

Better Business Cases

Single Stage Light Business Case Template

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Purpose

This Linkwater Settlers and Hall Committee business justification case seeks formal approval to upgrade their 'supper room attached to the Memorial Hall in Linkwater. The Committee is seeking investment support from Council as well as seeking alternative funding. The first quote shows the value of a new works to be approximately \$380,000. This Business case is in support of the LTP 2018.

Strategic Case

Linkwater Hall structural defects were identified during recent improvement works by the Linkwater Settlers and Hall Committee. As a result of the defects and structural damage a section of the hall will need to be replaced providing an opportunity to improve the facilities and cater for the increased needs of a rural community including the FENZ capabilities for the region.

Strategic Context

The Linkwater Memorial Hall is located in the Queen Charlotte Drive alongside the Linkwater School and the Linkwater Fire Station (FENZ). Linkwater Settlers & Hall committee is a charitable entity. The community hub serviced by the Hall includes rural and residential communities located along the Queen Charlotte Drive which runs from Havelock to Picton (RD 1) and the Pelorus, Kenepuru and Mahau Sounds where there is road access through to the Outer Sounds (RD 2).

The key aims of the organisation are to maintain and improve the facilities available at the Linkwater Memorial Hall for the benefit of all community groups, clubs and individuals who see this resource as a valued asset in maintaining community sustainability. Council provide an annual operational grant of \$15,000 to Linkwater Settlers and Hall Committee. Establish how much money council have given them over past 5 years and works completed. Recently installed a public convenience on the grounds open for public use to mitigate the need to use the hall toilets which were not open all the time

The hall has not received any capital expenditure over past 5 years.

The core activities of the organisation are to provide space for:

- A suitable hub for the Linkwater Emergency Response Team (ERT) with facilities to act as a Community Emergency Response Centre (CERC) during a disaster or major incident.
- A playcentre that services a large rural area of Marlborough
- Linkwater School
- Community Library
- Newslink community newsletter
- Learning and training opportunities such as Senior Net, REAP courses
- Community and indoor sports groups such as Quilters, Indoor Bowls, Yoga, and Judo.

- Hall committee community social and fundraising events
- Private functions such as weddings and funerals

The organisation employs ... 1 part-time (32 hrs per fortnight) staff, has annual expenditure of \$..... and manages the following assets and ...Power, r&m (op grant only.) Could receive annual accounts sheets as evidence of expenditure for accountability

Analysis of the current and expected operating environments has identified the following key factors for the organisation

Relevant [Government/sectoral/ regional/organisational policies, strategies and goals] are FENZ Hub, Link to Sounds, maps to Tsunami....10 year maintenance schedule including earthquake checks should work with APL who have hall budgets and EMIS

The investment proposal aligns to the Marlborough District's Council Small Townships programme, Smart and Connected philosophy to improve.....

The Need for Investment

A facilitated workshop was held as part of the Linkwater Settlers and Hall Committee meeting on 15 August 2017 with key stakeholders to gain a better understanding of investment drivers and the need to invest in change. The stakeholder panel identified and agreed the following key problems to address and opportunities to leverage by investing in change:

Need an engineers report. What information APL have and what they have spent on it. A lot of money has been spent over the last few years. TRIM Halls and Sounds file should have work to date. Earthquake rating from APL. Property packet of amendments.

- The 'supper room' needs to be upgraded to meet current legislative standards.
- The existing 'supper/meeting room' and kitchen facilities are in poor condition due to borer infestation, rafter rot, water damage, rodent damage, nesting birds damage, and cracked internal lining. It would be completely inadvisable to try to "patch up" what is there since the quality of materials used at the time the 'supper room' extension was added to the main building does not appear to be that great and there are concerns regarding the condition of the foundations. A 'Structure & Condition Report – Linkwater Memorial Hall – September 1017' is attached with images of damage.
- Rebuilding the extension would eliminate the Health and Safety issue related to the having to lower the stage in the main hall for functions.
- Rebuilding the extension with added storage space would mean that all equipment and resources can be stored inside the hall area instead of the need for trestle tables and seating to be stored outside the building in a separate shipping container, and gym-mats stacked in the current 'supper room'.
- A newly designed and rebuild space will eliminate the repairs and maintenance costs that are required on older buildings for the foreseeable future. By also incorporating energy saving design including a solar collection area facility usage costs can be reduced, and the facility will become more sustainable for future generations. A floor plan and Construction estimate of cost is attached.

