

**QLDC Council
28 January 2021****Report for Agenda Item | Rīpoata moto e Rāraki take : 5****Department: Property & Infrastructure****Title | Taitara Queenstown Transport Business Case****PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

- 1 The purpose of this report is to seek Council's endorsement of a suite of interventions forming part of an integrated transport network across the Wakatipu Basin.

EXECUTIVE SUMMARY | WHAKARĀPOPOTOTANGA MATUA

- 2 The Queenstown Transport Business Case (QTBC) is a key enabling project within the District's forward transport programme. It continues the suite of Masterplanning and Integrated Transport Programme Business Cases, by progressing a range of interventions (projects) in the short, medium and long term. The planning and the programme are maintained on a rolling basis, to align with changing needs of the District and funding rounds of the joint investors.
- 3 The QTBC is a Way To Go project, which is a collaboration between QLDC, Otago Regional Council (ORC), and New Zealand Transport Agency / Waka Kotahi (WK). Approvals are being sought through all three partners between January and March 2021.
- 4 This business case identifies a total indicative investment in the District within ten years of:
 - a. \$151 million – QLDC
 - b. \$119 million – QLDC and Crown Infrastructure Partnerships
 - c. \$107 million – New Zealand Upgrade Programme (WK)
 - d. \$26 million – WK (100% funding)
 - e. \$269 million ORC

Note - Funding assistance, at approximately 50% will also be provided by WK in addition to the sums above, for some projects.
- 5 Projects include:
 - a. Town Centre – Arterial Stage 1 and Street Upgrades
 - b. SH6A Corridor Improvements (Public Transport priority and intersection improvements)
 - c. SH6 Ladies Mile Corridor Improvements (Public Transport priority and intersection improvements)

- d. SH6 Improvements (Public Transport priority, upgrade to the existing Frankton bus hub)
- e. Other infrastructure – Stanley Street bus hub, Arterial Stage 2 and 3, increased active mode activity.
- f. Public Transport services (Enhanced Public Transport fleet).
- g. Travel behaviour change (Travel Demand Management (TDM) and Parking Management).

RECOMMENDATION | NGĀ TŪTOHUNGA

That Council:

1. **Note** the contents of this report;
2. **Endorse** the Queenstown Transport Business Case;
3. **Authorise** officers to complete further works on elements of:
 - a. New Zealand Upgrade Programme
 - b. Crown Infrastructure Partners projects
 - c. Travel Demand Management
 - d. Public Transport Services
 - e. Shotover and Stanley Street Improvements
 - f. Queenstown Town Centre Street Upgrades Stage 2
 - g. Queenstown Arterial Stages 2 and 3
 - h. Stanley Street Bus Hub Stage 2
 - i. Frankton Bus Hub

[as identified in Attachment B]
4. **Direct** that Council receives annual updates on these projects.

Prepared by:



Tony Pickard
Transport Strategy Manager

12/01/2021

Reviewed and Authorised by:



Pete Hansby
GM Property and Infrastructure

13/01/2021

CONTEXT | HOROPAKI

- 6 The Queenstown Transport Business Case (QTBC) is the culmination of the main strategic planning phase for the Wakatipu. Business cases involving the collaboration of transport partners has been progressed since 2014, more recently under the Way To Go (W2G) banner. The Business Case Approach (BCA) has been adopted, both as an investment tool for Local and Regional Council's as well as a prerequisite for funding assistance from WK.
- 7 The suite of interventions proposed in the attached documents identify the most practical, affordable approach to both solving the known transport problems, whilst achieving high levels of alignment with a complex and dynamic developing environment. The need for integration of significant elements with each other, and with known and planned land use, public and private development, must be acknowledged as a best fit approach rather than a perfect match. This position has been reached through thousands of man hours that have been expended so far, by staff, partners, stakeholders, consultants and the community. If approved by each of the partner organisations, the projects will continue from the planning phase to the design and construction phases (subject to funding) initially through the Wakatipu Transport Programme Alliance (WTPA).
- 8 The QTBC is a direct extension of the programme level business cases previously approved by Councilⁱ and should also be considered in conjunction with the similarly approved Wakatipu Active Travel Networkⁱⁱ, which was advanced to take advantage of funding opportunities and is now in the detailed design phases of the first interventions.
- 9 The QTBC is before Council at this stage in its progression, to seek ongoing approval. It will not be the final business case, as the strategic transport programme is a rolling approach, but it will be the guiding document for the next three and a half years.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 10 The documentation included as attachments are substantive, and set out the requisite elements of the BCA which are summarised in **Attachment A**.
- 11 As indicated above, the effectiveness of the BCA process that is used by WK has been significantly tested by this project and the outcomes will be viewed slightly differently for each investment partner. WK officers are content with the document and its outcomes, while QLDC officers (and ORC) believe that although the overall suite of interventions is correct, more work needs to be completed to fully support the commitment to this level of investment. In order to complete the full understanding of the later interventions, in parallel to detailed design and construction, areas for further work have been discussed within W2G and included as **Attachment B**.
- 12 Further work comprises:
 - a. The QTBC comprises elements of both Single Stage and Detailed Business Cases. These have a common final gateway in that the level of detail required should be sufficient to allow the investor to make decisions on each intervention, or the combination of all of the interventions. These interventions should be clearly and fully

explained through a robust evidence based and optioned process. Some of the elements fall short of this level of detail.

- b. The assurance phase has not been accurately presented in the document, as no technical peer review has been carried out on the completed physical intervention elements as a whole. QLDC officers completed an early internal review, assisted by consultant teams from AECOM and ARUP, which was shared with the project team. This work does not meet the expectations of a technical peer review and although improvements have since been made, these have not yet been assessed to a level that provides certainty. This can be rectified by addressing work bundles individually.
- c. The QTBC-identifies three pillars - hard infrastructure, behavioural change and Public Transport services. Currently the majority of the interventions for hard infrastructure within the first funding cycle 2021 – 2024 are the most advanced. These include the CIP and NZUP projects, however a level of technical review is still missing which is proposed to be provided through the Engineering Challenge Group process within QLDC.
- d. The behavioural changes (TDM / Parking Management) pillar is incomplete. This is not yet sufficient to fully understand costs, scope of individual tasks and triggers for monitoring. On the busiest time of the busiest day of the year, on the busiest section of the network (Frankton Road) a mode shift of 40% is required by 2028 and 60 % by 2048. Physical infrastructure changes will not be sufficient to force this. This level of mode shift will require a detailed system of interventions supporting increased levels of service for active travel and public transport. Officers do not consider a separate business case is required, but limited further work is needed, which will also inform the Queenstown Mode Shift Plan.
- e. The level of investigation into the use of technology to control and manage the transport network, has not been completed to a DBC level. Reference to technology, including discussion around a Queenstown Traffic Operations Centre has not involved QLDC or ORC officers and is only been informed by the project consultants and WK officers. QLDC are particularly interested in SMART operations and need confidence that the recommended approach is correct.
- f. The staging of the Queenstown Arterial has also not been fully explored as is required by the scope of the QTBC, although all stages are included. QLDC have always considered the route as one project, and key to the Masterplan for the town. The QTBC has broken the Arterials Project into stages at the request of WK to satisfy their investment processes and conditional approval of earlier business cases. The CIP funding has advanced stage 1 – Melbourne to Henry, with stage 2 (Henry to Hay) and 3 (Glasgow to One Mile) to follow. The section of the arterial between Hay St and Glasgow St will be upgraded as part of the improvements to the town centre that are being co-delivered with the Lakeview infrastructure works and therefore do not form part of the DBC. With the Lakeview section being completed separately, possibly contemporaneously with stage 1, stage 3 may be more appropriate to follow, in 2024 – 2027. Sequencing must be agile, as this would also not only provide continuity of work in the local economy (and for the WTPA) but be more efficient in terms of

economies of scale when considered with 3W projects along the same route. As the route is considered one element and intrinsically tied to the growth of the town, funding assistance from WK is required.

