

Memorandum

To: Richard Morris, Chief Financial Officer
Cc: Nicki Lucas, Revenue and Analysis Manager
Stuart McDougall, RLTP Manager
From: David Croft, Principal Advisor (NZTA)
Date: 20 October 2014
Subject: **2012-15 Beach Road Cycle Highway – First stage construction funding**

Executive Summary

- 1 The Beach Road walking and cycling project is a flagship cycling project that forms an important link in Auckland's first two-way dedicated cycleway, which is physically separated from traffic. It connects to the Grafton Gully cycleway and cycle routes on Tamaki Drive and Quay Street. Together these two projects form a continuous, safe and convenient route for cyclists to access the city centre. The project also includes safety improvements at intersections and landscaping to make the route more visually attractive.
- 2 Financial assistance for the design phase of the project was approved by the New Zealand Transport Agency (NZTA) in May 2014. The project team however decided to commence the construction phase of the first stage of this project prior to submitting a funding request for financial assistance to the NZTA.

Purpose

- 3 The purpose of this memo is to seek your approval to confirm investment funding for the first construction phase of the 2012-15 Beach Road Cycle Highway project which is a 1.3 km dedicated off-road cycleway; and to submit a retrospective application to the NZTA through Transport Investment Online for financial assistance.

Recommendations

- 4 That the Chief Financial Officer:
 - a. **confirms** funding for the first construction phase of the 2012-15 Beach Road Cycle Highway project at an estimated total cost of \$2.54 million being \$1.19 million (47%) Auckland Transport (AT) share, and \$1.35 million (53%) NZTA share;
 - b. **approves** submitting a retrospective application to the NZTA for financial assistance;
 - c. **notes** that a funding request for a second phase of construction will be submitted for funding approval under delegation in November – December 2014 for construction in early 2015;
 - d. **notes** that the total cost for both construction phases is estimated to be \$4.72 million, Auckland Transport share \$2.22 million (47%) and NZTA share of \$2.50 million (53%);
 - e. **notes** that the reasons for this decision are set out in Attachment 1, and that using the NZTA profiling assessment for this project, the profile has been assessed as HHM giving a NZTA funding priority class of 2, and confirms that sufficient Auckland Transport funding is available for this project.

Strategic context

- 5 The Beach Road Cycle Highway is classified as a cycle metro on the Auckland Cycle Network (ACN) which is the highest rank in the classification of cycleways. The ACN is a part of the NZTA supported Integrated Transport Programme (ITP) 2012 - 2041. Prioritisation of the ACN resulted in this project being assigned a priority rating of 'high' for implementation within the next 5 years, which is the highest priority rating.
- 6 The Beach Road Cycle Highway is on a strategically important route in the ACN. The project joins NZTA's proposed Grafton Gully Cycleway and subsequently the North Western Cycleway to the inner CBD, the Britomart transport interchange and downtown ferry services. Additionally, it provides the connection of the Northwestern Cycleway to the Tamaki Drive Cycleway (via Quay St), providing a safe cycle route from west to east and vice versa.

Outcomes sought from investment

- 7 Provide infrastructure that contributes to the completion of the ACN: Final construction of the project will complete 1.3 km of a metro route on the ACN to allow for better connectivity.
- 8 Increase cycling uptake: The proposed cycleway is on a strategic route on the ACN and will help promote cycle demand through the provision of a safe dedicated cycle facility. It is assessed that over 300 new cyclists per day will be using the facility after it is built.
- 9 Increase cyclist and pedestrian safety: There were 6 crashes involving cyclists in the five year period 2006-11 on Beach Road. Of these reported crashes all occurred at intersections. This project will result in an improved level of safety for all road users through the improvement of intersections along Beach Road as well as the completed construction of a 3.0m wide dedicated cycle facility, reducing conflicts between cyclists and other transport modes.
- 10 Provide a more integrated transport network: The proposed route is a key connection for other major cycleways into the inner CBD and provides a safe continuous route to key interchanges such as Britomart and downtown ferry building.

