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City Centre to Mangere LRT Project Update [REDACTED]

Recommendation

That the Board:

- i. Receive this update on the City to Mangere (CC2M) Light Rail Transit (LRT) Project.
- ii. Approve the draft Roles & Responsibilities Matrix and delegate to the Chief Executive to enter an MoU (Attachment 1).
- iii. Note the indicative Route Alignment (Attachment 2).
- iv. Note the proposed procurement assessment approach (Attachment 3).
- v. Support the 6-month Business Case timetable (Attachment 4).

Executive summary

[REDACTED] Auckland Transport (AT) is continuing to work productively with the New Zealand Transport Agency (the Transport Agency), as the lead funder, Auckland Council (AC) and HLC (previously Hobsonville Land Company) to develop the governance structures and Business Case for the 'City Centre to Māngere corridor'. [REDACTED]

2. The roles and responsibilities have been provisionally agreed in a draft MoU whilst the Business Case is being prepared for consideration by Cabinet later this year. The indicative route alignment is being finalised and the financial and economic analysis is underway.

Strategic context

3. The Government has already committed \$1.8bn in funding to progress the LRT network within the next ten years under the Auckland Transport Alignment Project (ATAP). The NLTP has included \$468m to initiate this project.

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Background

4. On 9 May 2018, the Transport Minister Phil Twyford and the Finance Minister Grant Robertson announced that Cabinet had agreed to launch a procurement process for light rail in Auckland. The press release advised The New Zealand Transport Agency (“Transport Agency”) will now set up a robust process to explore a range of possible procurement, financing and project delivery options. This process will invite and assess all potential proposals and report back to the Ministers of Finance and Transport. The Transport Agency will work with the Treasury and the Ministry of Transport in this process.’ It was also announced that the procurement process covers both the city to Māngere and the city to North West lines.
5. The Transport Agency is working closely with the Ministry of Transport and Treasury as it progresses this work in partnership with key agencies. AT is playing a key role in the development of this programme as the service provider and integrator of the Auckland public transport network. The work done by AT on the City to Airport reference design is providing informed analysis to the Transport Agency led joint agency team.
6. A joint agency governance group (the Transport Agency, AT, Auckland Council and HLC) has been established and is meeting weekly to prepare the Business Case and implementation plan. This Joint Establishment Group (JEG) is focused on supporting the Transport Agency to deliver the rapid transit activity defined in the draft Government Policy Statement: ‘to plan, fund, design, supervise, construct and maintain (Auckland’s) rapid transit networks and / or projects, including light rail’.

Project Governance

7. An MoU between the four agencies has been drafted which sets out roles, accountabilities and decision-making rights, including AT statutory obligations as the Road Controlling Authority and contracting authority for public transport operations. Attachment 1
8. The draft MoU including the Roles & Responsibilities Matrix is included in Attachment 1a.
9. Each parties Statutory responsibilities are also recognised (Attachment 1b).
10. The Governance relationships across all key stakeholder can be seen in Attachment 1c.
11. A Chief Executives Group has oversight and ultimate accountability to their Boards/Council.
12. Ministry of Transport and Treasury are advisers, with observer status in the respective groups.