- g. The recommended programme also identifies elements that are further out or not as clearly detailed, meaning that the investment story that follows in the future could be improved, by taking the following actions;

- i. Frankton PT Interchange is anticipated as not being required until around 2040. However, there is little information on the scope of this element, only a very high level concept plan and location on the existing golf course site adjacent to SH6. If this is critical to the future transport network then sufficient detail should be provided to allow contiguous developments (including QEC Masterplans) to be developed. As the site is currently within Reserve however, a level of protection exists.

Note – the existing interchange will be upgraded as part of the NZUP work, which will allow capacity for PT until the interchange is required.

- ii. Queenstown PT interchange - Stanley St through Athol to Beach St is a critical connection between a number of transport modes. The level of detail contained within the QTBC is insufficient to provide certainty in terms of design, costs and sequencing. The facilities' importance to the town centre operations and the need to understand how it will interface with Project Manawa requires more detail from the QTBC.

Note – the existing Stanley St hub will be improved to accommodate short – medium term capacity.

- iii. Queenstown Town Centre Street Upgrades phase 2 extends beyond works currently being designed / constructed under the CIP work-streams. Phase 2 will complete the Pedestrian Priority aspects of the town centre improvements. Works undertaken to date on the CIP projects has highlighted significant gaps between the level of information provided by the QTBC and that actually required to design the project. Phase 2 projects are likely to face the same challenges-

- iv. It is acknowledged that there are further detailed design phases through the pre-implementation and construction phases. However, for investors to have confidence, each intervention must be fully and clearly explained by the DBC level business case. Gaps in understanding may mean significant issues in areas such as funding / affordability, consenting, integration with other projects, sequencing, linkages in current and future investment stories.

- h. Despite the above gaps, QLDC officers consider that the business case can be supported in principle, subject to further work. This is because the overall approach has significant benefits and addresses the investment objectives as follows:

Investment Objective	Summary of performance (sample KPIs)
Provides more efficient and reliable access for people and goods	<ul style="list-style-type: none"> • Greater than 100% increase in corridor people movement capacity for SH6A by 2028 • Greater than 20% improvement in travel time for public transport users, network wide by 2028 • Unlocks \$670m to \$1.2 billion of economic growth in Queenstown over 60 years
Adaptable to change and disruption	<ul style="list-style-type: none"> • Infrastructure provides flexibility to operate a scalable PT service • Investment in alternative modes improves travel choice • Future offline corridor improves resilience of Frankton to Queenstown journey
Enhanced livability and quality of the natural and built environment	<ul style="list-style-type: none"> • Improvements in amenity across the town centre contributes to \$143m of wider economic benefit over 60 years • 15% reduction in traffic emissions by 2048
Enhances safety with a goal of vision zero	<ul style="list-style-type: none"> • Targeted intersection safety improvements • Economic analysis indicates safety benefits of up to \$31m over 60 years

13 It is important to understand that it is the overall, integrated network approach that will achieve these outcomes and not necessarily individual elements, despite size or relative cost. The programme is a whole, and each project contributes to a consistent overall direction for improvement and change. Invariably there will need to be decisions and changes that will create debate and be examined in detail, and will be through individual processes. The focus of the DBC is to provide an overarching agreed direction and programme, to allow the detailed network implementation to be developed from. Similarly, additional work-streams including business cases for Park and Ride, Arthurs Point Crossing, Designation of the Arterial (all due completion by March 2021) and ongoing inputs to Spatial Plan, Ladies Mile, Southern Corridor, Mode Shift Plan, Parking Management and Facilities must all be considered as part of the forward planning picture.

14 The documents contain a number of references to COVID-19 and discuss the pre and post growth. As well as a number of other effects, the affordability of the transport partners investment programmes has to be pragmatically approached. With LTP, RLTP, NLTP’s all still in train, it is acknowledged that the significant investment through NZUP and CIP will consume the available funding and industry and Council resources for 2021 – 2024. Crucially it is anticipated that return to the current growth will occur in the short to medium term. The opportunity therefore exists to continue to progress projects through planning stages, including design stages, in anticipation of improved affordability. The progression of all projects / phases is subject to funding availability from each of the

partner organisations. Halting the programme now would be inefficient but continuing to progress projects to an advanced stage, and continuing to seek further funding opportunities would be appropriate.