Funding Availability

- 11 The proposed project forms part of a group of activities listed as "2012-15 Cycleway Development & Construction" in the 2012-15 NLTP. Auckland Transport has prioritised 2012-15 Beach Road Cycle Highway project as a priority within this activity group and there is NZTA subsidy is available for this activity (Please see Attachment 6: 2012-15 Cycleway Development & Construction Summary). This project is part of a group of activities listed as "Cycleway Development and construction (Regional Cycling and Walking Plan)" in the 2012-15 Regional Land Transport Programme (RLTP, page 54).
- 12 Auckland Council's published 2014/2015 Annual Plan allocates \$2.05m to this project (page 190). This is not sufficient to cover the amount expended to date and planned for the next stage. We have however confirmed that the current approved version of the 2014/15 revised capital programme does allocate sufficient funds to cover the cost of this project.
- 13 Extensive consultation was undertaken on this project during the investigation and design stage. This has resulted in a number of scheme improvements. The major changes made are summarised on the Auckland Transport project web site key design decisions [web page](#).

Key issues

Project timing:

- 14 This project was fast tracked so that the first construction phase was completed at the same time as the NZTA Grafton Gully Cycleway project. The Grafton Gully Cycleway project was initially scheduled to be completed in February 2015 but this was brought forward by the NZTA to September 2014, five months early.
- 15 At design phase, the intention was to have the construction phase implemented as one stage. Dividing the construction stage into two stages became necessary due to the accelerated completion of the NZTA Grafton Gully, as explained above. (refer attachment 2).

Retrospective funding:

- 16 The project sponsor and project manager made the decision to proceed directly to construction prior to obtaining approval from the NZTA for financial assistance. This funding request has therefore become a retrospective request. This is something that Auckland Transport has been working very hard to eliminate. This phase of the project could have been considered internally by Auckland Transport under their delegated funding agreement. The actions of the project delivery team have however placed the organisation in a difficult position since Auckland Transport is trying to maximise all revenue streams, especially those activities that can qualify for subsidy from NZTA.
- 17 This issue has been discussed between the NZTA Planning & Investment Manager (Auckland Transport), the Revenue and Analysis Manager and yourself; and it was agreed that Auckland Transport will refer this funding application to the NZTA rather than complete the process under the delegation agreement. The grounds for a retrospective funding request included the fact that an accelerated completion for this project was precipitated by HNO's Grafton Gully Cycleway (GGC). This was important because the Beach Road cycleway complements the effectiveness of this major cycling infrastructure project as a connection to the inner CBD and providing a safe alternative to cycling on a highly trafficked pedestrian/vehicular environment.

Assessment and conclusions

- 18 Using the NZTA assessment criteria, the funding profile for the 2012-15 Beach Road Cycleway project is HHM which results in a funding priority 2. It is therefore recommended that the Chief Financial Officer approves the Auckland Transport share of construction funding for this application, and approves the submission of a retrospective funding application to NZTA seeking financial assistance.

Attachments

19 There are five attachments to this paper:

- Attachment 1: Reasons for recommendation
- Attachment 2: Location map
- Attachment 3: Grafton Gully Cycleway map
- Attachment 4: Auckland Cycle Network map
- Attachment 5: Assessment
- Attachment 6: Table from the NLTP in TIO showing that sufficient funds are available

Recommendation and approval

For the first construction stage of the 2012-15 Beach Road Cycle Highway project:

Recommended for confirming Auckland Transport funding availability and submitting to NZTA for funding approval:



Stuart McDougall - RLTP Manager

20-10-2014

Date



Nicki Lucas – Revenue and Analysis Manager

21/10/14

Date

Approve confirmation of Auckland Transport funding availability and submission to NZTA for funding approval:



Richard Morris – Chief Financial Officer

21 Oct 2014

Date

Reasons for recommendation

The assessment profile for this project using the New Zealand Transport Agency's (NZTA) assessment criteria results in a rating of High for strategic fit, High for effectiveness and a Medium for economic efficiency.

This project is aligned with Auckland Transport's Integrated Transport Programme 2012–2041, contributes to the NZTA's assessment framework, which is intended to give effect to the Government Policy Statement 2012, and contributes to the objectives of the Land Transport Management Act by:

- a. Provision of a key connection on a strategically significant route within the an agreed walking & cycling strategic network to help alleviate congestion within a major urban area; and
- b. Assisting in safety and personal security via the construction of a dedicated cycleway facility

It is confirmed that

- the matters in section 20 (2) of the LTMA which relates to the capability of the project to meet suitability assessments, has been satisfied, and
- section 20 (3) of the LTMA which relates to taking into account national strategies and policies, has also been considered.