The proposal for a new extension is supported by:

- Members of the Linkwater Settlers & Hall Committee who are democratically elected to represent the rural and residential communities located along the Queen Charlotte Drive which runs from Havelock to Picton (RD 1) and the Pelorus, Kenepuru and Mahau Sounds which is the road access through to the Outer Sounds (RD 2). 15 August Meeting Minutes attached.
- The Marlborough District Council Reserves and Amenities Department who currently provide funding.....\$15000 per annum.....(operational grant)
operational grant
- The Marlborough District Council FENZ/Civil Defence Department who are looking to providing suitable facilities in the case of a natural disaster. Consult with on design. Investigate Central Govt. funding from FENZ or similar.
- The MDC Smart and Connected who.....do not support
- The MDC Small townshipsdo not support
- Previous planning by Kobus Menz (8ish years old) ????
- Linkwater School
- Te Araroa Trail – Tourists (TIF funding possible) Link Pathway Inc. gets this funding

The Case for Change

Key stakeholders identified one main investment objective for this investment proposal at a facilitated workshop in 15 August 2017. The case for change is summarised below for the investment objective.

| Investment Objective One | Replace existing hall extension with a new extension |
|--------------------------|---|
| Existing Arrangements | <p>Structural defects were found during the installation of the fire doors leading from the supper room. When temporary repairs were made (missing roofing fastenings replaced) recently it was noted that much of the framework of the main structure is riddled with borer, as is the barge board to which the spouting is attached. It was also noted that some of the rafters were showing signs of rot (from where the roof had been leaking) as are some of the external barge boards. Inside the northern Fire Exit doorway of the supper/meeting room there is an area of chipboard flooring which has signs of water damage and swelling. The areas around the pipework into the building are such that rodents are able to access the under-sink cupboards and these have to be dealt with in an ongoing manner. Due to the poor construction of this area the north-eastern corner of the kitchen has issues with birds nesting under the roofing iron causing damage to the internal cavity. There is crack along one piece of the hardboard lining where the ceiling is contoured. There are also concerns regarding the condition of the foundations.</p> <p>Lack of storage space means that trestle tables and seating have to be</p> |

| | |
|-------------------------------------|---|
| | stored outside the building in a separate shipping container. |
| Business Needs | A rebuild would result in a more aesthetically pleasing extension to an upgraded hall. The rebuild can be fitted with energy saving technologies that would increase the hall cost effectiveness and be self-sufficient in an emergency. Increased technological abilities will support the current users of the hall and also enable the hall to be used as an effective Community Emergency Response Centre and 'house' a Linkwater Emergency Response Team during an emergency. Any access, and Health and Safety measures will be incorporated keeping up with current building standards and requirements. |
| Potential Scope | The old extension to the hall needs to be upgraded. Due to the number of faults identified and the need expressed for a build that will not require constant maintenance a rebuild would achieve the best outcome. More space is required for storage so the new extension would be larger than the previous building which means a shipping container currently on-site for storage would no longer be required. Designing a self-sufficient, building with latest technological capabilities will improve the asset for the community. |
| Potential Benefits | All community members in the Linkwater area plus some residents of more remote outlying areas will benefit from having a modern facility that can cater for <i>We can measure the gain through increased local event usage of the hall.....FENZ will benefit by having an up to date facility to manage emergencies in and around this area particularly if the emergency occurs in the the Pelorus, Kenepuru or Mahau Sounds. If the. This can be measured through having more local people trained in Emergency procedures and more simulated emergency situations using the hall as pasrt of their arsenal. There will be less need for smaller local services provided as residents in outlying areas will be able to access a good quality facility.</i> |
| Potential Risks | The Linkwater Settlers & Hall Committee remove their support from the project. FENZ identifying risks in using the hall as a CERC and remove support. Storm events or further earthquake damage could stop the build. Strong demand on contractors could escalate cost and/or delay delivery. Isolated location. |
| Constraints and Dependencies | At the time of writing there is no limiting perimeter in terms of having the investment delivered as the timing of another natural disaster is unknown. No other group relies on the hall being completed within a certain time-frames. Once there is an engineers report it could be that it is determined to be too dangerous for any occupation |

Economic Case

A total rebuild - remove old structure and build new extension to hall to be fit for purpose.

