

Auckland Light Rail update

In confidence/Commercially sensitive

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ELT Sponsor	Matthew Walker, GM Corporate Support
Prepared By	Lucy Riddiford, Auckland Light Rail Governance and Policy
Legal Reviewer	Lucy Riddiford
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Purpose

To provide an update on the work of the Auckland Light Rail Group.

Recommendations

It is recommended the Board **notes** the contents of this paper.

Strategic relevance

Cabinet has prioritised progressing light rail from the City Centre to the airport in the next decade, as the first spine of a wider rapid transit network for Auckland. This reflects the commitments the Government has made through the Auckland Transport Alignment Project (ATAP). A commitment to the project was made in the 2020 Labour Party Election Manifesto.

Background

We have previously advised the Board of Cabinet's decision to progress work on the City Centre to Māngere project via an "Establishment Unit", which is a joint endeavour between Waka Kotahi, Auckland Transport, Auckland Council, Kāinga Ora and the Ministry of Transport. The Establishment Unit is tasked with taking forward a business case, to ensure a robust process for determining the mode and alignment of a rapid transit solution, and as a basis for consultation prior to detailed planning and investment decisions. A significant part of the work is also to build social licence.

Sponsors are the Minister of Transport, the Minister of Finance, the Mayor of Auckland and the Deputy Mayor of Auckland. The Minister of Housing must also be consulted on significant decisions.

The Establishment Unit, which has called itself the Auckland Light Rail Group, is overseen by an Independent Chair, Leigh Auton and has an inclusive governance structure, involving senior representatives from the organisations participating in the unit, as well as Councillor Chris Darby, Albert-Eden Local Board Chair, Margi Watson and 2 mana whenua representatives (these are the co-Chairs of the Kaitiaki forum and their appointments are still being finalised). There are also observers from Treasury and Te Waihangā.

Terms of reference for the Establishment Unit have been approved by the delegated Ministers.

Tommy Parker has been appointed as the Project Director and the Auckland Light Rail Group is fully resourced with a mix of employees from participating organisations and consultants.

The Minister of Transport has signalled an intention to take decisions to Cabinet in November 2021, meaning that the majority of the Auckland Light Rail Group's work must be completed by early October 2021.

This paper provides an update on progress. We propose to come back to the Board's September meeting to summarise the Auckland Light Rail Group's recommendations and seek a mandate for the Chief Executive as a member of the Auckland Light Rail Group's Board.

Key issues

Progress and budget

At its 25 March 2021 meeting, the Board approved a budget of \$60m from the NLTF (to be allocated to the rapid transit activity class in the previous NLTP and the public transport infrastructure activity class in the 2021-2024 NLTP). This funding was to cover the work of the Establishment Unit, noting that it is likely that there will be transitional work and it is anticipated that the unit will be in place for up to 12 months. This is supported by the fact that the Independent Chair and Project Director have been appointed until March 2022.

Tommy Parker has been appointed as the Project Director and the Auckland Light Rail Group is fully resourced with a mix of employees from participating organisations and consultants. The consultants have been appointed in accordance with the Waka Kotahi procurement procedures.

The Auckland Light Rail Group is working to a budget of \$14.3m to the end of September 2021. This includes funding for the Ministry of Transport's policy work programme (out of the approved \$60m). The amount of funding for the Ministry is capped at \$2.36m per annum, plus GST, over a two-year period (2021-22 and 2022-23).

Work will continue beyond September, for example there is a Treasury Gateway review scheduled for October. Updated budgets will be provided once this work has been scoped, programmed and contracted.

Appendix A is the commercial update for July 2021, from the Board pack for the August ALR Group Board meeting. Due to timing, the actuals do not reflect all the work that will be invoiced for July.

The Auckland Light Rail Group is currently on track for its deliverables, but there are some risks:

- The tight timelines for indicative business case preparation mean underlying supporting workstreams are running in parallel. These will need to all come together to provide coherent, broad and appropriate advice. A particular risk is the fact that the stakeholder engagement workstream is running in parallel with the development of the indicative business case, meaning that it will not be possible to engage with the community in detail on trade-offs. There will be more opportunity to do this in the detailed business case phase that will follow if Cabinet decides to progress the project.

- Advice in certain areas (e.g. value capture) will be driven by the technical solution, urban form and political appetite. These elements will remain fluid over the course of the next few months making it difficult to fully evaluate the trade-offs.
- With limited time available, cost estimates will be as progressed as possible, but more detail will be required in the next stages.
- There is a significant amount of work occurring at a central government policy level (for example in relation to urban development and RMA reform) that is likely to have implications for this project, but may not be able to be factored into this phase of the work.

