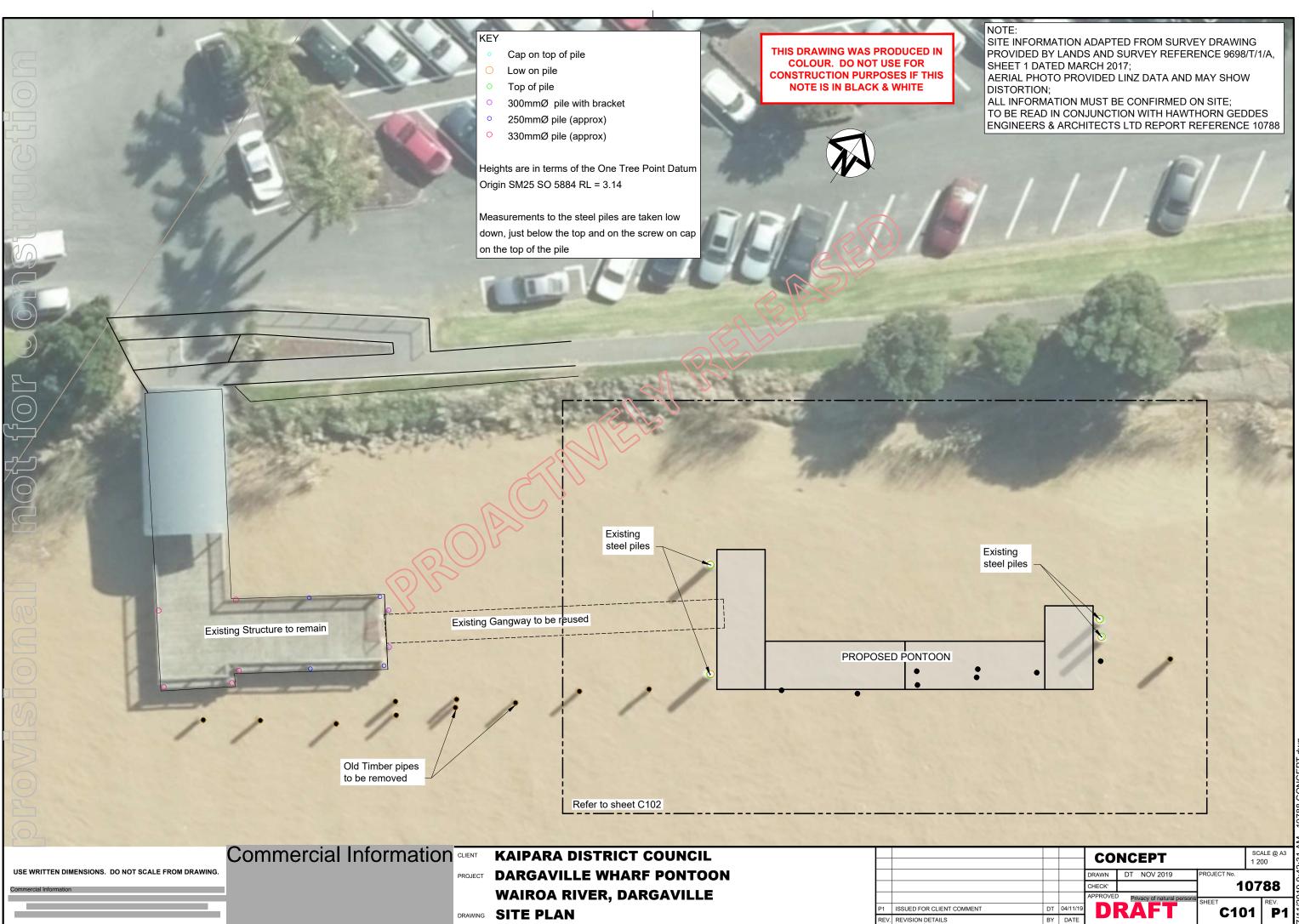
Wharf Pontoon Upgrade Concept Design

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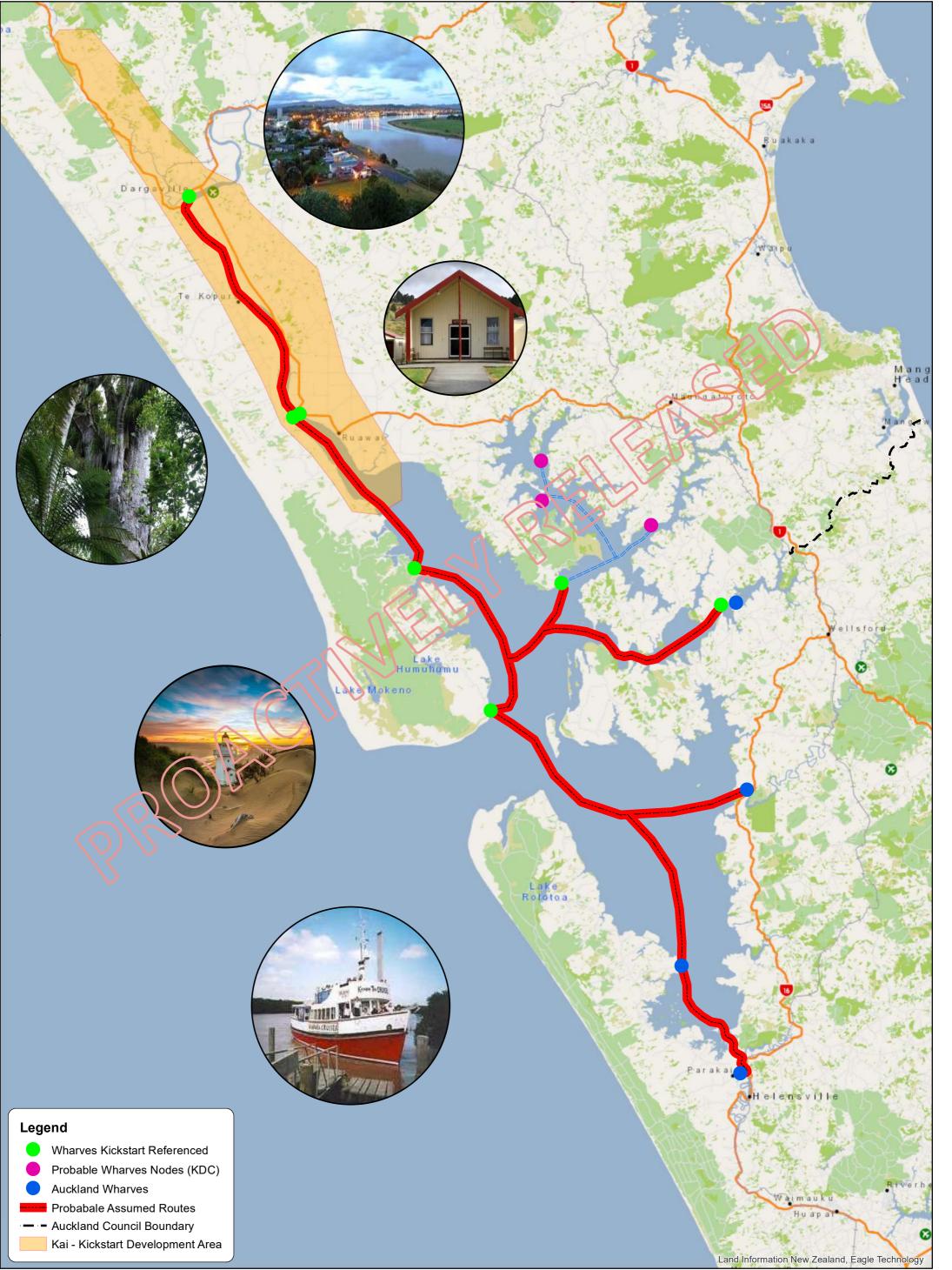
Preliminary Ideation Concept Wharves & Water Network

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Commercial Information



Kaipara Kickstart

Wharves and Water Transport Network Feasibility Study

Project No Proposal	Scale:	N
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Note	Map No 1	Date 07/11/2019
	Revision A	Revision Date 07-Nov-19

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