



AGENDA

Meeting of the

Works and Infrastructure Committee

**Thursday 13 March 2014
Commencing at 9.00am
Council Chamber
Civic House
Trafalgar Street, Nelson**

Membership: Councillor Eric Davy (Chairperson), Her Worship the Mayor Rachel Reese, Councillors Luke Acland, Ian Barker, Ruth Copeland, Matt Lawrey (Deputy Chair), Gaile Noonan, and Tim Skinner

Guidelines for councillors attending the meeting, who are not members of the Committee, as set out in Standing Orders:

- All councillors, whether or not they are members of the Committee, may attend Committee meetings (SO 2.12.2)
- At the discretion of the Chair, councillors who are not Committee members may speak, or ask questions about a matter
- Only Committee members may vote on any matter before the Committee (SO 3.14.1)
- It is good practice for both Committee members and non-Committee members to declare any interests in items on the agenda. They should withdraw from the table for discussion and voting on any of these items

13 March 2014

A1149586

Page No.

Apologies**1. Interests**

- 1.1 Updates to the Interests Register
- 1.2 Identify any conflicts of interest in the agenda

2. Confirmation of Order of Business**3. Public Forum**

- 3.1 Greypower Nelson

Bob Hancock will speak about the Stoke Bypass/Wakatu Drive.

4. Confirmation of Minutes – 30 January 2014 8-15

Document number A1136406

Recommendation

THAT the minutes of the meeting of the Nelson City Council – Works and Infrastructure Committee, held on 30 January 2014, be confirmed as a true and correct record.

5. Status Report – Works and Infrastructure 13 March 2014 16-17

Document number A1150321

Recommendation

THAT the Status Report – Works and Infrastructure 13 March 2014 (A1150321) be received.

6. Chairperson's Report

TRANSPORT AND ROADING

7. Review of Nelson Public Transport NBus Service 18-66

Document number A1137333

Recommendation

THAT the report Review of Nelson Public Transport NBus Service (A1137333) and its attachment (A1119385) be received.

Recommendation to Council

THAT weekend services on the Nelson-Richmond arterial routes are increased by modifying the weekday timetables on the Atawhai, Brook and Victory routes, including deleting the first and last trips each weekday, so that there is no increase to the contract cost;

AND THAT medium term recommendations from the review that require more investigation and planning will be brought back to Council through the 2015 Long Term Plan process.

BUILDINGS

8. State Advances Building – Way Forward 67-72

Document number A1112414

Recommendation

THAT the report State Advances Building - Way Forward (A1112414) and its attachment (A1140585) be received;

Recommendation to Council

THAT Council confirms that the building is surplus to requirements;

AND THAT Council agrees to call for tenders on the open market to ascertain commercial interest and future options for the re-development of the building/site that will guide Council in future decision making;

AND THAT the basis of tenders be that Council does not have to accept any tender/proposal.

LAND

9. Hay Property, 23 Matangi Street –Offer of Gift of Land for Reserve

73-79

Document number A1106978

Recommendation

THAT the report Hay Property, 23 Matangi Street – Offer of Gift of Land for Reserve (A1106978) and its attachments (A1114889, A1114890 and A717370) be received.

Recommendation to Council

THAT the land described as Lot 2 LT459935 and shown on Plan MC1 (Attachment 1, A1114889) be accepted as a gift for purpose of a Local Purpose Reserve;

AND THAT the proposed Local Purpose Reserve, Lot 2 LT459935, shown on Plan MC1(Attachment 1) be named 'Hay's Reserve' in recognition of the Hay family's longstanding presence in the Stoke area and their generous gift to the City;

AND THAT Council take note that the donor has no expectation that the walkway will be finalised to any standard other than a simple gravel track on receipt of the land by Council.

PROJECT TENDERS

10. Early Tendering of Projects

80-82

Document number A649888

Recommendation

THAT the report Early Tendering of Projects (A649888) be received;

AND THAT following the success of the advanced tendering of projects in the 2012/13 financial year, that Council approve early tendering as a way of doing business going forward;

AND THAT Council take note of the likely list of projects to be tendered prior to June 2014, in advance of the 2014/15 Annual Plan process, to assist in the delivery of the 2014/15 capital works programme;

AND THAT Council further approve that this early tendering include multiple year contracts listed in future Annual or Long Term Plans.

PUBLIC EXCLUDED BUSINESS

11. Exclusion of the Public

Recommendation

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| Item | General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Particular interests protected (where applicable) |
|-------------|---|--|--|
| 1 | <p>Works and Infrastructure Committee – Public Excluded – 30 January 2014</p> <p>These minutes confirm the public excluded minutes of 28 November 2013 and also contain information regarding:</p> | <p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p> | <p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(b) To protect information that may disclose a trade secret or the commercial position of a person |

| | | | |
|--|--|--|--|
| | Washington Valley Property Disposal | | <ul style="list-style-type: none"> Section 7(2)(h) To carry out commercial activities |
|--|--|--|--|

12. Re-admittance of the public

Recommendation

THAT the public be re-admitted to the meeting.

Note:

- Youth Councillors Harry Tod-Smith and Nick Erasmuson will be in attendance at this meeting.**

Minutes of a meeting of the Works and Infrastructure Committee

**Held in the Council Chamber, Civic House, Trafalgar Street,
Nelson**

On 30 January 2014, commencing at 9.00am

Present: Councillors E Davy (Chairperson), Councillors L Acland, I Barker, M Lawrey (Deputy Chairperson), G Noonan and T Skinner

In Attendance: Councillors P Matheson and M Ward, Chief Executive (C Hadley), Group Manager Infrastructure (A Louverdis), Chief Financial Officer (N Harrison), Manager Communications (A Ricker), Manager Administration (P Langley), Senior Asset Engineer – Transport (R Palmer), and Administration Adviser (E-J Ruthven)

Apologies: Her Worship the Mayor R Reese, and Councillor R Copeland

1. Apologies

Resolved

***THAT apologies be received and accepted from
Her Worship the Mayor and Councillor
Copeland.***

Lawrey/Noonan

Carried

2. Interests

There were no updates to the Interests Register, and no conflicts of interest with agenda items were declared.

3. Confirmation of Order of Business

The Chairperson advised that there would be a public forum presentation.

He added that the agenda items would be taken in a different order, to allow a representative from the New Zealand Transport Authority (NZTA) to attend for the item 50 MAX High Productivity Motor Vehicles.

4. Public Forum

4.1 Trafalgar Centre

Kerry Neal spoke about the Trafalgar Centre. He noted his concern that some of the engineering reports relating to the Trafalgar Centre were marked "draft", and said that, in his opinion, these were discussion documents only.

In response to a question, Group Manager Infrastructure, Alec Louverdis, explained that it was common practice for engineering reports to be marked "draft", and clarified that the advice contained within the documents was considered final.

5. Confirmation of Minutes – 28 November 2013

Document number A1111685, agenda pages 8-14 refer.

Resolved

THAT the minutes of a meeting of the Nelson City Council – Works and Infrastructure Committee, held on 28 November 2013, be confirmed as a true and correct record.

Barker/Lawrey

Carried

6. Chairperson's Report

There was no Chairperson's report.

TRANSPORT AND ROADING

7. Parking Changes to Buxton Square

Document number A697784, agenda pages 23-27 refer.