Key workstream updates

Social Licence

The overall objective of communications and engagement is to introduce light rail to local communities and wider Auckland. A focus for the next two months is to establish social licence for the project by engaging with stakeholders and communities.

This is now underway with the strategy to go to where people are and reach out to ensure they have the opportunity to give feedback face to face, in the communities that the project will impact and benefit. The roadshow is covering 16 events, markets and drop in sessions.

Listening sessions have been completed in five corridor communities. Planning is underway for 10 targeted workshops to discuss specific issues that are front of mind (business, accessibility, ethnic, diversity and transport/urban interests).

Key themes and issues that are being received by area are outlined in the 'Engagement Snapshot' in the appendix. Live feedback is shown in the markets videos here:

<https://www.lightrail.co.nz/events/mangere-market-17-july-2021/>

<https://www.lightrail.co.nz/events/otara-market-24-july-2021/>

Mana Whenua Partnership

A partnership is being established with Mana Whenua to incorporate cultural values and opportunities, to be carried into the next phases of the project. The approach is to engage with 15 Mana Whenua groups at a governance level, who have identified with customary interests across the project area. 6 initial hui with the iwi chairs have already taken place.

Several hui are also planned in August with specific Mataawaka groups including Te Puea, Mataatua and Nga Whare Waatea marae in South Auckland.

A Māori Outcomes Strategy is being drafted to reflect the feedback that has been heard from discussions and to summarise key insights and themes.

Business Case

Objectives and weighting

In order to assess options, the Establishment Unit has developed a set of project objectives reflecting the Agreed Outcomes. The objectives are supported by a detailed set of measures which assess the extent to which each project option achieves those objectives. Option assessment will also be informed by cost benefit analysis of each of the short-listed options. The Auckland Light Rail Group Board has endorsed the objectives and weightings and endorsement will also be sought from sponsors. The objectives and proposed weightings are:

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Unlocking significant urban development potential, supporting a quality compact urban form and enabling integrated and healthy communities.	40%
A rapid transit service that: - Is attractive, reliable, frequent, safe and equitable - Is integrated with the current and future active and public transport network - Improves access to employment, education and other opportunities.	40%
A transport intervention that embeds sustainable practice and reduces Auckland's carbon footprint.	20%

Shortlist options

The Establishment Unit has undertaken a long list assessment process of modes and route. Over 50 different route options were considered across Central City, Isthmus, Mt Roskill to Onehunga, Māngere and Airport sections. Alignments have been identified for the City Centre, Onehunga and Mangere for the purposes of IBC assessment – but can be re-examined at the DBC stage with the community. Both Dominion Road and Sandringham Road alignments have been taken through to the Short List.

Mode assessment identified that bus-based options had insufficient capacity to meet anticipated demand on the CC2M corridor in 2048. Trackless trams also had insufficient capacity to meet demand (but may be appropriate in other corridors like Airport to Botany). Light rail, light metro and heavy rail options have sufficient capacity.

A combined Heavy Rail and bus-based option was considered utilising the Avondale Southdown Rail corridor connecting the existing Western Line to the airport through Onehunga; and using bus services along Dominion or Sandringham Roads. This performed well as a transport option but did not provide the same opportunities for urban development uplift nor relieve the City Centre of bus congestion.

The final short list options for assessment are:

- Light Rail option (Sandringham or Dominion)
- Light Metro option (Sandringham or Dominion)
- Hybrid mode option (Light metro on Sandringham with light rail in Onehunga and Mangere).

The options are set out in the map in Attachment 3 (emerging shortlist options), with the hybrid option combining the Sandringham light metro alignment with the Mangere light rail alignment.

Identifying a preferred option will require addressing several trade-offs.

Mode Trade Offs:

- Compared to a surface running light rail solution, light metro offers faster travel times (15-20 minutes faster from Mangere to the Central City), almost double the 2051 patronage levels, greater reliability, significantly more access to jobs and up to 30% more urban uplift - but is expected to cost considerably more.
- Surface running light rail still offers significant improvement on all measures compared to the current transport network – for less cost. (As noted previously a hybrid option is also being considered).
- Light rail may have enough capacity for this corridor but would be insufficient if extended in the future to the North Shore and North West (with Queen St then experiencing a volume of light rail traffic inconsistent with a pedestrian environment). This capacity issue could be

addressed through a hybrid option or by constructing the North Shore line as a separate metro.