Released under the Official Information Act 1982

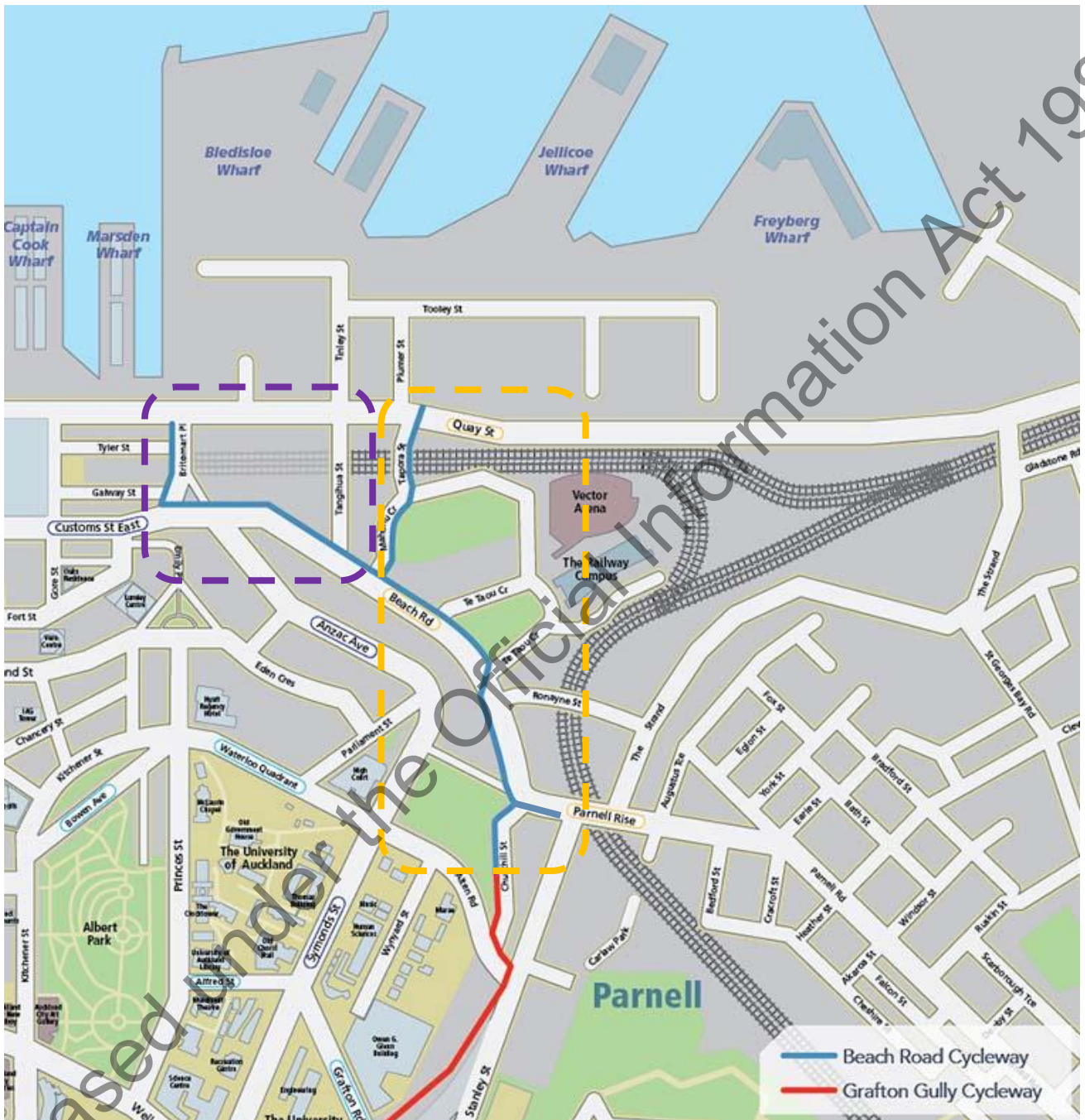




Figure 1: Map showing the proposed project and connecting cycle ways.