Group Manager Infrastructure, Alec Louverdis, presented the report. He explained that it was possible to create three additional car parks in Buxton Square at minimal cost.

In response to questions, Mr Louverdis clarified that the original projection for the Buxton Square upgrade, prior to the place-making proposal, had been approximately \$350,000. He said that the budget for the subsequent place-making project had been \$75,000, subsequently extended to \$90,000. He added that the full costs for the project were now likely to be approximately \$120,000, prior to any landscaping taking place.

Resolved

THAT the Parking Changes to Buxton Square report (A697784) and its attachments (A848459 and A843234) be received.

Lawrey/Noonan

Carried

Councillors discussed whether to proceed with landscaping around the toilets. Those in favour of noted that the entire project, including landscaping, could be delivered at half the cost of the original proposed toilet block re-build; those against landscaping considered that it would be inappropriate to landscape an area in a carpark adjacent to public toilets, and that there were other parts of the city centre that could be landscaped to create enjoyable linger nodes.

There was general agreement that three additional car-parking spaces should be created in Buxton Square.

Resolved

THAT the landscaping proposal at an additional \$30,000 not be approved;

AND THAT creating three additional carparks in Buxton Square at minimal cost be approved and that the necessary alterations be made to Schedule 5 of Bylaw No 207, Parking and Vehicle Control Bylaw (2011).

Noonan/Barker

Carried

8. 50 MAX High Productivity Motor Vehicles

Document number A1120022, agenda pages 15-22 refer.

Senior Asset Engineer – Transport, Rhys Palmer, and NZTA representative, Jason Morgan, joined the meeting.

Mr Palmer explained the proposal for region-wide permits for High Productivity Motor Vehicles (HPMV) carrying up to 50 tonnes, as opposed to specified route permits for HPMVs of up to 62-tonnes as previously passed by Council.

Mr Morgan gave a Power Point presentation (A1136385), and explained NZTA's offer to assist Council to deliver a regional permit system, with Council retaining control of the system. He said that permitting 50 MAX HPMVs within Nelson would cater for the increased freight movement, and should result in fewer, newer and safer trucks on Nelson roads. He added that, under the 50 MAX permit system, the tolerance for over-loading trucks was much less, and that the penalties for doing so were greater.

In response to questions, Mr Morgan said that 50 MAX HPMVs were designed with nine axles, rather than eight. He explained that the extra axle spread the additional load more efficiently, and that the wear and tear on roads from 50 MAX HPMVs was no greater than non-HPMV trucks. He added that the manoeuvrability and tracking of 50 MAX HPMVs was generally very similar to non-HPMV trucks.

In response to further questions, Mr Palmer said that 50 MAX permits incentivised the freight industry to update their fleet, which resulted in newer, safer vehicles, which produced fewer emissions.

Councillors discussed whether to support the introduction of 50 MAX permits for Nelson roads. There was general support for encouraging increased freight movement on fewer trucks, however concern was also expressed regarding whether there was adequate driver training for drivers of heavier vehicle loads, and whether the safety of other road users would be compromised by permitting 50 MAX HPMVs.

Councillors also agreed that it was important to clearly identify any excluded areas, and to retain the right to exclude further areas from the 50 MAX permit in the future as necessary.

Resolved

THAT the report 50 MAX High Productivity Motor Vehicles (A1120022) and its attachments (A1120148 and A1120812) be received;

AND THAT Council support the introduction of 50 MAX High Productivity Motor Vehicles and give the New Zealand Transport Agency the authority to process 50 MAX permits for Nelson City Council roads subject to the following exclusions:

- **Maitai valley Road (Smiths Ford Bridge, Jickells Bridge, and Gibbs Bridge**
- **Nile Street east (Nile Street Bridge and Cloustons Bridge)**
- **Maori Pa Road (Maori Pa Bridge)**
- **Trafalgar Street North (Trafalgar Street Bridge)**
- **Collingwood Street (Collingwood Street Bridge;**
- **and any other exclusions that this Council determines;**

AND THAT Council delegates future decisions to approve new routes for High Productivity Motor Vehicle use to the Group Manager Infrastructure, subject to:

- ***compliance with the Land Transport Rule: Vehicle Dimension and Mass 2002;***
- ***consideration as to whether the proposed route is the most suitable option with the least impact on others;***
- ***consideration of the environment the proposed route passes through including the extent of existing heavy vehicle traffic and the extent of impact on cyclists, pedestrians, other vulnerable users, educational facilities and other sensitive activities;***
- ***satisfactory consultation with residents along routes where appropriate;***
- ***funding availability for, and satisfactory outcome of, structural assessments and upgrades;***
- ***extent of modification of infrastructure required to provide for intersection manoeuvring.***

Barker/Skinner

Carried

9. Use of Public Car Parking Spaces for Place Making Trial – Follow Up Report

Document number A1118099, agenda pages 28-37 refer.

Mr Louverdis presented the report. He said that the updated report addressed the Committee's previous concerns that businesses outside of the central business district might gain a commercial advantage over businesses located within the central business district. He said that such projects were non-exclusive, and could be used by any members of the public.

Councillors discussed whether it was appropriate to use car parking spaces for place making projects. Those in support emphasised the importance of supporting creative community initiatives, and those opposed highlighted the importance of parking on the fringe of the central business district.

Councillor Lawrey, seconded by Councillor Acland moved

THAT the report Use of Public Car Parking Spaces for Place Making Trial Follow Up Report (A1118099) and attachment (A692911) be received;

AND THAT Council approve a 12 month trial for the two applications received to date for the use of three individual public car parking spaces, outside of the CBD;

AND THAT the current 'Licence To Occupy for Outdoor Dining on Carparks' be used based on \$825 per carpark and a one-off \$1,000 bond;

AND THAT each applicant undertake at their cost and confirm in writing 50% support from surrounding retail/businesses for their initiative;

AND THAT alterations to the Schedules of Bylaw No 207, Parking and Vehicle Control (2011) be approved in order to temporarily discontinue public use of three car parking spaces for the current requests to trial place making under Schedule 8 – Time Limited Parking Areas:

- P15: Alton Street – Temporarily Discontinue;
- P60: Nile Street West – Temporarily Discontinue.

Councillors discussed whether it was necessary or desirable to ensure that at least 50% of surrounding retail/businesses supported the venture. Those in favour emphasised the importance of ensuring that the immediate community supported the place making project, and those opposed suggested that each application should be considered independently, on its own merits.

Councillor Davy, seconded by Councillor Lawrey moved an amendment, to delete the fourth clause of the motion.

The amendment was put and lost, and the meeting returned to consider the original motion.

Resolved

THAT the report Use of Public Car Parking Spaces for Place Making Trial Follow Up Report (A1118099) and attachment (A692911) be received;

AND THAT Council approve a 12 month trial for the two applications received to date for the use of three individual public car parking spaces, outside of the CBD;

AND THAT the current 'Licence To Occupy for Outdoor Dining on Carparks' be used based on \$825 per carpark and a one-off \$1,000 bond;

AND THAT each applicant undertake at their cost and confirm in writing 50% support from surrounding retail/businesses for their initiative;

AND THAT alterations to the Schedules of Bylaw No 207, Parking and Vehicle Control (2011) be approved in order to temporarily discontinue public use of three car parking spaces for the current requests to trial place making under Schedule 8 – Time Limited Parking Areas:

- **P15: Alton Street – Temporarily Discontinue;**
- **P60: Nile Street West – Temporarily Discontinue.**

Lawrey/Acland

Carried

Attendance: The meeting adjourned for morning tea from 10.30am to 10.46am.

