

BOARD PAPER

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Meeting date:	8 May 2015
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Board function:	Significant planning and operational matters
Subject:	East West connections



PURPOSE

1. To seek the Board's approval of the preferred approach for the East West Connections project.



SUMMARY

2. In December 2014, the NZ Transport Agency Board considered recommendations on the preferred long-term option for the East West Connections project (Board paper 14/12/0887 refers). The Board noted that the emerging long term solution to improve access in and out of the Onehunga-Penrose industrial area is a complete staged link between SH1 and SH 20. The Board expressed support for this approach, but requested that the Transport Agency report back with the results of further work on staging options, option refinement (reclamation vs inland), cost refinement, and key stakeholder engagement.
3. Following further analysis, a full staged link along the northern edge of the Mangere Inlet between SH1 and SH20 (subject to achieving required demand and benefit thresholds), complemented by local network improvements, has been identified as the preferred approach.
4. The project could be completed in three stages (see Attachment 1). Progressing Stages 1 and 2 in the short to medium term will address the immediate issues at either end of the area. Timing and funding approval for construction of Stage 3 (which the draft business case suggests may be needed around 2035) will be subject to ongoing evaluation of demand and benefit assessment, and a funding assessment of value for money in the longer term.

5. The expected scheme cost of a full staged link is in the range of \$1,050 million (at the 50th percentile) to \$1,400 million (at the 95th percentile), with a benefit cost ratio range of 1.4 – 1.9.
6. We will report back to you in August 2015 with further details on staging options and the value for money assessment, as part of the Detailed Business Case.
7. Beyond this, the next phase of work is to progress planning and consenting for the preferred approach. Even at an accelerated pace, this is expected to take at least 18-36 months before any physical works can take place. The cost for planning and consenting is expected to be in the range of \$20 million to \$25 million over two years and with a forecast property cost in excess of \$100 million. Funding for the planning and consenting phase will be met from the existing NLTP allocation.



RECOMMENDATIONS

8. That the NZ Transport Agency Board:
 - a) **Approves** a staged complete link between SH1 and SH20 to the north of the Mangere Inlet as the preferred approach for the East West Connections project, to be taken forward for further public consultation and development of a Detailed Business Case; and
 - b) **Notes** that timing for Stage 3 of the project (to complete the connection west from Captain Springs Road to SH20 and the Neilson Street Interchange) will be subject to ongoing evaluation of demand and benefit thresholds.



BACKGROUND

9. As part of the Government's Auckland Accelerated announcement in 2014, funding was identified in Budget 2014 for the NZ Transport Agency and Auckland Transport to progress further investigations to determine the preferred scope and cost of the East West Connections project. The expectation was that the NZ Transport Agency would report back to the Minister and Treasury on the preferred option to inform funding decisions as part of Budget 2015.
10. The NZ Transport Agency and Auckland Transport have identified a recommended approach for consideration by their respective Boards. The approach recommends that a staged complete link between SH1 and SH20 to the north of the Mangere Inlet, complemented by local network improvements, is the most appropriate long-term response to address the problems currently experienced in this area as identified through the strategic business case.
11. In addition to the response for Onehunga-Penrose, the Transport Agency and Auckland Transport have also identified a recommended approach to improve public transport between Mangere, Otahuhu and Sylvia Park. The recommended approach includes bus and transit lanes and provision for cycleways to improve alternatives for east west local journeys through this part of the region.
12. In December 2014, the Board considered the recommended approach and expressed support for a complete staged link between SH1 and SH 20. However, before confirming the preferred approach, the Board requested further work be completed on potential staging options, option refinement (reclamation vs inland), cost refinement, and key stakeholder engagement.
13. In parallel, the Ministry of Transport has sought advice on the preferred option and projected cashflows for funding decisions as part of Budget 2015. This has been deferred until the 2016 Budget as the preferred option had not yet been agreed and confirmed by the Board.

OPTIONS

14. The strategic business case for the East West Connections project identified the key problems in the study area as being poor connectivity to the strategic transport network as well as an historic inability to respond to changes in the supply chain network. These are impacting on the overall productivity of the regional and national economies. The primary problems to be addressed by the current proposed investment are the bottleneck at the intersection of Onehunga Mall and Neilson Street at the State Highway 20 end, and the indirect route to State Highway 1 for vehicles travelling to or from the south.
15. The Board previously considered the case for a full link as the recommended option, based on the ability of that option to provide a long-term response, while best balancing the potential social, cultural, and environmental impacts.
16. Following further analysis, a complete staged link along the northern edge of the Mangere Inlet between SH1 and SH20 (subject to achieving required demand and benefit thresholds), complemented by local network improvements, has been identified as the preferred approach for the following reasons:
 - a) There are limited alternative corridors which provide for resilient direct and effective connectivity from the key industrial areas to SH1 and SH20.
 - b) One of the key project success factors is the ability to retain the access functionality. Local network options which increase volumes inherently create more conflict for accessing driveways and local roads along the Neilson/Church Street corridor. Only those options which provide an entirely new corridor are able to demonstrate enduring benefits over the longer term as they are not eroded by the creation of new capacity constraints.

c) Improving the access to Southdown further supports the commercial viability of rail-based freight, particularly for inter-regional movements.

17. Further work has been completed on staging options. This has identified that the project can be broken into three distinct stages for delivery (outlined in Attachment 1):

Stage 1 – Early works:

- create the new Galway Street connection and upgrade a section of Neilson Street; and
- widen SH20 at the western end.

Stage 2 – Initial works:

- Establish a new connection at the eastern end from Captain Springs Road to SH1.

Stage 3 – Later works (if needed):

- Complete the connection west from Captain Springs Road to SH20 and the Neilson Street Interchange.