-  = First construction phase = 810m
-  = Second construction phase = 500m

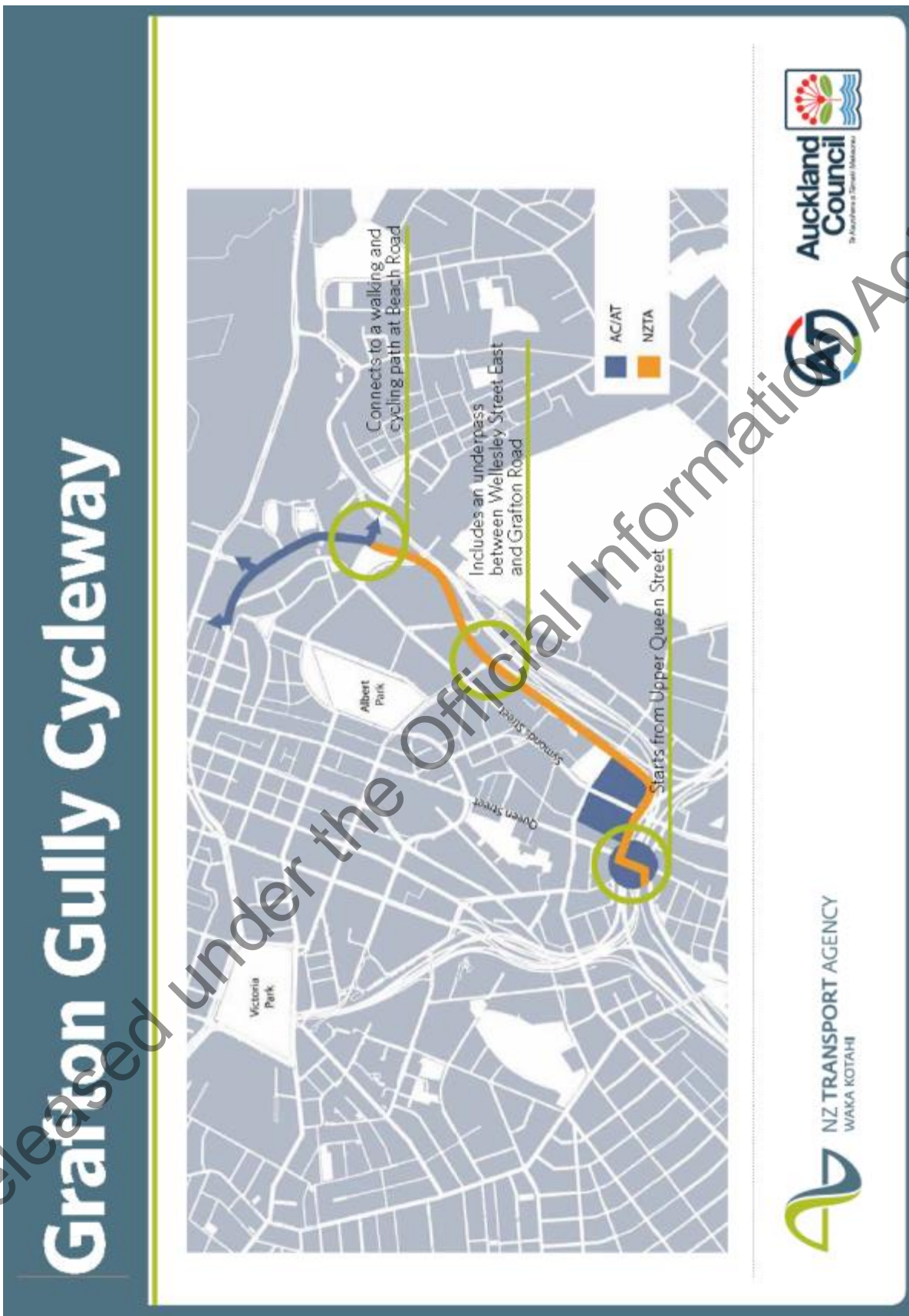


Figure 2: Map showing the Grafton Gully cycleway and the connection to the proposed cycleway.