10. Exclusion of the Public

Resolved

THAT the public be excluded from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

| Item | General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Particular interests protected (where applicable) |
|-------------|--|--|---|
| 1 | Works and Infrastructure Committee Minutes – Public Excluded – 28 | Section 48(1)(a) The public conduct of this matter | The withholding of the information is necessary: • Section 7(2)(h) |

| | | | |
|---|---|---|--|
| | November 2013 These minutes confirm the minutes of 28 November 2013 and also contain information regarding: Trafalgar Centre – Follow up report. | would be likely to result in disclosure of information for which good reason exists under section 7 | To carry out commercial activities • Section 7(2)(i) To carry out negotiations |
| 2 | Washington Valley Property Disposal This report contains information regarding the sale of property. | Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7 | The withholding of the information is necessary: • Section 7(2)(b) To protect information that may disclose a trade secret or the commercial position of a person • Section 7(2)(h) To carry out commercial activities |

Davy/Lawrey

Carried

The meeting went into public excluded session at 10.47am and resumed in public session at 10.57am.

11. Re-admittance of the Public

Resolved

THAT the public be re-admitted to the meeting.

Davy/Lawrey

Carried

There being no further business the meeting ended at 10.57am.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

Status Report – Works and Infrastructure 13 March 2014

| Date of meeting/Item | Action Resolution | Officer | Status |
|---|--|----------------|---|
| 28/11/13 W&I Committee The Brook Area Walking and Cycling Improvements Project – Public Feedback | AND THAT the proposals shown in Attachment 1 (A580995) be approved for implementation in 2014/15. | Rhys Palmer | 13/03/14 Design underway. UNDERWAY |
| 12/12/13 Council Bata Building Way Forward | AND THAT demolition commences no earlier than late February 2014; AND THAT during the process of demolition, should the successful tenderer be able to easily and without further cost retrieve larger sections of the artwork, that they be requested to do so. | Alec Louverdis | 13/03/14 Demolition commenced 3 March 2014. Two small sections of the mural either side of the entrance to the building will be salvaged and stored. UNDERWAY |
| 30/01/14 W&I Committee Parking Changes to Buxton Square | AND THAT creating three additional carparks in Buxton Square at minimal cost be approved and that the necessary alterations be made to Schedule 5 of Bylaw No 207, Parking and Vehicle Control Bylaw (2011). | Alec Louverdis | 13/03/14 Work is complete. COMPLETE |
| 30/01/14 W&I Committee 50 Max High Productivity Motor Vehicles | AND THAT Council support the introduction of 50 MAX High Productivity Motor Vehicles and give the New Zealand Transport Agency the authority to process 50 MAX permits for Nelson City Council roads subject to the following exclusions: <ul style="list-style-type: none"> • Maitai Valley Road (Smiths Ford Bridge, Jickells Bridge, and Gibbs Bridge) • Nile Street east (Nile Street Bridge and Cloustone Bridge) | Rhys Palmer | 13/03/14 Memorandum of understanding between Nelson City Council and NZTA being finalised. UNDERWAY |

| | | | |
|--|---|----------------|---|
| | <ul style="list-style-type: none"> • Maori Pa Road (Maori Pa Bridge) • Trafalgar Street North (Trafalgar Street Bridge) • Collingwood Street (Collingwood Street Bridge; • and any other exclusions that this Council determines; | | |
| 30/01/14 W&I Committee Use of Public Car Parking Spaces for Place Making Trial – Follow Up Report | <p>AND THAT the current 'Licence To Occupy for Outdoor Dining on Carparks' be used based on \$825 per carpark and a one-off \$1,000 bond;</p> <p>AND THAT each applicant undertake at their cost and confirm in writing 50% support from surrounding retail/businesses for their initiative;</p> <p>AND THAT alterations to the Schedules of Bylaw No 207, Parking and Vehicle Control (2011) be approved in order to temporarily discontinue public use of three car parking spaces for the current requests to trial place making under Schedule 8 – Time Limited Parking Areas:</p> <ul style="list-style-type: none"> • P15: Alton Street – Temporarily Discontinue; • P60: Nile Street West – Temporarily Discontinue. | Alec Louverdis | <p>13/03/14 The two applicants in Alton and Nile Streets have been approached with the new conditions. The fish and chip shop has advised that it is not taking up the initiative. The bike shop has advised that it will not be doing anything until next summer.</p> <p>COMPLETE</p> |

Review of Nelson Public Transport NBus Service

1. Purpose of Report

- 1.1 To advise Council of the findings of a review of the NBus Service and to recommend changes that will be negotiated with SBL Group Ltd (SBL) for implementation by June 2014.
- 1.2 To advise Council of recommendations that will be considered in the upcoming Long Term Plan.

2. Recommendation

THAT the report Review of Nelson Public Transport NBus Service (A1137333) and its attachment (A1119385) be received.

Recommendation to Council

THAT weekend services on the Nelson-Richmond arterial routes are increased by modifying the weekday timetables on the Atawhai, Brook and Victory routes, including deleting the first and last trips each weekday, so that there is no increase to the contract cost;

AND THAT medium term recommendations from the review that require more investigation and planning will be brought back to Council through the 2015 Long Term Plan process.

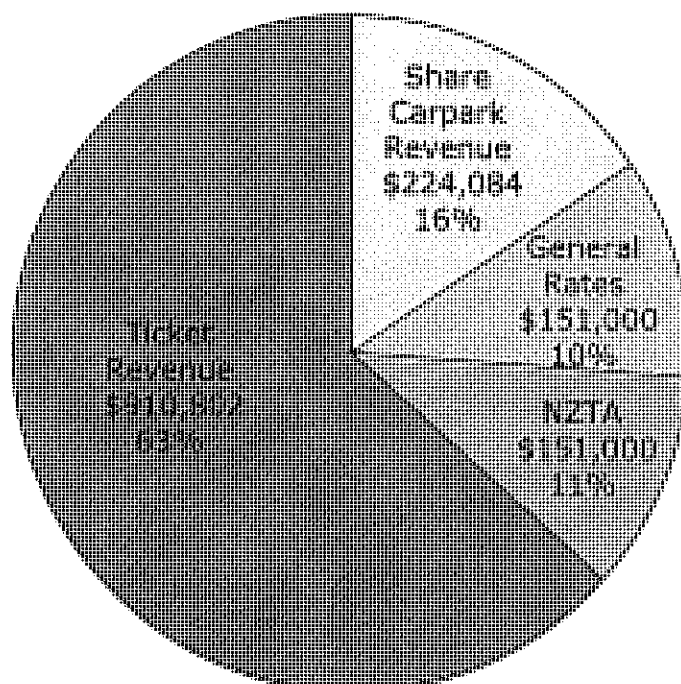
3. Executive Summary

- 3.1 The review by independent consultant, Brian Baxter, concluded that overall the Nelson bus service is performing very well. There is a huge variance between the performance of the two Nelson-Richmond arterial routes and the four local Nelson routes. Major changes are not warranted at this stage, given that the new service began less than two years ago and most routes are continuing to grow. However, there are some minor changes that can be considered now.

