

AGENDA ITEM 20 BOARD DECISION PAPER	
To:	Board
From:	Mark Lambert, EGM Integrated Networks
Reviewed:	Dean Kimpton, Chief Executive Officer
Date:	16/11/2023
Title:	Rosedale Station and Road Widening Construction Procurement

Aronga / Purpose

- To approve financial delegation from the Auckland Transport (AT) Board (board) to the Chief Executive to allow timely procurement plan approval, tender release, tender evaluation report approval and contract award of the Rosedale Station and Road Widening Construction Procurement project (project) physical works.

Tuku mana / Delegation

- Board approval is sought under Delegated Financial Authority (DFA) 2.1, 2.2, 2.3 and 2.4 as the physical works contract value(s) will exceed \$20.0M.

Te tūhonga / Recommendation

That the Auckland Transport Board (board)

- Delegate financial authority to the Chief Executive for procurement plan approval, tender release, tender evaluation report approval and contract award of the project physical works, subject to funding in the Long-Term Plan.

Te whakarāpopototanga matua / Executive summary

- In June 2022 the board approved a recommendation to remove the project from the Northern Corridor Improvements (NCI) alliance due to concerns over

cost increases. The approved budget at that time was \$146.1M, \$80.3M of which was associated with the Rosedale element of the NCI. In July 2023 the completed project design documentation was transferred from Waka Kotahi New Zealand Transport Agency (Waka Kotahi) to AT and AT is currently procuring a designer to assess the NCI design and complete any remaining design works required. An updated detailed cost estimate will be conducted following this exercise, prior to initiating physical works contractor procurement.

- Delegating financial authority from the board to the Chief Executive for physical works procurement of the project will enable efficient and swift physical works contractor procurement.
- The contracts to be awarded are estimated to be in the region of \$21.0M for the road widening works and \$36.0M for the station works and form part of a total remaining project estimate of \$81.1M including remaining design, management, surveillance and quality assurance (MSQA), internal costs and project contingency.

Ngā tuhinga ō mua / Previous deliberations

Date	Report Title	Key Outcomes
September 2021 Board	Northern Corridor Improvements – Cost Adjustment	Approval for additional \$29.3M budget to deliver Rosedale Station and Road Widening works under the NCI Alliance contract.
June 2022 Board	Northern Corridor Improvements (NCI) Rosedale Road and Station	Approval of recommendation to remove the Rosedale Station and Road Widening works from the NCI Alliance due to a further escalation of costs by \$18.0M. AT to pursue other procurement options than the NCI Alliance.

<p>October 2023 Design and Delivery Committee (committee)</p>	<p>Rosedale Station and Road Widening Construction Procurement</p>	<p>The committee:</p> <ul style="list-style-type: none"> • Endorsed the report's recommendation to delegate financial authority from the board to the Chief Executive. • Did not endorse the request to increase the approved budget from \$146.1M to \$147.8M. The project is to seek to deliver within the existing budget and contingency. <p>The committee noted that the design review will include identification of opportunities to reduce costs, acknowledging that these opportunities are limited by the extent of works already completed by NCI.</p> <p>Accordingly, the request for additional funds was removed from paragraph 1 (Purpose), paragraph 5 (Executive summary), the Recommendation, paragraph 11 (Background) and paragraph 19 (Financial and resource impacts).</p>
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Te horopaki / Background

6. In June 2022 the board approved a recommendation to remove the project scope of works from Waka Kotahi's NCI Alliance due to an estimated \$18.0M of additional costs with low confidence that further cost increases could be avoided. This recommendation was informed by independent estimates which were unable to substantiate value for money on the NCI estimate, attributed

primarily to NCI's high management overhead costs and margins due to their alliance structure. Instead, AT was to explore alternative procurement options, i.e., to deliver the project directly to reduce overhead costs.

7. Prior to this, in September 2021 the board approved a \$29.3M budget increase on NCI's \$116.8M budget, taking the approved budget for all NCI works to \$146.1M, \$80.3M of which relates to the Rosedale project works. Following the decision in June 2022 not to approve the additional \$18.0M requested by NCI, the approved budget remains at the September 2021 figure.
8. In July 2023 Waka Kotahi and AT agreed the transfer of the project and AT received design documentation, including approved building consent drawings. AT is procuring a designer to review the design documentation received and complete any gaps, as well as produce design documentation for elements known to be incomplete in the NCI design, such as exterior stairs.
9. Responsibility for maintaining the project site has been transferred from NCI/Waka Kotahi to AT, including ownership of some physical works, such as exterior stair piles, previously completed by the NCI Alliance. In total, \$66.7M of the approved project budget of \$146.1M has been spent on NCI works, leaving \$79.4M budget remaining.
10. \$81.1M is considered sufficient to deliver the remaining works and is derived from a previous cost estimate produced in May 2022 and adjusted by a more recent design phase engineer's estimate from August 2023. The estimate contains 19.4% cost risk contingency. However, an updated cost estimate and contingency calculation will be completed as part of the design review process. Following this, the physical works tender will be issued, responses evaluated and contract awarded. This may be a single physical works contract for all of the project works, or may consist of two contracts, one for the station works and one for the road widening works. In either case, the contract values are expected to exceed \$20.0M and require board approval.
11. To expedite procurement, the board is requested to delegate financial authority for this procurement to the Chief Executive. Should the updated estimate indicate costs will exceed this revised budget, a subsequent board decision will be requested.
12. The project submission for the next Regional Land Transport Plan (RLTP) beginning next financial year aligns with this estimate of \$81.1M to complete the remaining works.
13. The project is included in the Long-Term Plan (LTP) base bid.