Route Trade Offs

- Sandringham Road offers relatively more urban development potential under current planning settings, has significant Kainga Ora landholdings and a connection to Kingsland Station. Dominion Road has a more intense existing urban form and offers a more direct route. The Unit is considering how Dominion Rd could be up zoned.
- A station within the Mangere Town Centre offers greater urban development benefits than a motorway corridor station and is supported by the community.
- A University Station is possible with a light metro option but not a light rail option - given the importance of Symonds St to the bus network (but noting that a Queen St stop would not be far to walk).
- Neither Dominion nor Sandringham offers sufficient width to accommodate surface light rail while also retaining traffic lanes, footpaths and cycleways to an acceptable minimum standard and there is no space for landscaping or placemaking. (The design already assumes the removal of parking). Given the project needs to encourage active mode access to stops in order to generate patronage and requires well designed urban form to drive urban uplift; a surface light rail option would either need to widen the relevant road by acquiring land along much of one side of the road, or consider limiting vehicle access to residents and deliveries (which would enable the creation of a slow traffic shared environment).

Delivery entity

The Establishment Unit and partner agencies have worked collaboratively over a series of workshops covering the Delivery Entity scope, defining assessment criteria and commencing an assessment of options.

This work has been undertaken in parallel with the development of a preferred route and mode, urban development potential, funding, financing and procurement. As such, it is iterative in nature and we will continue to refine it.

As work has progressed, we consider that the focus of the business case and advice to Sponsors should reflect what is needed for successfully delivering CC2M and the objectives, rather than focused on entity form. Several entity forms could be optimised to deliver the project; what is more important is the functions, scope and governance of the entity.

Detailed governance principles and structures are currently being developed, including options for partnering agreements and assurance frameworks that will provide the robust framework to deliver this complex project and associated outcomes.

The Establishment Unit considers that there is likely to be a role for Waka Kotahi in the next phase. Management is preparing a paper for the Waka Kotahi board covering the broader Waka Kotahi aspiration with regard to mass rapid transit across New Zealand. We expect to bring this to the September board. In the meantime, management is working closely with the Establishment Unit to ensure that views are aligned.

Assuming Cabinet agrees to continue to progress the project, the next stage is critical to the successful and timely delivery of the project.

This next stage takes us through to the successful completion of the consenting process. This would involve further design, network and master planning, developing and implementing the consenting strategy developing the land acquisition strategy, development, implementation a procurement strategy and completing a Detailed Business Case (DBC), prior to going to market. This approach is consistent with best practice planning for successful project delivery.

Getting the right people, with the right expertise is critical to the success of this stage. Given the likely time it will take to establish and transition to the ultimate Delivery Entity, and to maintain momentum, we consider there is benefit in moving to an alternative interim construct as soon as possible after decisions have been taken by Cabinet (in early 2022). As noted in the Cabinet paper¹, a transition to a governance structure that is fit for purpose for overseeing the more technical phase of the project would be appropriate for this phase.

Our September advice will include a detailed transition plan, to allow Sponsors to understand how the project will be progressed following a decision by Cabinet.

Funding & value capture

In line with the IBC process, we have investigated a wide range of potential funding tools through consideration of a long list of funding options. This includes 23 project related funding sources and 12 system wide sources.

Short listed options remain broad and cover Crown, Council and commercial funding sources; existing and potential new tools; and value capture mechanisms. These range from more traditional funding sources (e.g. Crown appropriation, NLTF and farebox) to targeted rates, betterment levies, commercial leasing, advertising, strategic purchase and sale of land and sale of development or air rights.

We are further developing this shortlist to include a summary of each of the shortlisted options, including their application, beneficiaries, enabling legislation, implementation & collection mechanisms, domestic and international precedent, trade-offs and order of magnitude estimates.

We are working closely with the Waka Kotahi finance team and our September Board paper will include more detail on potential impacts on the NLTF.

Our value capture advice will provide greater clarity on the tools that are currently available, as well as those that may be worth further consideration. It will focus on providing advice on practical implementation considerations and consequences specifically in relation to this project. It will:

- identify beneficiaries at varying degrees (node specific, corridor and wider catchment);
- identify trade-offs and the potential intended and unintended consequences of using these tools (or not using them), including considerations around the interplay with urban development, equity and behavioural impacts;
- provide order of magnitude estimates;
- identify policy or wider tools that would be needed to enable these tools to be optimised (e.g. special housing zones); and
- case studies to bring to life how these tools can be used for this project.

There will be significant policy components to the ultimate decision and, to this end, we are working closely with Treasury, Ministry of Transport and other policy agencies, who see this as having a precedent effect for other mega projects.

Health & safety, customer/stakeholder & environmental impact

The impact of this decision is considered by Waka Kotahi to be neutral in terms of health and safety, the public and other stakeholders, and the environment.

