

CONFIDENTIAL

ATOC Amalgamation Single Stage Business Case

Recommendations

That the Board:

- i. Approves the Single Stage Business Case for the Auckland Transport Operations Centre Amalgamation Project at a total estimated cost of \$6.4 million capex and \$1.09 million opex for amalgamation. This is to be split 'in principle' 50/50 between Auckland Transport and the NZ Transport Agency subject to a review of amalgamation cost apportionment through the detailed planning process.
- ii. Approves a resulting \$793,000 (4%) annual increase in ongoing operational costs that will be split 50/50 as per the existing partnering agreement.
- iii. Endorses the establishment of a transition team to deliver the amalgamation project.

Executive summary

1. Auckland Transport (AT) and the NZ Transport Agency (the Transport Agency) joint priorities are to enable customers to make informed choices about the way they travel and to optimise the Auckland region and upper north island's transport network *across all modes*. The purpose of this project is to enable those outcomes through amalgamating, integrating and expending the two current Auckland Transport Operations Centres (ATOCs) into a single, multi-modal ATOC located at Smales Farm.
2. Our existing ATOCs and partner agencies deliver their respective functions to a very good standard. However, these functions are currently delivered in a way that suits our operation, rather than being delivered in a way that best suits our customer needs.
3. Our customers expect us to manage their entire journey as they experience it – as one seamless journey. The current ATOC structure and physical dislocation fails to enable this because it does not support an integrated and coordinated multi-modal approach to managing the whole network. Speed and effectiveness of network optimisation and response to incidents is sub-optimal, and this particularly impacts public transport modes and freight.
4. ATOC amalgamation will deliver a number of benefits which will accrue equally to AT, the Transport Agency, and their customers. Of primary importance is the positive impact on the customer journey and customer experience across all modes, including all public transport modes and freight. Internal benefits arise from a more efficient and effective operating model and improved relationships with external stakeholders.

CONFIDENTIAL

Previous deliberations

5. The Customer Focus Committee previously discussed ATOC Amalgamation on 2 October 2017 at which time the Committee approved the development of this Single Stage Business Case.

Strategic context

6. The ATOC Amalgamation project aligns to a range of strategy documents including the Government Policy Statement on Land Transport (GPS), the Regional Land Transport Programme, ATAP, and the Transport Agency's and AT's statements of intent, through:
 - prioritising customer journeys and customer experience to deliver improved journey reliability and better travel information to support transport choice
 - operating and optimising the entire transport network as one connected and coordinated system to support reliable and connected urban and regional customer journeys
 - enabling better resilience – both operationally and in the transport network itself
 - improving safety on the network
 - improving relationships with stakeholders and partners to achieve joint outcomes
 - adopting creative, innovative approaches to improve operational efficiency, effectiveness and resilience
 - enabling future growth to meet demand – both organic growth and new transport modes
 - making better use of our existing assets through optimising the management of the transport network

Background

7. ATOC Smales and ATOC Central are jointly operated by AT and the Transport Agency and they have collective responsibility for managing the Upper North Island State Highway network and all other transport operations in the Auckland region – including all roads, Public Transport facilities, parking operations support, special events, etc.
8. ATOC Smales is located at Smales Farm in Takapuna and was originally established by AT and the Transport Agency under a partnering agreement and the governance of a Joint Management Board (JMB). ATOC Central is a separate centre that was established in downtown Auckland by AT alone to provide services not covered by ATOC Smales. ATOC Central has recently also moved under informal JMB

CONFIDENTIAL

governance and a common manager so the stage is set for amalgamation to eliminate the challenges inherent in physical separation and support an integrated and coordinated multi-modal approach to managing the whole network.

