

Report 2016.47
Date 16 February 2016
File CCAB-8-404

Committee Council
Author Paul Kos, Manager Public Transport Planning

Regional Public Transport Plan 2014: Proposed variation for PTOM procurement

1. Purpose

This report seeks endorsement to make a ‘*not significant*’ variation to the Regional Public Transport Plan 2014 (PT Plan).

The not significant variation is required to enable changes to be made to the descriptions of bus units in the PT Plan and to ensure the description of the tender process in the PT Plan is consistent with the Procurement Strategy for Bus Services recently endorsed by Council.

2. Consideration by Committee

The matters contained in this report were considered by the Sustainable Transport Committee (Committee) at its meeting on 16 February 2016 (Report 16.15 refers). The recommendations of this report were endorsed by the Committee for the Council’s consideration and decision.

Subsequent to consideration by the Committee, further minor editorial changes have been included in the variation to more accurately describe service details for the Wairarapa Unit.

3. Background

Council is proposing to call for tenders in April 2016 to procure new bus contracts for the majority of bus services in the Wellington region. In doing so, Council can only procure public transport services as described in the PT Plan. In the current PT Plan, the region’s public transport network is divided into 17 units, comprising 15 bus units, one rail unit and one harbour ferry unit.

Recognising that changes may be required as part of the transition to the Public Transport Operating Model (PTOM), the PT Plan notes that there may be a need to adjust the configuration and descriptions of unit allocation of bus services and make minor adjustments to the phasing of the tender process.

4. Process for considering a variation

The Land Transport Management Act 2003 (the Act) provides the statutory context for preparing and varying the PT Plan.

The consultation requirements for a variation depends on the significance of proposed changes in the context of the Local Government Act 2002 (LGA), the Act and the PT Plan. Officers have considered whether the proposed variations are significant taking into account the Council's significance and engagement policy and decision-making guidelines, and the significance policy in the PT Plan itself. Officers are of the view that the proposed variations are not significant, for the reasons set out in section 7 of this report. Therefore targeted consultation has been carried out.

Council must resolve to make a variation to a PT Plan (section 119(2) of the Act).

Formal notification under section 121 of the Act is required for the proposed variation to take effect. Following the Council's resolution, this occurs via a public notice and written notice to key stakeholders (including operators), the NZ Transport Agency and the Regional Transport Committee.

The varied PT Plan takes effect 20 days after formal resolution by the Council.

5. Proposed variation

A description of the proposed variation to the PT Plan is set out below. The detailed changes, including maps and wording, are provided at Attachment 1.

5.1 Changes to the allocation of services to units

Appendix 1: Services integral to the Wellington public transport network

Proposed changes and reasons for change:

1. Creation of the new Tawa unit and consequential change to Porirua unit (Unit 13).

The proposal to create a new Tawa unit is a consequence of negotiations on directly appointed units. The Tawa unit comprises a single bus route linking Porirua and Johnsonville railway stations and one school bus route. The routes were previously in the Porirua unit, but are not deemed material to the operational efficiency of that unit or its future attractiveness to the market (the estimated initial commerciality ratio of the Porirua unit falls from 40% to 38%). There is also no change in overall network kilometres or cost through the creation of the Tawa unit.

2. Revised timetable and route specifications resulting from community consultation for services in Khandallah and Churton Park carried out in October 2014.

The consequential creation of a new all-day Broadmeadows route as part of the Khandallah services consultation created an opportunity to through-route with the Miramar Heights route. This also addressed operator feedback that the through-routing of Miramar Heights with Newlands, set out in the RPTP, was operationally suboptimal.

3. Minor factual corrections to route descriptions and service level details.

4. Route 289 Kapiti Commuter removed from Appendix 1 where it was included in error.

Appendix 2: Exempt services

Proposed changes and reasons for change:

1. Route 211 removed and now included as part of Appendix 1 in the Tawa unit.
2. Route 289 Kapiti Commuter and school bus routes 403, 405 and 467 are added to Appendix 2 where they were omitted in error.
3. Minor factual corrections to school route descriptions.

