

7. WAI-ITI TERRACE UNDERGROUNDING

The Committee considered a report from the City Streets Manager on the issues associated with undergrounding the overhead power supply in Wai-iti Terrace.

BACKGROUND

Wai-iti Terrace (West of Clyde Road) was on the 2000/01 Kerb and Channel renewal programme. The residents in the street requested that undergrounding occur as part of this work. They were initially advised that this would not occur, but in October 2000, following an offer from residents in Waiwetū Street, the Council adopted a policy of contributing to half the cost of undergrounding provided the residents were prepared to pay the other half.

On 15 November 2000 the residents of Wai-iti Terrace were advised of the policy and that the estimated cost of the work was \$75,000 incl GST. Their share would be \$37,500. They were also advised that the amount they would have to pay would be based on the tendered prices not the estimate. They decided they would proceed and the works have been deferred to allow the undergrounding to be done ahead of the Kerb and Channel renewal.

The undergrounding work has been tendered and the required residents' contribution has risen to \$62,593.38. This is a significant cost increase and is the result of a number of factors:

- A 20% plus increase in the cost of materials.
- Telstra Clear deciding that they do not want to lay ducts in the street and will not be contributing to the cost.
- The initial estimate being low.

The tendered rates are in line with other recently-tendered works.

RESIDENTS' REQUESTS

The residents have written to the Council advising that it is unreasonable for them to contribute more than the \$37,500 that they have already collected. They have requested that:

1. The Council recall tenders, given the change in the market with Telstra Clear's decision to stop laying cables in Christchurch; and
2. The Council review its policy and accept a lower contribution.

DISCUSSION

With regard to the first request, the Council uses Orion to design and tender undergrounding works. They have advised that they do not believe re-tendering will result in a lower price. What could be done is to hold awarding the contract until the next undergrounding project is tendered, to confirm unit rates for the work.

In terms of the second request, Council Policy is to have residents contribute 50%. The \$37,500 offered by the residents amounts to 30% of the costs. Two things need to be considered in terms of changing the policy:

1. The change will set a precedent for other streets where residents wish to have undergrounding done. This includes Tui Street where design work is proceeding, and there are other streets where residents are considering whether to proceed with contributing.
2. The increase in costs of all undergrounding projects has put pressure on the undergrounding section of the Council budget, resulting in projects having to be deferred.

CONCLUSION

The increase in the cost of this project is significant and it will be very difficult for the residents to find the extra money required. Re-tendering is not expected to reduce the cost, but changing the policy has implications for the Council's budget.

The Committee **decided** that it would not recommend any change to the existing policy.