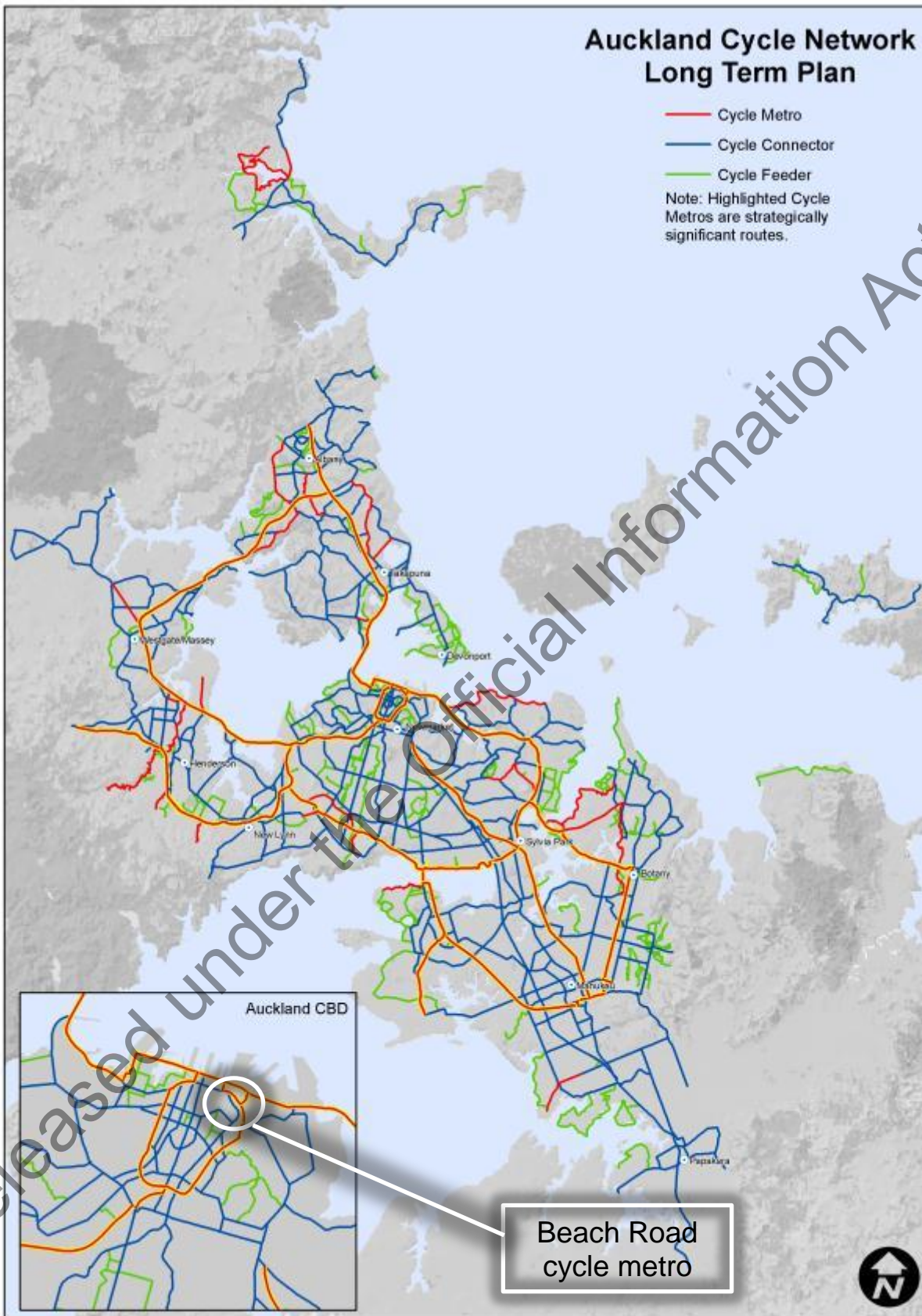


Figure 3: Map of the Auckland Cycle Network with the proposed cycleway circled showing that it is a Cycle Metro and lies on a strategically significant route.

Application details and responsibilities	
Type	Construction funding (first stage of two)
Name of activity	2012-15 Beach Road Cycle Highway
Assessor's name	David Croft (Principal Advisor NZTA)
Auditor's name	Tim Mueller (Principal Evaluation Engineer)
Organisation contact	Matthew Ah Mu (Project Manager)
PIRF	The principles of continuous improvement are vested in the PIRF initiatives, as opportunities are identified and resolved benefits are provided to both Auckland Transport and NZTA. Refer to the attachment in TIO for the latest PIRF.
Background	
Description	<p>This project involves the construction of the first stage (0.8 km) of a dedicated cycle facility along Beach Road (and others) total length approximately 1.3 km, with the majority of the cycleway being an off-road facility. It connects NZTA's Grafton Gully Cycleway to the heart of the CBD, Britomart transport interchange and the downtown ferry services. Links to project web sites follow:</p> <p>Beach Road Cycle Highway - Link</p> <p>Grafton Gully Project - Link</p>
Previous funding applications	A design phase funding application was approved by the NZTA in May 2014. Design funding has almost been fully claimed.
Conditions of funding	No conditions of funding were applied to the design phase.
Policy	<p>The assessment of this project is based on NZTA's assessment framework and Auckland Transport's assessment policy. For the purpose of seeking NZTA funding the NZTA assessment profile policy has been used in this application. The project is part of the Auckland Regional Cycle Network, ranks 'high' in priority order in the list of projects and has been prioritised for implementation in 2012/15.</p> <p>The total cost of this project would have placed it within Auckland Transport's delegation threshold; construction was however commenced prior to formal approval being requested. It has therefore been decided to refer this request to the NZTA for assessment and recommendation.</p>