18. Progressing Stages 1 and 2 in the short to medium term will address the immediate issues at either end of the area. Timing and funding approval for construction of Stage 3 (which the draft business case suggests may be needed around 2035) will be subject to ongoing evaluation of demand and benefit assessment, and a funding assessment of value for money in the longer term.
19. This approach includes reclamation of the foreshore along the length of the northern edge of the Mangere Inlet. This poses a significant consenting risk based on the policy challenges of the NZ Coastal Policy Statement and the Proposed Auckland Unitary Plan. However, through early engagement with iwi and the Department of Conservation, a more complete understanding of this risk has been developed. While reclamation presents a significant consenting risk, the environmental outcomes that could be achieved through reclamation in

this particular location could be significant and as such, iwi are currently in support of this option.

20. The proposed approach responds particularly well to the immediate access issues in the Onehunga-Penrose area for freight. Given the longer term projected growth of Auckland and the expected increase in demand between the Auckland Airport area and East Tamaki/Botany there will be a growing longer term regional response required to support growth and the resulting increase in regional movements across the city.
21. We will report back to you in August 2015 with further details on staging options and the value for money assessment, as part of the Detailed Business Case.
22. Further work will also be required in the longer term to understand the scale and timing of any future responses necessary to meet the growing demands on Auckland's strategic transport network. As part of this the Transport Agency and Auckland Transport teams are undertaking a piece of strategic work to ensure any future network connections between the East West Connections project and Auckland Manukau Eastern Transport Initiative will not be precluded by the preferred option.

FINANCIAL IMPLICATIONS

23. The expected scheme cost of a full staged link is in the range of \$1,050 million (at the 50th percentile) to \$1,400 million (at the 95th percentile), with a benefit cost ratio range of 1.4 – 1.9.
24. The financial case being progressed indicates that delivery of the full staged project within a ten year timeframe is not affordable with funding from the NLTF alone. This view is based on

the current mix of the forward capital works programme. A change in the forward capital works programme mix or additional sources of funding may change this view.



BUDGET REQUIREMENTS

25. Following Budget 2014, the Transport Agency undertook to report back to the Minister on the preferred approach to determine if the project could be included for Crown funding in Budget 2015. In order to meet their reporting timeframes to the Minister, Ministry of Transport staff sought advice from us in early February 2015.
26. As a preferred option for the project has not yet been confirmed, and given the level of uncertainty associated with the costs based on the current level of design and knowledge, we have not yet provided cost estimates to the Ministry. No capital spend will be required in the next financial year (2015/16).
27. The Minister has confirmed his agreement with this approach via a letter to the Chair of the Board, dated 25 March 2015. In accordance with the letter, the NZ Transport Agency will seek to close out the Detailed Business Case and report back to the Minister on the preferred scope and costs in August 2015.



NEXT STEPS

28. The next phase of work beyond the Detailed Business Case is to progress planning and consenting for the preferred approach. Even at an accelerated pace, this is expected to take at least 18-36 months before any physical works can take place. The cost for planning and

consenting is expected to be in the range of \$20 million to \$25 million over two years (based on recent experience of the Puhoi to Warkworth project) and with a forecast property cost in excess of \$100 million. Funding for the planning and consenting phase will be met from the existing NLTP allocation.

29. Part of the requirement for the Detailed Business Case is the development of a detailed procurement strategy. One of the key considerations for this strategy will be the ability of the professional services model to provide for the earliest possible construction start. Given the recent success of the Further North Planning Alliance, a collaborative model will be considered as one possible approach for this project.
30. Given the critical dependencies of the recommended approach with works on the Auckland Transport and Transpower networks, opportunities are currently being explored for how the coordinated approach that's been employed on the project to date might be further progressed through the planning and consenting stages.



RISKS

31. The potential for staging the delivery of the recommended approach has been discussed with several key stakeholders. Given the high priority of this project in the Auckland Plan, there is significant interest in the timely progression of the whole project and the nature of any staging which may impact on delivery. Expectations of some stakeholders are also high in light of the Government's inclusion of the project within the Auckland Accelerated programme.
32. The recommended staging strategy includes improvements to the local road network as part of the benefits package that could be achieved through the first stage. Given the overlap of state highway and local road improvements in the first stage, and the critical interdependence of

these improvements, there is a risk that if Auckland Transport funding is unable to align with Transport Agency funding for delivery of this stage, the expected benefits of the first stage may not be fully realised.

33. Transpower has three transmission corridors through the study area, including the nationally significant 220kV NaAN line which runs along the eastern edge of SH1 between Highbrook and Mt Wellington. Relocating and/or raising transmission towers in a densely urban area presents a significant risk from a consenting and property perspective. Delays in achieving the necessary consents and/or property to relocate the relevant assets could significantly impact on programme and cost.



COMMUNICATION AND ENGAGEMENT

34. In addition to the need for a complete response to the transport problem, ongoing engagement with tangata whenua has resulted in support from mana whenua for reclamation along the length of the northern foreshore. The driving factor behind mana whenua support is the perceived opportunity for potentially significant and long-lasting environmental benefits that may be achieved for the Manukau Harbour. Work is ongoing to understand what can be achieved through reclamation so as to try and manage expectations.
35. Pending confirmation of the preferred approach by the Board, the Transport Agency and Auckland Transport will undertake another round of public engagement on the preferred option. This will seek feedback on the preferred option and will allow further refinements to be made to the design. Engagement will include more focused conversations with key stakeholders.



ATTACHMENT

36. There is one attachment:

- Attachment 1: Staging Plan for the East West Connections project

RELEASED UNDER THE
OFFICIAL INFORMATION ACT

Attachment 1: Staging Plan for the East West Connections project