The greatest risks and opportunities in this phase of the project relate to social licence.

¹ Paragraphs 68, 69

Related documents

City Centre to Māngere – next steps dated 24 February 2021

City Centre to Māngere Update dated 25 March 2021

Attachments

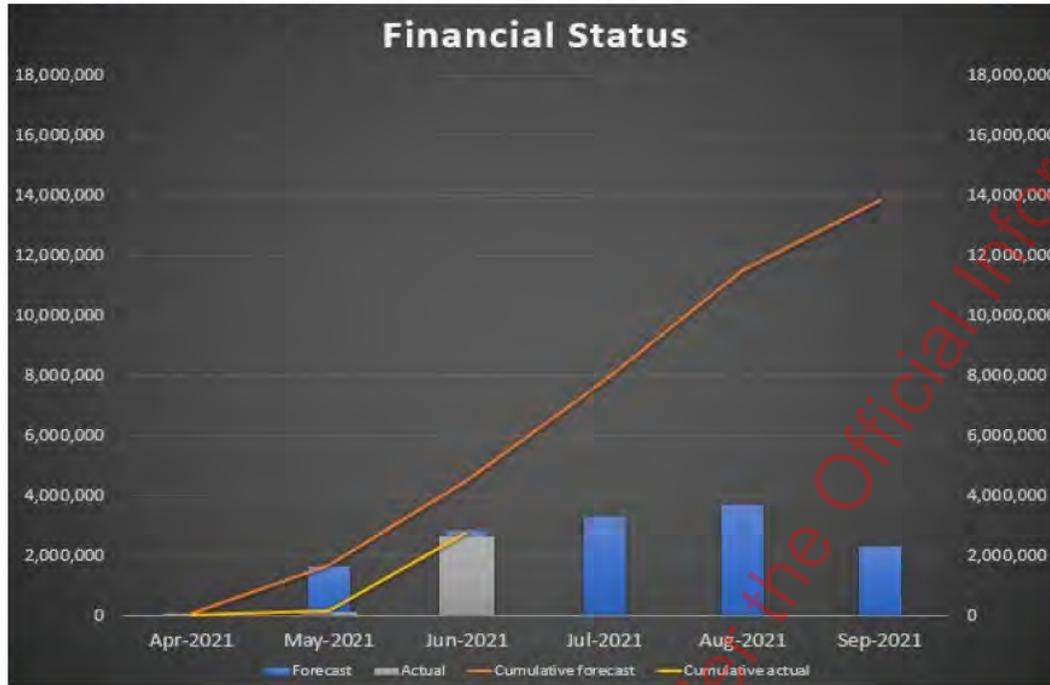
- Attachment 1** Commercial Summary
- Attachment 2** Stakeholder engagement
- Attachment 3** Emerging Shortlist Options

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Attachment 1

Commercial Summary

COMMERCIAL SUMMARY



	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Total
Forecast	\$ 55,040	\$ 1,705,035	\$ 2,912,349	\$ 3,430,416	\$ 3,856,889	\$ 2,370,441	\$ 14,330,170
Actual	\$ 9,594	\$ 122,948	\$ 2,641,999				\$ 2,804,541

Commercial Update for July 2021

Over 45 Suppliers engaged = \$14.3 Million (Up to 30 Sept 2021)

\$2.8 million of Invoices received to date

Invoicing 1 month behind forecast

50% of Contracts fully executed

Commercial Dashboard set-up, Commercials Reviews undertaken with Workstream leads.

Invoicing process and procedures (including vetting) have been set-up and being implemented.

Budgets re-aligned to support updated forecast baseline.

Forecast increased due additional Delivery Entity and Social Licensing Costs being allowed for: I.e. Additional cost for MoT, Project Director and Board Director Extensions, Engagement Scope increases (see Workstream Dashboards for detail)

Planned Activities

Monthly Commercial Reviews set-up between PMO team and Workstream leads to update their forecasts based on their increased knowledge of scope and intent.

Implementation of internal commercial reporting to support contract management, value for money and improved budgetary controls.