Strategy support/ package endorsement	This project is prioritised for early implementation in the ACN, which is part of the Auckland Integrated Transport Programme (ITP) 2012–2041, a strategy supported by NZTA.
Issue definition	<p>Access to and from the central business district and in particular to the Britomart transport interchange and waterfront by cycle is very difficult and unsafe. Limited road space, high congestion and large pedestrian volumes all contribute to a very poor level of service for active travel options by cycle. The mode share to the Auckland city centre by cycle, despite being one of the highest in the region is still only 2.8%².</p> <p>There were previously no dedicated cycle facilities along Beach Rd. Additionally there were no cycle facilities that could link the current cycle facilities on Quay St to the Grafton Gully Cycleway (GGC) or link the GGC to the major public transport hub at Britomart.</p>
Strategic context and regional perspective	The project contributes to the Government Policy Statement 2012, to the Auckland Plan in achieving a multi-modal transport network, to Auckland's Integrated Transport Programme 2012-2041 and to the implementation of the ACN.
Objective	<p>The objectives of this key connection on the ACN are to:</p> <ul style="list-style-type: none"> • provide infrastructure that contributes to the completion of the ACN; • increase cycling uptake; • increased cyclist and pedestrian safety with the construction of a separated cycle facility, and • a more integrated transport network.
Alternatives and options	<p>Seven options were identified and assessed using a 'multicriteria analysis'. An Option F was the preferred and adopted option because it provides:</p> <ul style="list-style-type: none"> - a high quality cycleway offering the highest level of service, and - improving pedestrian and cyclist safety within the corridor. <p>The other options considered can be found in the SAR which has been uploaded to TIO.</p>
Scope of activity under funding request	This funding application is for the first construction phase (0.8 km) of the '2012-15 Beach Road Cycle Highway'. This is to be a 1.3 km cycleway, and is the key connection between NZTA's Grafton Gully Cycleway to the inner CBD, Britomart transport interchange and the downtown ferry building. It is also links the Grafton Cycleway to the Tamaki Drive Cycleway via Quay St. The project length noted in the previous phase was 0.95 km but this has now been confirmed to be 1.3 km.
Form, function and standards	The design of the proposed cycleway conforms to relevant local design standards, NZTA design standards and Austroads design guidelines. They are considered to be appropriate for the proposed project.
Levels of service	This project provides a high but appropriate level of service considering its location and connections. Most of the project length consists of a separated cycle facility which conforms to the minimum width, alignment, gradient and safety requirements.

² Auckland Cycle Network Review – July 2013 (Resolve Group) pages 29 - 31

	The final design of this facility has incorporated a greater use of narrow raised kerb separators between the two way cycle paths and live traffic lanes. This will potentially help raise the safety level of service and the projects effectiveness.
Readiness for funding/assessment	
Readiness for funding this phase	<p>Ready</p> <ul style="list-style-type: none"> all phases of this project are included within the current NLTP as part of the '2012-15 Cycleway Development & Construction' programme; the project is listed in Auckland Council's Annual Plan 2014/2015 (page 190) and in the 2012-15 RLTP (page 54); all S16 and s20 requirements have been addressed, and the first construction stage is complete with the project officially opening on 6th September 2014. A design stage safety audit was completed. The issues identified have been addressed and a decision tracking form used to support the changes identified.
NZTA Assessment framework	
Strategic fit	<p>High</p> <p>The 2012-15 Beach Road Cycle Highway:</p> <ul style="list-style-type: none"> delivers a high level of service cycle facility on a cycle metro within the ACN, an NZTA supported cycling strategic network, for easing congestion in a major urban area; contributes to a reduction in crash risk to cyclists and pedestrians (in accordance with Safer Journeys 2020). The proposed route is a dedicated cycle facility with physical delineation from pedestrians and vehicles, and connects NZTA's proposed Grafton Gully Cycleway and subsequently the North Western Cycleway to the inner CBD, the Britomart interchange and downtown ferry building.
Effectiveness	<p>High</p> <p>The 2012-15 Beach Road Cycle Highway:</p> <ul style="list-style-type: none"> is significantly effective in delivering the potential identified in the 'strategic fit' criteria since the cycle facility is a dedicated cycleway on a strategically significant route; provides infrastructure that contributes to the completion of the ACN. This allows for better connectivity to the ACN and connectivity within the cycle network; has been assessed as a 'High' priority for projects to be constructed within the next 5 years in the ACN implementation programme (AT's internal prioritisation list); contributes to a more integrated transport network. The route is a key connection for other major cycleways (such as Grafton Gully Cycleway and Tamaki Drive Cycleway) to key transport interchanges such as the Britomart and downtown ferry building, and provides a safer environment for both cyclists and pedestrians; provide more transport choices; contribute to positive health outcomes; and there will be