Te hononga ki te “Statement of Intent 2023 - 2026” / Alignment to Statement of Intent 2023 - 2026

14. The board decision request aligns to the Statement of Intent 2023 – 2026 principles by facilitating the cost-effective and efficient implementation of a design that was consulted upon across a wide range of stakeholders and partners, with a benefit that will be recognisable to impacted users. The design balances immediate and future Auckland needs and is part of AT’s core business as road controlling authority and public transport provider. The project leverages existing Rosedale Road and northern busway assets and the procurement is structured to provide improved value for money and affordability by delivering the project directly and not through the NCI Alliance.

Me mōhio koe / What you need to know

15. Procurement plan approval for physical works will be sought in late 2023/early 2024. This procurement will consist of two tenders, one for the station works and one for the road widening works, with the option to tender for both packages. This is anticipated to reduce costs associated with a building contractor sub-contracting civil works or vice versa, which increase management overhead costs. Some larger suppliers undertake both civil and building contracts and would wish to tender a combined offer which would not include this ‘margin on margin’ cost.
16. Contract award would be targeted for June/July 2024. To enable a smooth transition between the delegated financial authority tasks of procurement planning, tender release, tender evaluation approval and contract award, delegation from the board to the Chief Executive is necessary.
17. The key risk is that the updated cost estimate following review and completion of the NCI design indicates that the approved budget will be exceeded. This is mitigated by the request to increase the approved budget to align with the current Project forecast which includes a 19.4% cost risk contingency. Should the risk occur, it will be most likely due to construction industry cost escalation or to issues discovered during the review of the NCI design. If this risk occurs, a subsequent board report to address this issue and seek additional funding will be required.

Ngā ritenga-ā-pūtea me ngā rauemi / Financial and resource impacts

18. The project is estimated to cost \$81.1M to complete, spread over the current financial year and coming three-year RLTP period. This estimate includes 50th percentile project contingency and, while RLTP funding will not be confirmed until mid-2024, this RLTP profile has been endorsed to AT Planning and Investment by the Investment Programme Steering Group – Grow PT and Shared Mobility in August 2023:

Project	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Rosedale Station	2.0 m	9.9 m	23.8 m	15.1 m
Rosedale Road Widening	0.1 m	15.8 m	14.4 m	0.0 m

19. The current board-approved budget for NCI Alliance works is \$146.1M. The current forecast of \$147.8M is above this budget. Note that the current estimate is approximately \$16.0M below the NCI Alliance estimate considered by the board in June 2022. An updated cost estimate will be completed in early 2024 following completion of a review of the NCI Alliance design, at which point an increase on the September 2021 approved budget may be required, noting the goal of delivery significantly below the NCI Alliance estimate for the Project remaining works of \$98.3M is still highly achievable.
20. Waka Kotahi has approved funding through the prior agreement process for \$146.9M (\$155.2M including admin costs) in November 2021. They are aware of the previous cost increases indicated by the NCI Alliance request to increase the budget by a further ~\$18.0M. A Cost Scope adjustment request for funding will be sought in early 2024 upon completion of the gap analysis, remaining design development and updated cost estimate, if required.

Ka whaiwhakaaro ki te Tiakanga Taiao / Climate change and sustainability considerations

21. Rosedale Station will improve public transport connectivity and reduce transport emissions by encouraging modal shift from private car to public

transport. In addition, the new station connects to recently completed cycleway provisions on the northern busway and the road widening works include new shared path improvements and cycle parking to encourage increased active mode use.



Ngā whakaaweawe atu anō / Other impacts

Relationship	Consulted Y/N	Views and Perspectives Received
Māori	Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	<p>Mana whenua were consulted during the NCI design of the project and AT will shortly re-engage with mana whenua to update them on progress.</p> <p>The station design includes mahi toi elements and mana whenua are considering gifting a name for the new station.</p>
Elected members	Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	<p>The project liaises with the Upper Harbour Local Board and met with their representatives most recently on 6 July 2023.</p> <p>They are generally supportive of the project, with some concerns around the effect on local business parking. A parking study has been agreed and will commence prior to opening of the new station, and the project will liaise further with the North Harbour Business Association on this matter.</p>
Council Controlled Organisations	Yes: <input checked="" type="checkbox"/> No: <input type="checkbox"/>	Building and resource consents were obtained by NCI from Auckland Council.

Ā muri ake nei / Next steps

- The project is currently completing a review of the design documentation received from NCI to identify any gaps and completing the design and building consent approvals for undesigned elements, such as the exterior stairs. This is anticipated to be complete by April 2024.
- Procurement of a physical works contractor will run until June/July 2024 and construction is estimated to run from mid-2024 until mid-2026.

Te pou whenua tuhinga / Document ownership

Submitted by	Recommended by	Approved for submission
<p>Mark Banfield Group Manager Infrastructure Project Delivery</p> 	<p>Mark Laing Executive General Manager Finance</p> <p>Mark Lambert Executive General Manager Integrated Networks</p> 	<p>Dean Kimpton Chief Executive</p> 