External Consultation/Engagement

9. Throughout the development of the Single Stage Business Case, the project team consulted extensively with internal (ie. AT and Transport Agency functions external to the ATOCs) and external partners, providers and stakeholders, and engaged key partners in co-designing the future ATOC functions and structures, and exploring opportunities for co-location. Key external stakeholders engaged were:
 - a. NZ Police
 - b. Auckland Motorway Alliance (AMA)
 - c. National Recovery Alliance (NRA)
 - d. KiwiRail
10. As a consequence of that engagement NZ Police are committing to increasing their Police Liaison Officer presence to 24/7 and co-locating their proposed Tāmaki Makaurau CCTV Unit within the ATOC, and AMA and NRA are both interested in co-locating resource in the ATOC. These are all initiatives that will reduce response times and increase response efficiency and effectiveness. At this time KiwiRail have not made a decision on the establishment of a joint rail operations centre or co-location with ATOC but the option remains open for them to lease adjacent space at Smales Farm.

Issues and options

11. The current ATOC organisation is structured around functional silos and delivers functional outputs rather than customer outcomes. The two centres provide complementary functions but they have different areas of responsibility, are physically separated, and have a number of different systems and processes, so operate in distinct silos. Both ATOCs also rely on external, and also siloed, AT, Transport Agency, and partner agency functions. Managing operations across different transport modes out of inter-organisational silos located across different sites and with multiple processes and systems is inefficient. It results in fragmented, sometimes slow, and less effective responses to incidents and optimisation opportunities because each ATOC focuses on its own functions and areas of responsibility rather than a “one network”, customer-journey-centric model that supports the way our customers travel.
12. A 2017 AECOM study reviewed international best practice for transport network operations and developed four potential options for improving the performance of the two ATOCs:
 - a. Virtual amalgamation – retain two locations with a single leadership structure

CONFIDENTIAL

- b. Amalgamate and integrate – co-located and integrated ATOC with a single leadership structure
- c. Amalgamate, integrate and expand – co-located, integrated and optimised ATOC with a single leadership structure
- d. Create a ‘Super TOC’ – an all-in super TOC modelled after the New York Emergency Operations Centre

13. Throughout the development of the Single Stage Business Case, the AECOM options were more fully developed. An evaluation framework was developed with nine criteria based on project objectives to deliver the potential benefits, those being:

- Improved customer experience
- Efficient and effective operating model – timely and responsive
- Improved decision-making
- Improved relationships between AT, the Transport Agency and third parties
- Value for money, resilient and sustainable
- Promotes safe environments
- Multi-modal
- Supports national standards
- Multi-disciplinary, integrated teams

14. Of the four options, Option C – Amalgamate, integrate and expand – was identified as being the preferred way forward, having the following characteristics:

- Enables multi-modal, multi-organisation transport operations
- Much better co-ordination between different functions and modes
- Improved integrated customer journey information provides informed decision making and reliability improvements for customers
- Expansion to include:
 - Enhance optimisation capacity by increasing existing capacity and capability in traffic engineering and signal operations
 - Introduce planned works function for coordination of disruption caused by planned maintenance and construction projects
 - Better integration with Police and road network support providers
 - Police commitment to 7 day/week coverage and increased presence including permanent Police Liaison Officer

CONFIDENTIAL

- Ability to include further future functions as/when required
- Co-locating existing and new functions with a modest headcount uplift (11 net uplift)
 - Amalgamating Smales (67 existing FTE), Central (19 existing FTE), transferring accountability for ITS asset management out of ATOC (7 FTE) and introducing new positions and functions (11 FTE) – 108 total staff in the amalgamated ATOC
 - Additional capacity added to traffic signal operations team to meet increasing demand for real time optimisation
 - Establishing a 'Planned Works' function to improve planning for and managing impact of planned works, maintenance and capital construction projects
 - Ability to upskill existing staff adding to resilience
- Increase in space required
 - Smales Farm lease has already been extended and expanded by the Transport Agency
 - Amalgamation not physically possible in ferry terminal building (current ATOC Central), hence decision to extend at Smales
 - Ferry terminal building owned by AT; no rent paid, all opex for facilities covered by AT Facilities and AT METRO
 - Hence increase in rent and opex to accommodation larger footprint at Smales