	minimal (if any) adverse environmental impacts in line with the GPS 2012.
Efficiency	<p>Medium</p> <ul style="list-style-type: none"> the project has a BCR of 2.4 resulting in a 'Medium' rating; the initial economic evaluation was carried out using the procedures in the 2010 Economic Evaluation Manual (EEM). The evaluation was updated to the new 2013 EEM for the construction phase; the predicted cycle demand has also been refined and has used information contained in NZTA research report 340 (Estimating demand for new cycling facilities in New Zealand). Sensitivity testing was also done using previous cycle demand figures. A conservative relative attractiveness factor was used in the assessment. Even though the cycleway is physically separated from traffic there are a considerable number of driveways present. Changing this factor to a higher value also made a minimal difference to the BCR. The BCR is considered to be conservative as the NZTA simplified procedures worksheet used precludes the combination of route and hazardous site benefits as would be appropriate with this project. The total project cost used in the economics is greater than the cost being submitted for financial assistance. This is because some of the total project cost includes work that does not qualify for financial assistance (i.e. footpath renewals) the sensitivity of cost estimates and benefits produced a range of BCRs from 1.8 to 3.1. This shows that the BCR of 2.4 is reasonable.

Cash-flow

Phase cash-flow

The first construction stage was undertaken in the 2014/15 financial year.

Stage 1 of the Construction phase

Year	Auckland Transport cost (\$m)	NZTA cost (\$m)	Total cost (\$m)
2014/15	1.19	1.35	2.54
TOTAL	1.19	1.35	2.54

Stage 2 of the Construction phase

Year	Auckland Transport cost (\$m)	NZTA cost (\$m)	Total cost (\$m)
2014/15	1.02	1.16	2.18

Cost Estimate

Construction phase (Stage 1 & 2)

The construction phase commenced

2014/15 financial year

Year	Current Construction Cost Estimate - \$m	Previous Construction Cost Estimate - \$m	Difference - Current vs. Previous - \$m

Expected	4.72	2.60	2.12
95th %ile	5.66	3.02	2.54
Comparison with previous estimate	The large increase in cost of this project from the initial estimates is due to increases in three main areas, pavement & surfacing, drainage. Extra pavement, surfacing & drainage was required to address flooding and ponding issues in the area and project consultation resulted in physical cycleway separators being required rather than the initial painted markings envisaged. Project costs associated with footpath renewals, which do not qualify for financial assistance, have been identified and excluded from this NZTA funding request.		
Whole of life costs	The annual maintenance costs have been assessed at approximately \$6,000 per annum.		
Risks			
Risk and opportunity assessment and management	<p>A risk assessment was carried out and 1 extreme and 14 high risks were identified. A satisfactory risk management strategy is in place to manage each of the risks identified.</p> <p>The highest risk is from business owners objecting to the loss of on-road car parking. Auckland Transport has consulted with the business owners to assess the potential impacts on car parking and property access.</p>		
Funding plan and source			
NLTP	The project is a part of the group of activities named '2012-15 Cycleway Development & Construction', in the 2012-15 NLTP. All phases of the project are included in the 2012-15 NLTP with a reserve funding priority and an indicative profile of HML*.		
Funding of phase and funding plan for construction/ implementation	<p>Auckland Council's Annual Plan 2014/2015 (page 190) confirms funding of \$2.05 million for this project.</p> <p>Auckland Council's Long Term Plan 2012 details funding for the cycleway development programme of between \$10 and \$13 million per annum (Volume 2, p 188).</p> <p>NZTA have confirmed that sufficient NZTA subsidy is available for this project.</p> <ul style="list-style-type: none"> NZTA had previously agreed to a \$3 million per annum cap for NZTA subsidy for the 2012-15 Cycleway Development & Construction programme of activities. NZTA have also stated that an additional \$3 million of funding is available nationally for high priority walking and cycling projects. \$5.9 million is currently not committed nationally for the Walking and cycling Activity class, indicating there are sufficient funds available to cover the \$1.35 million needed for this project (see attachment 6). 		
Recommended funding source	NZTA N funds are recommended for this phase as identified in the NLTP, based on the assessment profile of HHM and a priority class of 2.		