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Roles and Responsibilities

13. The Transport Agency is responsible for leading the development of the Business Case and the CC2M programme of works. In conjunction with Ministry of Transport and Treasury, the Transport Agency, will recommend a procurement strategy to Cabinet.
14. The Transport Agency also has a separate regulatory role on rail safety.
15. AT will detail how the light rail route will operate and integrate with the wider transport network e.g. broader Rapid Transit Network (RTN) connections including bus services, roads, cycling, walking and parking facilities, and will be responsible for future LRT service operations.
16. The Principal Project related responsibilities that AT are accountable for include:
 - ensuring construction of the CC2M LRT is prioritised appropriately within the local road network
 - specifier of the CC2M LRT services and output standards
 - customer oriented design of the CC2M LRT services
 - integration into the wider transport and public transport system of the CC2M LRT infrastructure and services post delivery
 - supporting the Transport Agency in the design, consenting and delivery of CC2M LRT works (including provision of information, expertise and personnel as appropriate)
 - aligning and integrating other related transport works with the CC2M LRT project
 - managing disruption and change to the wider transport and public transport system during CC2M LRT delivery
 - supporting the Transport Agency with communications and stakeholder engagement
 - appointment of a shadow CC2M LRT operator
 - assumed owner, client and operator receipt and hand-over of the CC2M LRT post-delivery completion
 - LRT service operations
 - overseeing preparation of a Rail Safety Case (as the organisation responsible for future operations).
17. Recruitment plans have been developed to source LRT operations expertise in the coming months.

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Business Case – Key Facts / Figures

[Redacted content]

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[REDACTED]

The Financial and Economic assessment is underway and AT is advising in the development of the CAPEX and OPEX model using previous work undertaken in the Reference Design and external specialists that the Transport Agency have appointed ([REDACTED])

24. The Transport Agency is also developing the North West LRT route in collaboration with AT.

Procurement Strategy

25. To support the development of the procurement strategy, the Transport Agency is currently conducting a market engagement with interested suppliers and industry participants. This will be an opportunity for suppliers to give their perspectives, attitudes and risk appetites, learnings from previous projects, and suggestions for CC2M. A summary report is being produced and will be made widely available – this supports inclusiveness and builds confidence and integrity in the process. Findings from market engagement will feed into the overall analysis of procurement options.
26. AT is being engaged by the Transport Agency on the general approach as well as the relevant elements of procurement. Each potential procurement model will be assessed against the procurement outcomes, key factors, and learnings from the market. Hybrid procurement models are also being considered to best suit risks and needs. Indeed, multiple models could be adopted to deliver standalone project components e.g. enabling or early works.
27. A recommended procurement model is under development and will be presented for consideration in November. A Procurement model assessment approach is outlined in Attachment 3.

External Consultation/Engagement

[REDACTED]

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Stakeholder Management

31. To ensure the best possible outcome for Auckland, the Transport Agency is working closely with its project partners Auckland Transport, Auckland Council and HLC to not only deliver a transport project, but enable and facilitate the wider urban development and placemaking of the communities within the light rail project area.

32.

33. This strategy is initially focused on activities to support Phase 1 of the project - the development of the Business Case and Procurement Strategy through to December 2018. The Business Case is expected to be complete by the end of 2018 where it will be subject to NZTA Board endorsement. The Business Case will determine timing and staging for project delivery.

Programme Timeline

35. The aim is to focus on the reporting through to Minister/Cabinet with MoT/Treasury whilst being mindful of the requirement for the project team to seek the appropriate approvals from the Transport Agency and AT Boards.

Issues and options

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[REDACTED]

Next steps

37. AT's focus will remain on:

- Continuing to assist the Transport Agency to develop the Business Case (with a focus on Operations)

38. [REDACTED] AT [REDACTED] continue to work on ensuring that robust governance is in place during the project establishment phase as we support the Transport Agency with the development of the Business Case.

Attachments

Attachment Number	Description
1	Attachment 1 – Draft MoU
1a	Attachment 1a – Draft MoU Schedule 1 – Decision Matrix (Roles & Responsibilities)
1b	Attachment 1b – Draft MoU Schedule 2 – Statutory Responsibilities
1c	Attachment 1c – Draft MoU Schedule 3 - Auckland Light Rail Proposed Governance Structure
2	Attachment 2 – Indicative Route Alignment
3	Attachment 3 – Procurement Assessment approach
4	Attachment 4 - Six-month Business Case timetable

Document ownership

Submitted by		
[REDACTED]	[REDACTED]	

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Recommended by	[REDACTED]	
Approved for submission	[REDACTED]	