Need at least two more quotes

See attached letter ex Haack Construction re quotes

Repair the existing structure would involve..... Need a quote for this work

Critical Success Factors

In addition to the investment objectives, the following assessment criteria will be used for screening the options

- How well the option:
 - meets the agreed investment objectives, related business needs and requirements, and
 - fits with other strategies, programmes and projects.
- How well the option:
 - optimises value for money (ie, the optimal mix of potential benefits, costs and risks).
- How well the option:
 - matches the ability of potential suppliers to deliver the required services, and
 - is likely to result in a sustainable arrangement that optimises value for money over the term of the contract
- How well the option:
 - can be met from likely available funding, and
 - matches other funding constraints
- How well the option:
 - is likely to be delivered given the organisation's ability to respond to the changes required, and
 - matches the level of available skills required for successful delivery

How well the option:

- is likely to be delivered given the organisation's ability to respond to the changes required, and
- matches the level of available skills required for successful delivery

....

Identify Short-listed Options

Within the potential scope of this proposal, the following long-list options for providing the identified services were identified by key stakeholders:

Table xx: Possible long-list options classified by the five dimensions of choice

| Dimension | Description | Options within each Dimension |
|----------------------------------|--|--|
| Scale, scope and location | <i>In relation to the proposal, what levels of service (supply) and coverage (user) are possible? For example, by levels of functionality, geographic coverage, population/user base, etc.</i> | <ul style="list-style-type: none"> • status quo.... • • |
| Service solution | <i>How can services be provided? For example, alternative processes, mixes of enablers, etc.</i> | <ul style="list-style-type: none"> • status quo.... • • |
| Service delivery | <i>Who can help us to deliver the services? Eg in-house or out-sourced or alternative partnering arrangements.</i> | <ul style="list-style-type: none"> • status quo.... • • |
| Implementation | <i>When can services be delivered? Including choices about the pace of change. Eg big bang, phased, modular.</i> | <ul style="list-style-type: none"> • • |
| Funding | <i>How can it be funded? Including choices of funders and possible arrangements. For example, capital or operating, privately or Crown funded, user charging.</i> | <ul style="list-style-type: none"> • status quo.... • • |

On the basis of the initial assessment of the long-list options (by dimension), the following short-listed options were selected for further economic analysis:

- Option one: status quo or do nothing (*retained as a baseline comparator*)
- Option two: (*usually a do minimum option*)
- Option three: (*the preferred way forward*)
- Option four:

The Preferred Option

Conduct a fit for purpose analysis of the short-list, using cost benefit analysis and/or multi-criteria decision analysis techniques to assess benefits, costs and risks.

For the purposes of the analysis the following assumptions have been made....

| | Option 1: Do Nothing | Option 2: Do Minimum | Option 3: Intermediate | Option 4: Aspirational |
|--|----------------------|----------------------|------------------------|------------------------|
| Appraisal Period (years) | | | | |
| Capital Costs | | | | |
| Whole of life costs | | | | |
| Cost-benefit analysis of monetary costs and benefits | | | | |
| Present Value of monetary benefits | | | | |
| Present Value of costs | | | | |
| Net present value | | | | |
| Multi-criteria analysis of non-monetary benefits | | | | |
| Benefit criteria 1 | | | | |
| Benefit criteria 2 | | | | |
| Benefit criteria 3 | | | | |
| Preferred option | | | | |

The options analysis is sensitive to significant drivers and the following scenarios were tested:

The preferred option is, because.....

The other short-listed options were rejected because....

We need to know/collect

1. Two more quotes for replacement work. Quotes to include solar panels and system. Current quote should include solar panels and system - Check Quotes for repairing the kitchen block

1. Quotes are outdated due to limited or no response from potential contractors. Simon Lamb has a list of contractors he has approached. See attached letter ex Haack Construction.