15 Options for progression are limited, given the existing commitments to the CIP and NZUP work-streams. Given the substantial disadvantages of not proceeding, there is no practical do nothing option.

16 Option 1 Defer approval of the QTBC and direct officers to complete all elements before seeking Council approvals.

Advantages:

17 Greater certainty around costs and timings for the wider programme.

Disadvantages:

18 Delays may affect the inclusion of projects in funding programmes such as LTP /RLTP/NLTP.

19 Creating uncertainty for landowners, developers investors, as well as failing to provide a clear direction of travel and planning for the future.

20 Additional work may be required as new projects, and affecting factors both internal and external may influence the business case.

21 Option 2 Endorse the Queenstown Transport Business Case.

Advantages:

22 Provides certainty of integrated forward planning.

23 Continues to align with partner programmes.

24 Allows progression of short term projects with full support (CIP and NZUP).

25 Provides clarity for land use planning.

26 Provides economic stimulus through planning, design and construction.

Disadvantages:

27 Element of risk to accuracy of funding.

28 This report recommends **Option 2** for addressing the matter because it represents a pragmatic approach to a complex problem. Endorsing the continuation of the programme, whilst reducing risks through requirements for further detail allows a number of parallel work-streams, including those that necessarily interact with it.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 29 This matter is of high significance, as determined by reference to the Council's Significance and Engagement Policy because the proposed approach involves high levels of Council investment and affects Council assets, including roading networks, Memorial Centre, Reserves, Queenstown Events Centre and others.
- 30 The persons who are affected by or interested in this matter are transport partners (QLDC, ORC and WK), residents, businesses and visitors. Through integration with the Queenstown Lakes Spatial Plan, and Ladies Mile Masterplan, a number of central Government departments have also been involved in the network approach.
- 31 The Council has engaged and consulted with the community through the strategic planning phase, including through public consultation on Queenstown and Frankton Masterplans, and more recently QTBC.

> MĀORI CONSULTATION | IWI RŪNANGA

- 32 The Council has engaged with Iwi on each major element of the strategic transport programme, and specific inputs have come from Te Ao Marama Incorporated and Aukaha. Further ongoing engagement will take place as part of the design and construction phases.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 33 This matter relates to the Community & Wellbeing risk category. It is associated with Risk 00012 Core infrastructure is insufficient – poor infrastructure planning - within the QLDC Risk Register. This risk has been assessed as having a high inherent risk rating.
- 34 The approval of the recommended option will support the Council by allowing for additional controls for this risk implement additional controls for this risk. This shall be achieved by implementation of integrated interventions to enable mitigation of the risk through control over several years.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 35 The financial implications are significant and have already been inputted to the Long Term Plan. (LTP). It is acknowledged that not all interventions can be included in the LTP at this time, but also that this will be reviewable in the next planning / funding cycle for QLDC and its investment partners ORC and WK. It should also be noted that there are significant financial disadvantages in not acting.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

- 36 The following Council policies, strategies and bylaws were considered:

- Vision beyond 2050 – This project is aligned with several of the visions statements, regarding, zero carbon communities, opportunities for all, disaster-defying resilience and pride in sharing our spaces.
- QLDC Disability Policy - This project considers a wide range of user groups.
- The recommended option is consistent with the principles set out in the named policy/policies.

37 This matter is included in the Ten Year Plan/Annual Plan

- The transport programme, and several of the individual elements is included in the 2018 – 2028 Long Term Plan. Elements have been proposed in the 2021 – 2031 version noting that affordability issues for Council required a priority based approach to be taken. As this project includes elements in several future funding cycles, their inclusion will be re-iterated each three years.

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

38 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by [continuing to forward plan an integrated approach to transport networks.];
- Can be implemented through current funding under the Ten Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

A	Summary Report and Poster
B	Schedule of further works
C	Queenstown Transport Business Case (excluding appendices which are available upon request)

ⁱ Queenstown Integrated Transport Programme Business Case 2017, Queenstown Town Centre Masterplan 2017.

ⁱⁱ Wakatipu Active Travel Network SSBC 2019.