



Report **05.86**
Date 23 February 2005
File T/11/02/01

Committee **Regional Land Transport Committee**
Author **Dave Watson Divisional Manager Transport**

Urban Passenger Rail Update

1. Purpose

To formally update the Committee on progress towards securing a long term contract for urban passenger rail services in the Wellington region.

2. Significance of Decision

The matters in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Comment

3.1 Recent Events

There have been a number of watershed events over the past few months that have opened the way for the Council to seek a mandate from the community to enter into a long term relationship with Toll New Zealand for Tranz Metro Wellington (TMW) to continue operating the Wellington urban rail services for up to 31 years (subject to ongoing performance reviews). The three key events were:

- Land Transport New Zealand endorsing in November 2004 the Council's urban rail base case business plan for the next ten years and thus committing funding of up to \$276m for this period.
- Government deciding in January 2005 to provide additional funding of \$65m over ten years to maintain passenger transport mode share by assisting the Council to fund its local contribution.
- Preliminary conclusion of the contract negotiations with Toll NZ in January 2005, subject to community consultation, that provides Toll NZ with a return on revenue as a management fee for the provision of the Wellington urban passenger rail services.

These three things have allowed the Council to prepare a review of its LTCCP to 2013 that requires an increase in the transport rate over time and fare increases, to increase user revenues if required, relating to the delivery of new rolling stock.

The documentation provided for the LTCCP review consultation process will detail the rail expenditure proposed over the next eight years.

The current rail projects that are in the current LTCCP and can therefore be progressed now have reached the following stages:

3.1.1 English Electric refurbishment

The preparatory work is completed and the first carriages will now be refurbished by April. This refurbishment is limited but necessary so that these carriages can continue in service until they are replaced in about four to five years time.

3.1.2 Wairarapa carriages

A tender for the supply of 18 carriages for the Wairarapa service was issued on Saturday 18 December 2004. Tenders close on 23 March 2005. Target date for signing a contract with the successful tender is 1 July 2005. We are using an internet tender system called tenderlink which allows tenderers to ask questions in a forum situation so that all tenderers receive the answers but no tenderer is identified. A recent check with these organisations uplifting the tender documents indicates that there will be a positive response to the tender.

Before we let the tender we have to get our ownership plan accepted by Land Transport New Zealand. We will be submitting our ownership plan to Land Transport New Zealand at their March 2005 meeting.

Putting the tender documents together was a complicated task and involved consultants, lawyers and staff from Utility services. The experience of this tender will be of help when we start the tender process for new Electrical Multiple Units. The tenders for these units need to be issued by the middle of the year because of the long lead time between awarding a contract and receipt of the first unit.

3.2 New EMUs

Toll Professional Services has provided us with a report on what we need to do to purchase new EMUs and what the likely costs will be through to them being put into service. It is clear that new state of the art EMUs will place some stress on the existing rail systems. In particular it will be necessary to review current signalling circuits and upgrade some substations prior to the introduction of these units. There are also costs associated with the tender process of about \$1m. Each of these costs has been included in our LTCCP.

The Toll Professional Services report covers the accessibility issue in detail. The key concern is the height of station platforms throughout our system. Most countries now use platform heights of around 1000mm which matches

the floor height of standard carriages. This allows level boarding to be achieved. We have platform heights at around 680mm. There are very few carriages with that floor height also there are few of the platforms that are actually 680mm.

Auckland has the same problem. The options are to:

- to raise all platforms to 1000mm
- to standardise platforms at 880mm and specify carriages with this floor height
- to standardise platforms to 680mm and have a dual height EMU with the power car at 1000mm and its trailer at 680mm.

We will be working with the disability community to look at their access requirements. As these new units could still be in operation some 30 to 40 years time this is an issue that needs to be resolved.

A new member of staff, Chris Ham, our rolling stock advisor, arrived from the UK at the end of February, and he will be overseeing the EMU procurement process.

3.3 The Contract

The TMW contract has been negotiated over the last twelve months or so. It has two distinct elements. The legal document, that specifies what services and service quality the Council is buying and how the quality will be measured going forward, also the culture of co-operation and sharing of profits and losses. The contract price, that Toll NZ receives for managing the delivery of the services required and how that will change over time.

The legal document has moved on from the first draft that Transfund NZ (now Land Transport New Zealand) approved as a result of the negotiation. The changes made need to be endorsed by Land Transport New Zealand and this process is underway. The contract will leave the Council with direct control over service levels and fares. It also allows the Council to determine the livery of new and refurbished rolling stock. The contract provides key performance indicators and standards that must be met by TMW.

The contract price for the first three years will be made up of three elements:

- net operating costs (open book)
- contribution to capital upgrades (eg EE units)
- management fee

The method of calculation of the contract price will be reviewed after three years to take account of changes in asset ownership.

As this is an open book contract the payment to Toll NZ will be estimated at the start of the year based on agreed forecast of expenditure and revenue with a wash up at the end of the year on the receipt of audited accounts.

If fare base revenue increases more than expected then the gain will be shared between the Council and Toll NZ.

4. Communication

There is nothing additional to communicate.

5. Recommendation

That the report be received.

Report prepared by:

Dave Watson
Divisional Manager Transport