2. ~~Note from FENZ about what~~

Find out if there are costs for shipping container and what will happen to that if storage space is included in new build The shipping container will be utilised for ERT storage Yvonne Smith is the contact for ERT

Notes from FENZ about what standard the build would need to be at to make sure it can operate as a Community Response Centre. Find out costs to include that and does FENZ have any funding to contribute to that

FENZ are amenable to contributing funding but will need a breakdown on costs and implications.

Simon Lamb is the contact for FENZ locally.

3. ~~Could some of the work be completed by community groups to reduce costs or are they still working on other parts of the hall upgrade.~~

Who is responsible for maintenance of Hall

1. Community groups not able to complete any building construction due to health and safety issues. Maintenance may be undertaken form time to time as required.

4. How is water, sewerage, storm water and other services currently delivered?

5. Are there any times frames that any groups need the extension completed by?

2. ACTIONS/RESPONSES

2. ~~Email requestes to Haack Construction — no responses. Quotes are outdated due to limited or no response from potential contractors. Simon Lamb has a list of contractors he has approached.~~

2.

2. Write to FENZ (or talk to Simon Lamb

2.

2. Yvonne Smith contact for ERT

2.

2. Community groups not able to complete any building construction due to health and safety issues. Maintenance may be undertaken form time to time as required.

2.

2. Hall Constituion to Jane Tito — note the Objects of the constittuions. Hall water supply shared by school watera supplyfrom 9 storage tanks up the hill. Water is supplied to kitchenT

The sewerage septic tank system is provided by Hall storage tank. See MDC consent.

The ~~installed alongside hall~~ Hall sewerage system is also connected to the public toilet recently installed by MDC.

3. Time frames – becoming urgent due to current building issues. Eg current kitchen not meeting health standards.

Civil Defense request the Hall to be operational before any future civil defence incidents occur.

4. MDC responsibility to also comply with all standards and the hall is owned by MDC Committee is responsible for day to day maintenance. MDC has landlord responsibilities. and managed by APL

4. Commercial Case

Outline the potential deal. Summarise the procurement strategy, intended contractual arrangements, the products and services intended for procurement, the main risks associated with the project and the supporting arrangements for payment for the required products and services.

The procurement strategy is to..... This is for the provision of under a contract.

The required services are

The service risks could be apportioned between the organisation and supplier as follows

The proposed payment approach is to....

Specific contract terms include....

Financial Case

Summarise the overall affordability of the project over the life of the investment and identify capital and operating funding requirements.

The financial analysis model and the associated methodology is

The proposed funding arrangements are to.....

The financial analysis of the preferred option demonstrates that it is affordable.....

Appropriate contingencies have been made for risks and uncertainties.....

The proposed cost of the project is ... over the expected lifespan of the contract.

| | 2013/14 | 2014/15 | 2015/16 | 2016/17 | | Total |
|-----------------------|---------|---------|---------|---------|-------|-------|
| Capital expenditure | | | | | | |
| Operating expenditure | | | | | | |
| Total expenditure | | | | | | |
| Revenue | | | | | | |
| Capital required | | | | | | |
| Operating required | | | | | | |

Management Case

Summarise the project management, benefits and risk management and post project evaluation arrangements.

The proposed investment project is an integral part of the programme, which comprises a portfolio of related projects for the delivery of..... (if relevant)

In the event that this investment proposal receives formal approval, a project will be established to deliver the required services and will be managed using the project management methodology.

The relevant project management and governance arrangements are proposed to be as follows:

Figure xx: The project organisation chart

Include the project organisation chart here

The strategy, framework and plan for dealing with change and associated contract management is as follows.....

The strategy, framework and plan for dealing with the management and delivery of benefits are as follows.....

The strategy, framework and plan for dealing with the management of risk are as follows.....

A post implementation review is planned on [dd mmm yyyy] to (if required)

Project evaluation reviews are planned at regular intervals, commencing [dd mmm yyyy], to (if required)

Next Steps

This business case seeks formal approval from to approach the market for services and progress the implementation of the preferred option