4. Background

- 4.1 The NBus service started in early 2012 and is contracted to SBL Group Ltd. Prior to this, Council contracted SBL to operate the local 'The Bus' service and 'The Late Late Bus' service on weekend nights. SBL operated the routes between Nelson and Richmond as a separate commercial operation.
- 4.2 The NBus service aims to provide public transport which better suits commuters as a way to ease traffic congestion between Richmond and Nelson. The improvements established an integrated network and increased the frequency of the bus service between Nelson and Richmond while maintaining the level of service on the local Nelson routes. The accessibility, attractiveness and environmental performance of the fleet were also improved and bikes are able to be transported.
- 4.3 The 2013/14 budget for the NBus contract is \$535,000. As a net contract, SBL retain the fare revenue.
- 4.4 The usual funding arrangement for public transport in New Zealand is that the net cost is funded in equal proportions by the local council(s) and New Zealand Transport Agency (NZTA). However, when the new NBus service and improvements were introduced in 2012, NZTA indicated it would not be able to provide its share of the extra funding required. Council therefore funded the gap from a portion of its parking revenue.

**Figure 1: Funding Sources for the NBus Service
July 2012-June 2013**



5. Discussion

External Review by Brian Baxter

- 5.1 Public transport consultant, Brian Baxter, was engaged to conduct the review. This report will summarise the information gathered for the review and the consultant's analysis and conclusions.

Surveys

- 5.2 A number of surveys were conducted to provide information for the review.

Bus Passengers

- 5.3 About 300 adult passengers were surveyed over all routes during a week in November 2013. Generally passengers seemed satisfied with the service. The majority were frequent users of the bus, with main reasons for travel being to go to work or to go shopping. Forty-one percent of passengers surveyed on the Nelson-Richmond arterial routes were new users of the bus service (since the NBus service began in 2012).
- 5.4 When asked why they use the bus, 60 percent said they had no other option for travel, 46 percent said convenience, 42 percent said value for money, 33 percent said environmental reasons, and 32 percent said it was to avoid worrying about parking. About half would travel by car if the bus service was not available. Almost half preferred more weekend services.

People's Panel

- 5.5 About 400 residents responded to a survey sent to the Council's People's Panel in November 2013, which consists of over 1,000 Nelson residents who have registered to give feedback on Council services and policies. Although most of the panel members were randomly selected, the ages of respondents tend to be skewed to those over 40.
- 5.6 Seventeen percent had used the bus in the last year although most were infrequent users. Of the 83 percent who hadn't used the bus, 20 percent said the routes didn't suit them, 13 percent said the timetable didn't suit them, 57 percent said it's easier to take the car and 35 percent said they prefer to bike or walk.
- 5.7 When asked what would encourage them to use the bus, the main factors were higher vehicle costs, such as petrol or parking (18 percent), more convenient routes (15 percent) and timetables (10 percent) and lower bus fares (11 percent). Forty-five percent said they were never likely to use the bus.

Other Stakeholder Consultation

- 5.8 Several organisations were invited to provide comment on the bus service in Nelson. These included Tasman District Council, Nelson-Marlborough District Health Board, Grey Power, Uniquely Nelson and the Economic Development Agency. Most organisations thought the bus service was good and few had suggestions on how it might be improved. NMIT feedback was that there was some confusion among students about which fares they could use. Nayland College indicated that the buses before and after school are often overloaded and students have to wait for the next bus.

Other Data Sources

- 5.9 Brian Baxter also analysed data from traffic counts, Census responses on how people travel to work and population projections. The findings were that bus passengers make up a small proportion of people travelling between Richmond and Nelson and the new bus service has had little impact on vehicle traffic. However, with 75 percent of Nelson households living within 400 metres of a bus route, there is substantial potential to increase the bus share of travel.
- 5.10 Population growth is expected in Richmond and Stoke as well as in the number of older residents in Nelson and Tasman which is likely to translate into extra demand for bus services.

Current Bus Services

- 5.11 The costs, revenue and patronage were analysed for each route for the 12 months to August 2013. The costs for each route were estimated based on the kilometres travelled as a share of the total net contract cost. The Farebox Recovery Rate is the percentage of the gross costs of running the service that are covered by fare revenue. Average farebox recovery in New Zealand is less than 50 percent.

| Route | Share of total net contract cost (\$535,000) | Farebox Recovery Rate | Average number of passengers per trip | Average subsidy per passenger |
|---|--|-----------------------|---------------------------------------|-------------------------------|
| 1: Nelson-Richmond via Bishopdale (Mon-Fri) | 7.5% | 93% | 14.3 (20 at peak times) | \$0.22 |
| 2: Nelson-Richmond via Tahunanui (Mon-Sun) | 15.5% | 86% | 17.5 (20 at peak times) | \$0.39 |

| Route | Share of total net contract cost (\$535,000) | Farebox Recovery Rate | Average number of passengers per trip | Average subsidy per passenger |
|--|---|------------------------------|--|--------------------------------------|
| 3: The Wood/Atawhai (Mon-Sat) | 30% | 21% | 5.1 | \$6.54 |
| 4: The Brook (Mon-Sat) | 20% | 15% | 2.3 | \$9.79 |
| 5: Victory/Hospital (Mon-Sat) | 17% | 28% | 3.9 | \$4.97 |
| 6: Washington Valley/Tahunanui (Mon-Fri) | 4% | 11% | 5.1 | \$7.94 |
| The Late Late Bus (Fri/Sat) | 6% | 45% | 17 | \$3.14 |

- 5.12 Overall the bus service is performing well. Total farebox recovery is higher than expected, patronage is increasing and the Nelson-Richmond arterial routes are carrying many passengers at a low subsidy rate. However there is a huge variance between the performances of each route.
- 5.13 The Nelson-Richmond arterial routes are performing well and are close to being commercial.
- 5.14 The four local routes are relatively poor performers and cost the bulk of the subsidy. While they cater for the 'transport disadvantaged', there seems to be little potential to improve the routes.
- 5.15 Annual patronage for the 2013 year was 376,676 and 85 percent of that was on the two Nelson-Richmond arterial routes. Total patronage in December 2013 was 16 percent higher than in December 2012. Growth is highest on Route 1 (via Bishopdale) at about 28 percent annually. Patronage has also increased on Route 2 (via Tahunanui) and the Atawhai, Brook and Hospital routes. Passenger numbers are flat on the Washington Valley route and have declined on The Late Late Bus.

Fares and Ticketing

- 5.16 The surveys indicated that passengers regarded fares as being reasonable and fares were not a factor in people choosing not to use the bus service.

- 5.17 Sixty-seven percent of adult tickets are paid for by cash which is relatively high. Passengers using cash slow the trip. A high level of payment by cash would indicate either a high level of casual rather than regular passengers or the lack of readily available ten-trip tickets. Brian Baxter suggested it is likely to be the latter because multi-trip tickets are not able to be bought on the buses. Recent data has shown an increase in the number of passengers using multi-trip tickets.
- 5.18 While information about where passengers get on and off the buses is not collected, the data for ticket sales by zone indicate about 30 percent of passengers make the full trip between Nelson and Richmond.
- 5.19 The farebox recovery rate for the NBus service is 63 percent, compared with a national average of 46 percent. A high farebox recovery rate indicates passengers are paying a high percentage of the costs of running the service and subsidy levels are low. (NB: there was an error in the farebox recovery rate calculation in the 2012/13 Annual Report which stated a rate of 70 percent, rather than the correct rate of 63 percent.)