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Attachment 2
Stakeholder Engagement

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**Auckland
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Engagement Snapshot

July 2021

Key Feedback Themes:

City Centre

- Construction disruption and mitigation
- Integration with existing network
- Benefits of both modes



600+

feedback responses received

Balmoral/Sandringham/ Mt Eden

- Retain Sandringham heritage housing
- Support for public transport
- Frequency of stops in community



12

adverts and event tiles for sharing on partner social channels



62,000

brochures delivered

Mt Roskill

- Construction disruption and mitigation
- Urban renewal challenges and opportunities
- Te Auaunga Awa and environment



Print, radio, bus back/
bus shelters, digital



6,553

visitors to project website in first three weeks

Onehunga

- Opens up housing choices
- Support for public transport
- Desire for stop at Māngere Bridge



translations in **7** languages

We are hearing:



81% of people will use light rail

86% say reliable and frequent journey times is important

43% of feedback is from people outside the corridor area

Māngere/ Airport

- Local procurement initiatives
- Gentrification concerns
- Desire for route to go to town centre



7 community events



5 listening sessions



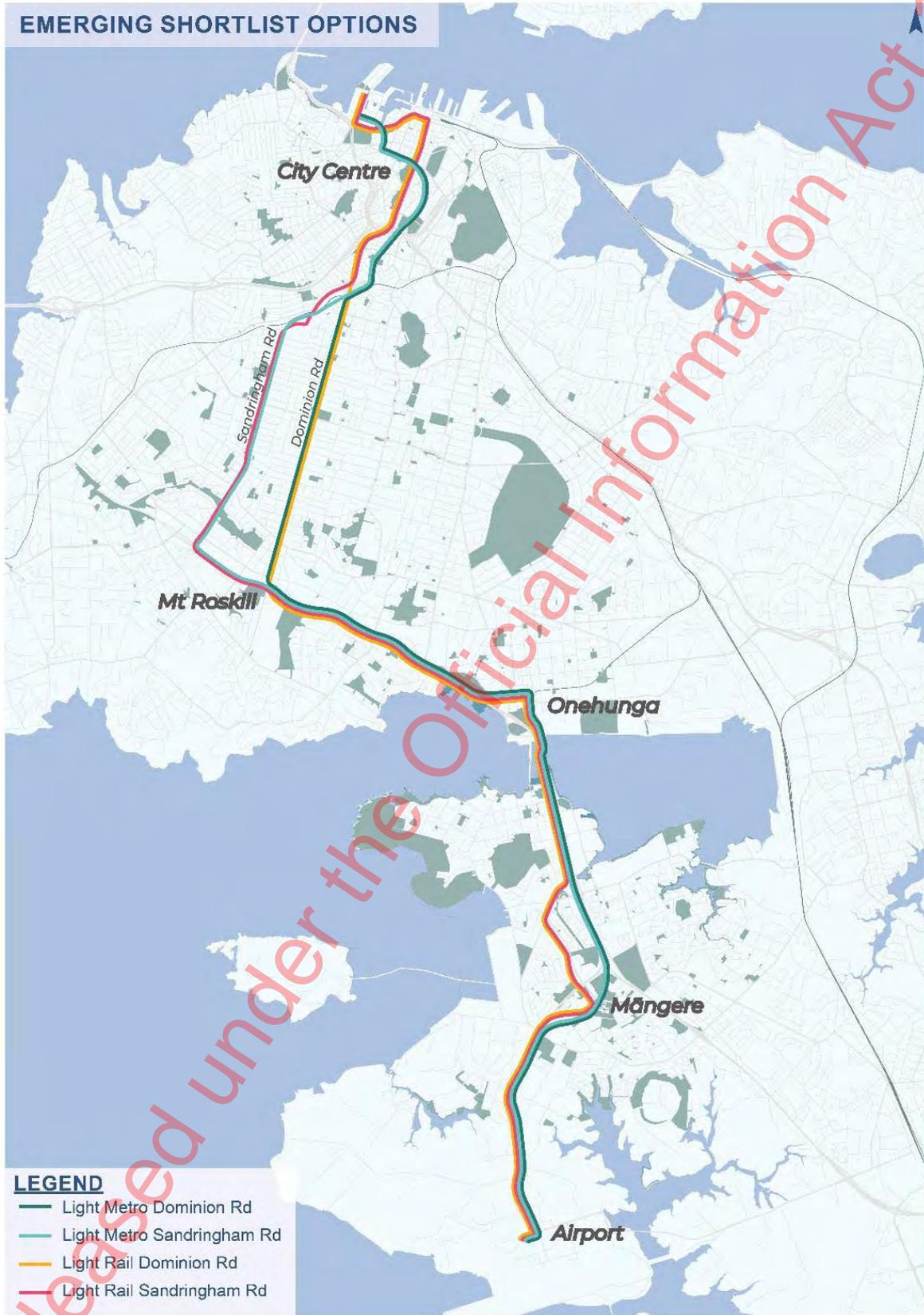
10

priority stakeholder briefings

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Attachment 3

Emerging Shortlist Options



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