

NorSGA – Approval to Make Payments Under Auckland Council Agreements

Glossary

Auckland Council	(AC)
Auckland Transport	(AT)
Cost Sharing Agreement	(CSA)
Infrastructure Funding Agreement	(IFA)
New Zealand Retail Property Group	(NZRPG)
Plan Change	(PC)
Works Development Agreement	(WDA)

Executive Summary

The purpose of the paper is to provide the AT Board with an update on payments made to AC for transport related construction works that are being undertaken for the Massey North Town Centre and to seek approval to raise purchase orders to cover the cost of the remaining works.

Recommendations

It is recommended that the Board:

- i). Receive the report
- ii). Approve expenditure from AT budgets to complete the work to be performed under the NorSGA development agreements (IFA, WDA1, WDA4).

Strategic Context

Massey North is identified as a key area for development intensification within the Auckland region. It will provide 8,700 new jobs and 1700 new homes over a 157 hectare development. To facilitate development, AC has entered into agreements with the developer to provide the necessary infrastructure including transport elements.

Background

At the Board meeting held in November 2011, approval was given to incur expenditure against the development agreements to a maximum value of \$12.6 M. Approval to expend further budget on the balance of the development works was deferred pending the outcome of an independent commercial review of the development agreements by Meredith Connell.

A summary of the review has only recently been made available to AT in the form of a report prepared by AC officers to the June meeting of AC's Regional Development and Operations Committee (an extract from the report is included as Attachment 1). The report notes that:

“Meridith Connell generally concludes that the suite of arrangements entered into with NZRPG observed appropriate principles of legality and probity.”

Approval is now sought for expenditure to be made from AT budgets to complete the work as detailed in the following table.

	Previous Value of Agreements	Revised Value of Agreements
IFA	\$11.2M	\$11.95M
WDA1	\$8.374M	\$6.2M
WDA4	\$10.254M	\$10.6M
Total	\$29.828M	\$28.75M

As can be seen from the table, the value of each agreement has changed from the figures advised previously. In the case of the IFA, consultant fees have now been determined and are included in the revised value. In the case of the WDAs, previous values were based on costs derived at the detailed design stage of the project. Now that construction is well advanced, the WDA values have been updated to reflect the actual cost of the work items that have been awarded to the contractor.

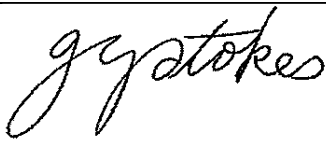

As approval of expenditure up to \$12.6M was given at the November 2011 Board meeting, approval is now sought for further expenditure to complete the works.

Next Steps

Subject to Board approval of this paper, purchase orders will be raised for a total amount of \$16.15M which will allow AC to recover transport related costs from AT as the development works progress to completion.

Attachment

Attachment 1 – Extract from report to June meeting of the Regional Development and Operations Committee.

WRITTEN BY	John Stokes Project Leader - NorSGA	
RECOMMENDED by	Dr Kevin Doherty Chief Infrastructure Officer	
APPROVED FOR SUBMISSION by	David Warburton Chief Executive	