NBus Fleet and Infrastructure

- 5.20 The vehicles used on the four city routes are older and are not low-floor or able to carry wheelchairs.
- 5.21 The Richmond bus terminal was also raised as an issue by SBL. The terminal is in Sundial Square and is effectively only a single bus stop. Extending it to at least another stop to allow two buses requires support from TDC. TDC have advised they don't want to alter Sundial Square and the shift in retail focus in Richmond to Kmart and The Warehouse provides the impetus to review the stops and terminal locations.
- 5.22 Feedback from passengers and SBL also gave some suggestions for minor infrastructure improvements, such as new bus shelters, sealing the berm at some bus stops, and signs at the Nelson terminal directing people to the Montgomery Square toilets. Council officers are working with SBL to identify and prioritise these improvements for implementation within existing budgets.
- 5.23 There was also feedback on some minor route changes that officers will discuss with SBL to identify and prioritise as part of short term improvements.
- 5.24 Brian Baxter compared the data for the NBus service with the public transport services in similar New Zealand cities. In comparison, Nelson has high patronage, high fares and revenue, a high farebox recovery and low levels of subsidy (both per passenger and per capita). Overall this indicates that Nelson's bus service performs well compared to other cities.

Comparison with Other Bus Services in New Zealand

| City | Population | Annual passengers (000's) | Annual trips per capita | Annual fare revenue (\$000's) | Average fare per passenger (\$) | Annual subsidy payments (\$000's) | Subsidy per passenger trip (\$) | Subsidy per capita (\$) | Fare-box recovery (%) |
|--------------|------------|---------------------------|-------------------------|-------------------------------|---------------------------------|-----------------------------------|---------------------------------|-------------------------|-----------------------|
| Nelson | 46,000 | 352 | 7.7 | 910 | 2.59 | 526 | 1.49 | 11.39 | 63 |
| Whangarei | 52,000 | 306 | 5.9 | 670 | 2.19 | 700 | 2.29 | 13.46 | 49 |
| Gisborne | 34,000 | 157 | 4.6 | 220 | 1.40 | 270 | 1.72 | 7.94 | 44 |
| Wanganui | 40,000 | 157 | 3.9 | 211 | 1.34 | 603 | 3.84 | 15.08 | 35 |
| Blenheim | 30,000 | 25 | 0.8 | 70 | 2.80 | 80 | 3.20 | 2.67 | 46 |
| Timaru | 28,000 | 213 | 7.6 | 167 | 0.78 | 725 | 3.40 | 25.90 | 23 |
| Invercargill | 53,000 | 310 | 5.8 | 290 | 0.94 | 1,190 | 3.84 | 22.45 | 19 |
| New Plymouth | 60,000 | 556 | 9.3 | 930 | 1.67 | 1,630 | 2.93 | 22.17 | 36 |
| Wellington | 450,000 | 35,000 | 77.8 | 98,000 | 2.80 | 75,000 | 2.14 | 166.67 | 56 |

Note: The data for Nelson differs from the same table in Brian Baxter's report (Attachment 1) which used data supplied by NZTA and did not include the parking revenue portion in the subsidy payments. The farebox recovery rate of 63 percent also differs from the 2012/13 Annual Report farebox recovery rate of 70 percent, as a correction was made to the operating costs in the calculation.

Funding

- 5.25 In the 2012 Regional Land Transport Programme, NZTA declined to pay the extra costs associated with the new NBus contract. Now that the service has proven itself, NZTA officers have indicated Nelson is in a strong position to get NZTA to match the local share of funding in the 2015-2018 funding round. NZTA's preference would be for this increase to fund significant improvements in the service, such as those recommended in 6.1., so that Council's contribution remains the same.
- 5.26 TDC contributes \$10,000 to the Late Late Bus but makes no contribution to the remainder of the bus services. Brian Baxter suggests that typically the local share of the funding would be shared between those local authorities who benefit from the service. Thirty percent of the bus travel in Nelson either begins or ends in Richmond. Given that the Richmond services cost \$103,000 (net) annually, the share usually expected from TDC would be \$30,900, as well as contribution towards the administration costs incurred by NCC.

6. Suggested Improvements

- 6.1 Major changes are not warranted at this stage, given that the new service began less than two years ago and most routes are continuing to grow. However, there are some minor changes that can be considered now.

Minor Short Term Changes

- Delete early morning and evening trips on the Atawhai, Brook and Victory routes and modify the timetables;
- Increase the weekend services by introducing a service on Route 1 via Bishopdale and extra trips on Route 2 via Tahunanui;
- Initiate discussions with SBL and schools to provide sufficient capacity at school times to cater primarily for Nayland College and Nelson College;
- Review The Late Late Bus timetable once licensing hours are confirmed by the Local Alcohol Policy.

Changes To Consider In Long Term

- There are other recommendations that will be considered as part of the Transport Activity Management Plan and brought to Council through the Long Term Plan process. Some of the changes recommended by Brian Baxter were to:
 - increase the service frequency of Routes 1 and 2 between Nelson and Richmond;

- run Route 2 via Nayland Road rather than Main Road Stoke;
- investigate free travel for NMIT students;
- consider smartcard options;
- reduce and/or change zones;
- introduce an 'express' service;
- introduce simple bus priority measures;
- introduce low-floor buses for city routes;
- investigate the possibility of a demand responsive service on the Washington Valley route.

7. Contract Implications

- 7.1 The current contract between Council and SBL allows and provides for Council to request changes in service levels with a change in the contract price negotiated between both parties. Alternatively a separate contract could be negotiated for the new service(s) with SBL paid the gross cost of providing the change and Council keeping the revenue.
- 7.2 SBL have provided feedback on the review and its recommendations. While they support the recommendations in this report to some degree, further discussions will be required.

8. Further Information Previously Requested by Council

- 8.1 At the 18 July 2013 Policy and Planning meeting, officers recommended that information on NBus requested by Council that required more time and analysis would be included in this review. The following data is for the year ending June 2013.
- Bus shelter costs: \$18,093;
 - Printing costs: \$802 (SBL are responsible for printing NBus timetables);
 - Signage costs: \$366;
 - Web page costs: \$1,688;
 - Roadmarking costs: \$8,000 (estimated based on contract rates and the marking interval);
 - Council overheads for administering NBus: \$3,021;
 - Marketing: \$22,004;
 - Staff time: \$32,713.

- 8.2 Advertising income on the rear of the buses for the year ended March 2013 was \$15,967. This revenue is retained by SBL.

9. Conclusion

- 9.1 The review of the NBus service has been thorough and shows that while the service is performing well, some minor changes are required.
- 9.2 The minor changes proposed in the report aim to achieve efficiency by redirecting funding towards the Nelson-Richmond arterial routes, which have increasing patronage, and away from the local routes which have a high subsidy per passenger.
- 9.3 Officers support the minor changes.