Confirm sufficient funds available	<p>There are sufficient funds available in Auckland Transport's current revised capital programme (current at 24/09/2014) for both construction stages of this project and there are sufficient NZTA funds available to allocate to this project.</p> <table border="1" data-bbox="459 315 1358 488"> <thead> <tr> <th colspan="4">Summary of Capital/Renewal Expenditure 2014/15 SOI</th> </tr> <tr> <th>Project Description</th> <th>Draft Annual Plan</th> <th>Revised 14/15 Annual Plan</th> <th>Comments</th> </tr> </thead> <tbody> <tr> <td colspan="4">Walking and Cycling Programme</td> </tr> <tr> <td>Dominion Road Corridor Upgrade (Cycle Path)</td> <td>-</td> <td>3,946,358</td> <td>Part of Dominion Road Corridor Budget</td> </tr> <tr> <td>Beach Road Cycle Route</td> <td>2,718,268</td> <td>4,866,510</td> <td></td> </tr> </tbody> </table>	Summary of Capital/Renewal Expenditure 2014/15 SOI				Project Description	Draft Annual Plan	Revised 14/15 Annual Plan	Comments	Walking and Cycling Programme				Dominion Road Corridor Upgrade (Cycle Path)	-	3,946,358	Part of Dominion Road Corridor Budget	Beach Road Cycle Route	2,718,268	4,866,510	
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Procurement																					
Procurement procedure	<p>Procurement for this phase has been completed via a variation to an existing maintenance contract. It has been confirmed that this has been done in accordance with the AT Procurement Strategy, which has been endorsed by NZTA.</p>																				
Recommendations and conditions of funding																					
Recommendations	<p>It is recommended that the Chief Financial Officer of Auckland Transport approves the submission of a retrospective funding application for the first construction phase of the 2012-15 Beach Road Cycle Highway as this project:</p> <ol style="list-style-type: none"> Provides a key connection on a strategically significant route within the ACN, which is an NZTA supported walking & cycling strategic network, to help alleviate congestion within a major urban area, and Assists safety and personal security via the construction of a dedicated cycleway facility. 																				
Conditions of funding	<p>No conditions are considered necessary for this funding request but it is assumed that there will be no further retrospective funding applications for this project.</p>																				

Released under the Official Information Act 1982

Attachment 6

NLTP extract showing sufficient funding available

Activity Class	Previous commitments 2012/15 (\$000)	Approved commitments 2012/15 (\$000)	Total commitments 2012/15 (\$000)	Not committed 2012/15 (\$000)	Total (\$000)
AC 1 - Transport planning					
Locally delivered programmes	1,569.5	15,690.1	17,259.6		
National programmes	1,301.5	12,385.0	13,686.5		
State highways programmes	4,139.0	8,772.7	12,911.7		
Total	7,010.0	36,847.8	43,857.8	6,142.1	49,999.9
AC 2 - Road safety promotion					
Locally delivered programmes	0.0	37,620.8	37,620.8		
National programmes	0.0	57,203.7	57,203.7		
State highways programmes	0.0	2,096.4	2,096.4		
Total	0.0	96,920.9	96,920.9	79.1	97,000.0
AC 3 - Walking and cycling					
Locally delivered programmes	7,494.4	20,090.7	27,585.1		
National programmes	0.0	0.0	0.0		
State highways programmes	2,106.5	20,360.1	22,466.6		
Total	9,600.9	40,450.8	50,051.7	5,948.3	56,000.0

Table 1: The NLTP extract from TIO showing that there is \$5.9 million not committed for AC3: Walking and Cycling. This stage of Beach Road requires \$1.3 million (NZTA share) indicating that there are sufficient funds available.