NOTE: Various teams within AT already seeking to bid for space vacated by ATOC Central at the Ferry terminal
- Standardise processes and systems over time
- Improved Resilience (Business Continuity and Disaster Recovery)
 - Existing Auckland Harbour Bridge site backup for Smales and ad-hoc AT Viaduct backup for Central does not provide a current viable DR capability, and it will not support future amalgamated ATOC needs
 - To support continuity of all *critical* ATOC functions through the most likely DR scenarios – a localised utility outage or building/site evacuation impacting Smales Farm – as well as less likely Region-wide scenarios, a local (Auckland) hot backup site that can be activated within 1 hour will be established
 - Propose utilising space at AT Albany Hub (pending technical evaluation)

15. The cost of implementing this option has been estimated at \$6.4 million capex and \$1.09 million opex.

16. Amalgamation costs to be split 50/50 between AT and the Transport Agency (in principle), subject to a review of amalgamation cost apportionment through the detailed planning process as it may be more appropriate for specific costs to be allocated to a single organisation.

CONFIDENTIAL

17. Ongoing annual operating cost following amalgamation is estimated as \$21.4 million per annum. This reflects an approximate \$793,000 (4%) increase over the current combined AT/Transport Agency ATOC opex budget. The increase will be split 50/50 as per the existing partnering agreement.
18. The increase in direct costs (eg. Police personnel and systems) associated with the greater Police presence in the amalgamated ATOC will be met by Police.
19. Funding
 - RLTP has committed capex funding for ATOC Amalgamation of \$6.3m
 - The Transport Agency currently has no specific capex allocation for the amalgamation however estimated spend is within CE delegation
 - AT opex spend has been included in bid for FY19/20; the Transport Agency's share to be met through NLTF
20. Notable financial risks
 - Different staffing requirements following detailed organisation design
 - Implementation cost overruns – capex eg. fit-out more costly, additional IT costs, unforeseen costs at Central
 - Implementation cost overruns – opex eg. higher proportion of out-sourcing for transition team (due to internal capacity/capability)

Next steps

21. The critical end milestone for amalgamation is readiness for the America's Cup and APEC in 2021. In order to minimize change risk and maintain operational effectiveness during the amalgamation, the physical amalgamation and process improvement of ATOC will be phased. The initial phase will deliver the physical amalgamation of ATOC Central and ATOC Smales during 2019, and will include:
 - appointing the Transition Manager, recruiting and establishing the transition team
 - establishing and planning project workstreams and overall programme planning and governance
 - consulting with ATOC staff and finalizing the future organisation structure, roles and responsibilities
 - executing the restructure and organisational change
 - recruitment of new roles
 - reorganisation/re-fit of the Smales facility




CONFIDENTIAL

- physical relocation of all ATOC people and functions to Smales before the end of calendar year 2019.
22. The second phase will deliver incremental business process and technology improvement throughout calendar year 2020 until a change freeze is implemented in late 2020 for the duration of the America’s Cup and APEC.

Attachments

Attachment Number	Description
1	ATOC Amalgamation Single Stage Business Case - <i>document uploaded to the Resource Centre in Boardbooks, please click on the link</i>
2	ATOC Amalgamation Business Case Summary Deck - <i>document uploaded to the Resource Centre in Boardbooks, please click on the link</i>

Document ownership

Submitted by	Rua Pani Manager ATOC Smales & Central	
Recommended by	Andrew Allen Executive General Manager Service Delivery	
Approved for submission	Shane Ellison Chief Executive	

CONFIDENTIAL

Glossary

Acronym	Description
AMA	Auckland Motorway Alliance
AT	Auckland Transport
ATAP	Auckland Transport Alignment Plan
ATOC	Auckland Transport Operations Centre
ITS	Intelligent Transport Systems
FTE	Full Time Equivalent (employee)
NRA	National Recovery Alliance
RLTP	Regional Land Transport Plan