Rhys Palmer

Senior Asset Engineer Transport and Roading

Attachments

Attachment 1: Review of Nelson City Bus Service [A1119385](#)

Supporting information follows.

| Supporting Information | |
|---|---|
| 1. Fit with Purpose of Local Government | The recommendations aim to ensure the subsidy for Nelson's public transport service and infrastructure is directed towards routes that contribute most to a cost-effective and efficient transport network. |
| 2. Fit with Community Outcomes and Council Priorities | The bus service provides transport choice for a diverse community. Bus use is more efficient economically and environmentally on a per passenger basis than private cars. |
| 3. Fit with Strategic Documents | Aligns with Regional Land Transport Strategy and Regional Public Transport Plan goals to improve the efficiency of the transport network and reduce congestion, enhance accessibility to local services/ facilities/ places of employment and support environmental sustainability. |
| 4. Sustainability | Encouraging residents to travel by public transport instead of by car reduces overall transport emissions. |
| 5. Consistency with other Council policies | No known consequential inconsistencies with other Council policies. |
| 6. Long Term Plan/Annual Plan reference and financial impact | The Long Term Plan already includes provision for the NBus contract with SBL. The recommendations for the short-term should be negotiable within the current contract to be cost-neutral with costs offset by savings. The recommendations for the longer term will depend on external funding from NZTA. |
| 7. Decision-making significance | This is not a significant decision in terms of the Council's Significance Policy. |
| 8. Consultation | As well as passenger and resident surveys, the views of SBL management and drivers, schools, NMIT, and TDC transport officers were also considered. |
| 9. Inclusion of Māori in the decision making process | Other than the passenger and resident surveys, no targeted consultation of Maori has been undertaken. |
| 10. Delegation register reference | This is a Works and Infrastructure Committee decision. |

Review of Nelson City Bus Service

Undertaken for Nelson City Council

by

Brian Baxter

Transport Consultant

17 December 2013

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1. Introduction

Since 2012 Nelson City Council has provided a substantial subsidy for the bus services which operate within Nelson City. Improvements to these services were introduced in 2012 as part of a new contract between the Council and local bus operator SBL.

The new contracted bus services operate between Nelson and Richmond (two routes), and within the city itself (four routes). There is also a late night service at weekends.

The Council's goals for its bus services are set out in the Council's *Regional Land Transport Strategy* and *Regional Public Transport Plan*. Essentially these goals are to:

- Improve the efficiency of the transport network and reduce congestion
- Enhance accessibility to local services/facilities/places of employment
- Support environmental sustainability.

There is congestion on the roads between Richmond and Nelson and Council sees bus travel as one of the ways of reducing this congestion.

The new contract for the bus services has been in place for about 18 months, and Council now wishes to review the bus service to see how the bus services are performing, and if the services can be improved.

2. Background

2.1 Bus services in Nelson

Bus services have operated between Richmond and Nelson since 1927. These services operated commercially until 2012¹, and at that time the Nelson bus service was the last major unsubsidised city bus service in New Zealand.

In 2011 the Council, in an attempt to ease the increasing traffic on the roads between Richmond and Nelson, decided it wished to improve the bus service on that route by providing better buses and a more frequent service, particularly at peak times. The only way to achieve this improvement was by providing a subsidy for such a service, and thus Council tendered a subsidised contract for the required service.

In addition to the bus services between Richmond and Nelson, four other city bus routes and the *Late Late Bus* operate in Nelson. These services, which began in 1998, provide a lesser service than on the Richmond routes, and cater primarily for those who do not any other form of transport. These services, which have always been subsidised (by about \$200,000 per year), were included in the new tendered contract.

The new contract was tendered in 2011, with local bus company SBL Group Ltd winning the tender. The new contracted service began in mid-2012.

¹ Although a subsidy was provided by NCC from 2003 for a Sunday service

The gross contract price (i.e. before passenger revenue is taken into account) for the first year of the contract was \$1.3m. After deducting passenger revenue, the annual net cost (i.e. the amount of subsidy required) was \$0.5m.

In 2013/14 the net cost is expected to be \$535,000².

2.2 Funding of public transport in New Zealand

Public transport is subsidised in all cities in NZ. The usual funding arrangement is that the net cost (i.e. the amount of subsidy required (in this case \$535,000)) is funded in equal proportions by the local council and NZTA through a tendered contract. Part of the subsidy for this comes from Government via the NZ Transport Agency (NZTA), and NZTA is responsible for determining the process by which the subsidy is determined and delivered.

This funding arrangement was in place for the four city bus routes in Nelson prior to the 2011 tender. However NZTA indicated that it would not be able to provide its share of the extra funding likely to be required for the new contracted service. Council therefore decided to fund the gap itself from its parking revenue. This current Nelson funding arrangement, where the local council funds the bulk of the cost of providing the local bus service, is unique in NZ.

2.3 Future travel demand

Council modelling indicates that population growth is expected to continue in the Nelson area, and thus demand for the bus service is likely to increase.

Population growth is expected to be highest in the southern part of Nelson, particularly in the Richmond and Saxton areas. Employment growth is also expected, and is likely to occur in Richmond, Nelson CBD, and the airport area.

Future journey-to-work predictions indicate a growth in works trips originating in Richmond. The destination for these trips is split approximately equally between Nelson CBD, Stoke, and the airport/Tahunanui area. Stoke and Maitlands/Enner Glynn will also be major sources of trips, many of them to Nelson CBD.

More travel between Richmond and Nelson is expected because of this future growth. Many of the trips will only be part-way, such as from Richmond to Stoke or Tahunanui, or from Enner Glynn to Nelson CBD. This growth is likely to increase demand for the bus services.

Nelson and Richmond have a higher than the NZ average of people over 65 years of age, and this proportion is increasing. Older people typically make up a large proportion on bus users.

All this is likely to translate into extra demand for bus services, particularly those between Richmond and Nelson CBD, although many of the trips will only be for part-journeys.

² The extra cost in 2013/14 is due partly to increases in costs (with fares staying the same), and partly to the change in the contract type

2.4 Other Nelson bus studies

A number of studies into the Nelson bus services have occurred over recent years. In 2008 Australian transport consultants PB undertook a major review of the public transport network in Nelson for the Council.

Where relevant the findings of these studies have been considered in the preparation of this report.

3. Surveys

A number of surveys were conducted to provide information for this review. These are discussed below.

3.1 Passenger survey

A survey of bus passengers was undertaken. 304 adult passengers were surveyed over all routes and in both directions during a week in November. The summarised results were as follows:

- 74% of those surveyed were on the Richmond routes (which reflects the dominance of these routes in the network). 28% of those surveyed were at peak times. 23% of passengers on this route got on in Richmond, 28% in Stoke, 10% Tahunanui, 8% in Bishopdale/Wakatu, and 31% in Nelson city (indicating the two-directional flow on this route, and the varied trip origins and destinations).
- Nelson city was most popular overall destination (54%)
- 71% used the buses 2 or more days a week
- Work was the main reason for travel (41%). Education accounted for 11% of trips, shopping 40%, social reasons 19%, and medical reasons 13%.
- When asked why they used the bus, 60% said they had no other option for travel, 42% said value for money, 46% said convenience, 33% said environmental reasons, and 32% said they don't have to worry about parking
- 41% of those surveyed are new bus users (since the new services began in 2012). They use the bus because of convenience (76%), cheaper (38%), or environmental reasons (29%). They previously used a car (55%), biked or walked (19%) or didn't make the journey (26%).
- If the bus was not available 53% would travel by car, 52% would bike or walk, and 15% wouldn't travel (some respondents gave two answers).
- 25% of those surveyed had used the weekend buses and 18% had used more than one route. 6.5% had used *the Late Late Bus*.
- 39% pay by cash, 26% use 10-trip tickets and 9% use the 30 trip ticket. 31% travel free under the SuperGold Card scheme
- 72% thought fares were "about right". 29% said they are too high.
- More weekend services was the most common suggestion for improvement (48%). Express services (29%), better coverage of Richmond (13%) and Stoke (15%) was also suggested, as was more weekday services (34%).