Appendix 3: Allocation of services to units

This component of the proposed variation relates to the phasing and timing of the tender process.

Policy 7d of the RPTP states that Council is to have *‘two or more phases of procurement for units’* and sets indicative dates for unit contracts to start operating. It is now proposed to implement the tender process in a single phase or tranche in 2016 for commencement of services between January and March (inclusive) 2018 or as soon as agreed with operators, rather than multiple phases.

6. Targeted consultation with operators

In January 2016, officers consulted with bus operators on a number of proposed amendments to the PT Plan, including those outlined above.

The January consultation package also sought feedback on a proposal to consolidate the North-South Spine (62 Peak Vehicle Requirement – PVR), Khandallah (25 PVR) and Brooklyn (28 PVR) units into one unit. These changes were included following earlier industry feedback from some operators suggesting that consolidation would improve interconnections and provide for operational and scale efficiencies, thereby providing a more ‘marketable whole’. Consideration by the PTOM project team of matters related to evaluation of unit combinations also contributed to the proposed change.

Feedback was received from five operators of the proposed changes. Three operators provided a brief statement that they had no issues with the proposed changes. Two operators provided detailed feedback opposing the proposed consolidation of the North-South Spine on that basis that the increased size of the unit, both in relation to the market cap guideline and required investment to service the unit, would limit options for operators to bid on other units.

Both approaches (consolidated and original grouping) fit within our procurement tender policies and processes, however, given the feedback received from this latest round of engagement the proposal to consolidate the North-South Spine, Khandallah and Brooklyn units is no longer being recommended.

7. The decision-making process and significance

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002, Section 126 of the Land Transport Management Act 2003, and the Significance Policy set out in the PT Plan.

7.1 Significance of the decision

Part 6 of the the Local Government Act 2002 requires GWRC to consider the significance of the decision. The term ‘significance’ has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

As mentioned in section 3 of this report, the variation to the PT Plan also needs to be considered in relation to Section 126 of the Land Transport Management Act 2003 and the significance policy of the PT Plan.

Significance is measured against the significance policy in section 6.1 of the PT Plan, where it states *...GWRC will determine the significance of variations to the PT Plan on a case by case basis, taking into account the extent to which the variations:*

- *Signal a material change to the planned level of investment*
- *Affect the purpose of the Land Transport Management Act*
- *Affect residents*
- *Affect the integrity of the PT Plan, including its overall affordability.*

Section 6.1 of the PT Plan also sets out *...matters that will usually be considered ‘not significant’:*

- *Those that have recently been consulted on, i.e. the addition, removal or amendment of any matter on which there has already been consultation in accordance with the special consultative procedure*
- *Minor changes to service descriptions after a service review, e.g. changes to the frequency and hours of a service that result in the same, or a better, level of service*
- *Changes to the descriptions of services or service groupings as a result of an area-wide service review, as long as there have is no significant increase in cost.*

The PT Plan also provides guidance on circumstances when targeted consultation is appropriate, including:

Changes in procurement policies and PTOM transition plans: GWRC's arrangements for the transition to the PTOM contracting environment are under development; however, the policies and timelines will generally only

affect public transport operators. In these instances targeted consultation with incumbent and potential public transport operators will be undertaken.

Given the changes proposed are primarily about reconfiguration of routes of relevance to operators, officers consider it appropriate to process the variation as a not-significant variation under the Land Transport Management Act 2003 and PT Plan.

Under section 126(4) of the Act, consultation on not-significant amendments is required to ...*include public transport operators and those other persons who have notified the regional council of a proposal to operate a public transport service in the region.* This targeted consultation has been undertaken, as outlined in section 5 of this report.

7.2 Engagement

Adoption by Council will enable formal engagement with operators to occur via the Request for Tender process.

8. Recommendations

That the Council:

- 1. Receives the report.*
- 2. Notes the content of the report.*
- 3. Adopts the attached not-significant variation to the PT Plan to enable the PTOM bus tendering process to proceed.*

Report prepared by:

Paul Kos
Manager Public Transport
Planning

Report approved by:

Wayne Hastie
General Manager, Public
Transport

Attachment 1: Proposed amendments to the PT Plan