Generally passengers seemed satisfied with the service, with many positive comments about the drivers.

3.2 Peoples panel

NCC has an email based “People’s Panel” of about 1000 people which it uses to seek community opinion on various matters. In November a bus questionnaire was distributed to the panel.

Responses were received from 406 people. The responses are set out below:

- 17% of respondents had used the bus in the last year (75% of whom had used the Richmond services, and 33% had used the city routes)
- Most of those who had used the bus said they were infrequent users, with only 12% of those who said they used the buses using them at least twice a week
- Value for money and environmental reasons topped the list of why people used the bus. Convenience was also a factor. 30% said they had no other option
- 60% of those who said they used the bus are new bus users since the new service started in 2012
- 91% of the users thought that the bus fares are about right, with 8% saying they were too high
- Of the 83% of respondents who said they hadn’t used the bus, 20% said the routes didn’t suit them, 13% said the timetable didn’t suit them, 57% said it’s easier to take the car and 35% said they prefer to bike or walk
- When asked what would encourage them to use the bus (or use it more), the main factors identified were more convenient timetables (10%) and routes (15%), lower bus fares (11%) and higher vehicle costs (petrol, parking) (18%). 45% said they were never likely to use the bus.
- When asked to identify factors from a list of things that might encourage them to use the bus, the main items identified were more frequent weekday services (24%), more weekend services (12%), express buses (13%), and better coverage of Stoke (12%) and Richmond (4%). 11% said Wi-Fi on the buses would encourage them to travel more.

3.3 Bus company feedback

SBL were invited to provide comment on the service, and make suggestions for improvements.

SBL considered that overall the service is operating well, that it was too early to make major changes, but that some tinkering could occur to boost usage. They made a number of suggestions, including introducing a new route from Nelson via Tahunanui to Stoke. Extra weekend services on the Richmond routes were also suggested.

SBL suggested the improvements could be paid for by reductions in some of the poorer performing city routes.

3.4 Other feedback

Community satisfaction overall with the bus service seems to be increasing. The annual Council conducted resident surveys indicates a growing satisfaction with the bus service. In 2012, 52% of residents indicated satisfaction with the service, compared to 21% in 2011.

Most organisations spoken to thought the bus service was good, and few had suggestions on how it might be improved.

NMIT was keen to have an improved bus service from Stoke and Richmond to help students. The student body was also keen for an improved and cheaper service. There seemed to be some confusion/ignorance among students as to what fares NMIT students were able to use.

Nayland College indicated that before and after school the buses to and from the city centre are overloaded and that students often have to wait for the next bus.

4. Traffic Levels

Traffic levels between Richmond and Nelson were analysed to see the extent of the flows between the two centres, to ascertain if the bus service had any impact on traffic levels, and to get an idea of the potential for increasing bus patronage.

Council surveys indicate that 40-50,000 vehicles travel each day on both Rocks Rd and Waimea Rd. Travel congestion exists on these roads at certain times, and this congestion is predicted by the traffic models to increase in the future.

4.1 Census travel information

The Census includes a question asking how people travel to work. The 2013 census data shows that few people in Nelson use the bus to travel to work.

Most of those that do are from the Richmond/Stoke area. Of the 8,358 people living in the Richmond/Stoke area who travel to work in Nelson, only 75 (1%) travelled by bus. Of these, 27 were from Richmond, and 48 from Stoke.

This is a small increase on the 2006 Census when 57 people took the bus.

Most people (4,419) drove to work by private car, with 534 cycling and 330 walking.

The very small proportion of people in Nelson using the bus to travel to work is similar to other NZ cities. The NZ average is about 4%, with most smaller cities being about 1-2%. Wellington has NZ's highest number at about 14%.

4.2 NCC traffic counts

A summary of the Council traffic counts for the period 2009-2013 is shown below:

- *Northbound (Richmond - Nelson), 7.30am - 9.30am*
 - Averages about 4,700 vehicles (trend is flat).
 - Average of about 6,400 people travelling (trend is flat)
 - Average of about 1.4 people per vehicle (trend is flat)
 - About 75% of vehicles have only 1 occupant
 - Rocks Rd and Waimea Rd have a similar number of vehicles

- About 90% of vehicles are cars (8% are heavy traffic vehicles, and 2% bicycles)
- *Southbound (Nelson - Richmond) 4.30pm - 6.00pm*
 - About 4,000 vehicles in evening peak (trend is flat)
 - Average of about 6,000 people travelling (trend is flat)
 - Average of about 1.4 passengers per vehicle (trend is flat)
 - About 75% of vehicles have only 1 occupant
 - Rocks Rd and Waimea Rd have same number of vehicles travelling north
 - About 90% of vehicles are cars (8% Heavy traffic vehicles, 2% bicycles)

4.3 Summary

The traffic numbers indicate that:

- Bus passengers make up a very small proportion of people travelling between Richmond and Nelson (about 2%)
- The new bus service has had little impact on vehicle traffic
- There is substantial potential to increase the bus share of travel.

5. Current Bus Services

The current bus service in Nelson comprises the following:

- the services between Nelson and Richmond (which operate on two routes);
- the four city routes (Atawhai, The Brook, Victory, and Washington Valley); and
- a late night Friday and Saturday bus service between Nelson and Richmond known as *The Late Late Bus*.

A discussion on each service is provided below, and passenger numbers, revenue and costs for the 12 months to August 2013 are also shown. Some of the numbers are estimates because many of the numbers are not available on a route-by-route basis.

5.1 Nelson - Richmond via Bishopdale (route 1)

Route 1 operates between Nelson and Richmond on weekdays and travels via Bishopdale. Eighteen services are provided in each direction each day. There is no weekend service. The full route length is 12.8 kms in each direction.

Some details of this route are shown below:

| | |
|---|-----------|
| Gross annual cost ³ | \$383,000 |
| Annual passengers | 130,500 |
| Annual passenger revenue ⁴ | \$350,000 |
| Net annual cost ⁵ | \$33,000 |
| Fare-box recovery ⁶ | 93% |
| Average passengers per trip | 14.3 |
| Average passengers at peak times ⁷ | 20 |
| Subsidy per passenger-trip | \$0.22 |
| Percentage of total contract cost | 7.5% |

This route is the most successful of the Nelson routes. It has a low net cost, low subsidy per passenger and very high fare-box recovery⁸. It also compares very favourably on most measures with other bus services in other cities in NZ.

This route accounts for 7.5% of the annual city-wide total subsidy provided by NCC.

An analysis of the trip data from this route indicates:

- The service is most popular during the off-peak hours and at school times
- Early morning trips from Richmond average about:
 - 7 passengers on the 7am trip
 - 20 passengers on the 7.30am trip
 - 35 passengers on the 8am (which are mostly school children)
 - 15 passengers on the 8.30am trip
- The services are popular in each direction throughout the day, including early morning services from Nelson to Richmond (particularly at school times)
- The first service from Nelson (at 7am) carries only about 4 passengers.

Overall this route is performing very well. There are good passenger loads throughout the day and in each direction. However the loads at peak times (other than for school children) are perhaps disappointing when measured against the goal of getting people to use the bus rather than a car.

5.2 Nelson - Richmond via Tahunanui (route 2)

Route 2 operates between Nelson and Richmond on weekdays and weekends. The Richmond to Stoke part of the route duplicates route 1, but route 2 travels to Nelson via Tahunanui. Eighteen services are provided each weekday. Unlike route 1, route 2 has a weekend service, with 5 trips in each direction on Saturdays and Sundays.

The full route length is 14.6 kms in each direction, making it slightly longer than route 1.

³ Gross cost is the full cost of providing the service, before passenger revenue is taken into account

⁴ Includes reimbursement from the SuperGold Card scheme

⁵ Net costs is the gross cost less passenger revenue

⁶ Fare-box recovery measures the percentage of the cost of providing the service that is covered by passenger fares

⁷ Peak-time is defined as between 7am and 8am, and 5pm-6pm

⁸ Average fare-box recovery in NZ is less than 50%

Service details are as follows:

| | |
|-----------------------------------|-----------|
| Gross annual cost | \$490,000 |
| Annual passengers | 175,000 |
| Annual passenger revenue | \$420,000 |
| Net annual cost | \$70,000 |
| Fare-box recovery | 86% |
| Average passengers per round trip | 17.5 |
| Average passengers at peak times | 20 |
| Subsidy per passenger-trip | \$0.39 |
| Percentage of total contract cost | 15.5% |

The figures indicate that this route is the most costly of all the routes, primarily because of the slightly longer route and the weekend services. But it is also a successful route, and it carries the most passengers of all the Nelson routes (both in total and on a per-route basis), has a high fare-box recovery and low subsidy per passenger.

This route accounts for 15.5% of the annual city-wide total subsidy provided by NCC.

An analysis of the trip data indicates:

- The service is most popular during the off-peak hours and school times
- Early morning trips from Richmond average about:
 - 8 passengers on the 6.45am trip
 - 17 at 7.15am
 - 30 at 7.45am (mostly school children)
 - 20 at 8.15am
 - 20 at 8.45am.
- On Saturdays passenger numbers are about 30-35 in each direction
- On Sunday the average is about 20 in each direction.

As with route 1, passenger loads are good throughout the day, and in each direction. But also as with route 1, the peak-time loads are perhaps disappointing.

5.3 Atawhai (route 3)

Fifteen daily weekday round-trip services are provided between Nelson city and Atawhai. Six services are provided on Saturdays.

The route length is 17.2kms for the round trip.

Service details are as follows:

| | |
|-----------------------------------|-----------|
| Gross annual cost | \$170,000 |
| Annual passengers | 20,500 |
| Annual passenger revenue | \$36,000 |
| Net annual cost | \$134,000 |
| Fare-box recovery | 21% |
| Average passengers per round trip | 5.1 |
| Subsidy per passenger-trip | \$6.54 |
| Percentage of total subsidy | 30% |

This is the most patronised of the four city routes, but it carries far fewer passengers than the Richmond routes, averages only 5 passengers per round trip, has a high cost to provide (because of its length) and thus a high subsidy per passenger, and has a low fare-box recovery.

The average fare paid by each passenger is \$1.76, and the subsidy per passenger is \$6.54 per passenger.

This route accounts for 30% of the annual city-wide total subsidy provided by NCC.

An analysis of the trip data indicates that on this route:

- school and off-peak services are most popular
- usage at peak-time is low (the 6.40am and 7.10am trips have an average of about 2 passengers. Likewise for the 6pm and 6.30pm)
- Saturday services average 5 passengers per trip.

5.4 NMIT/The Brook (route 4)

Fifteen daily weekday round-trip services are provided on this route. Six services are provided on Saturdays.

The route length is 11.0kms for the round trip.

Service details are as follows:

| | |
|-----------------------------------|-----------|
| Gross annual cost | \$107,000 |
| Annual passengers | 9,300 |
| Annual passenger revenue | \$16,000 |
| Net annual cost | \$91,000 |
| Fare-box recovery | 15% |
| Average passengers per round trip | 2.3 |
| Subsidy per passenger-trip | \$9.79 |
| Percentage of total subsidy | 20% |

This route averages only 2.3 passengers per trip, has a fare-box recovery of only 15%, has a subsidy per passenger of almost \$10 per trip, and accounts for 20% of the annual total city-wide subsidy provided by NCC.

An analysis of the trip data indicates:

- The service is most popular at school and off-peak times
- Usage during peak-times very small (the 6.40am and 7.10am trips have an average of about 1 passenger. Likewise for the 6pm and 6.30pm)
- Saturday services average about 2.5 passengers per trip.

5.5 Victory/Hospital (route 5)

Fifteen daily weekday round-trip services are provided on this route. Six services are provided on Saturdays.

The route length is 11.3kms for the round trip.

Service details are as follows:

| | |
|-----------------------------------|-----------|
| Gross annual cost | \$109,000 |
| Annual passengers | 15,700 |
| Annual passenger revenue | \$31,000 |
| Net annual cost | \$78,000 |
| Fare-box recovery | 28% |
| Average passengers per round trip | 3.9 |
| Subsidy per passenger-trip | \$4.97 |
| Percentage of total subsidy | 17% |

This route is the best performer of the four city routes from a financial point of view, but it only has an average of 4 passenger per trip at a subsidy of \$5 per passenger.

This route accounts for 17% of the annual city-wide total subsidy provided by NCC.

An analysis of the trip data indicates:

- It is most popular at off-peak times
- Usage during peak-times is very small (the 6.40am trip averages 1 passenger, and the 7.10am 2. The 6pm and 6.30pm services average 3 passengers per trip)
- Saturday services average 5 passengers per trip.

5.6 Washington Valley (route 6)

Three daily weekday round-trip services are provided on this route. No services are provided on Saturdays.

The route length is 11.0kms for the round trip.

Service details are as follows:

| | |
|-----------------------------------|----------|
| Gross annual cost | \$20,000 |
| Annual passengers | 2,249 |
| Annual passenger revenue | \$2,150 |
| Net annual cost | \$17,850 |
| Fare-box recovery | 11% |
| Average passengers per round trip | 5.1 |
| Subsidy per passenger-trip | \$7.94 |
| Percentage of total subsidy | 4% |

This route accounts for 4% of the annual city-wide total subsidy provided by NCC.

An analysis of the trip date indicates:

- A high cost per passenger
- Low usage.

5.7 The Late Late Bus

This service operates between Nelson and Richmond on Friday and Saturday nights. Five round trips are provided each night.

The route length is 27.4kms for the round trip.

Service details are as follows:

| | |
|-----------------------------------|----------|
| Gross annual cost | \$49,000 |
| Annual passengers | 8,600 |
| Annual passenger revenue | \$22,000 |
| Net annual cost | \$27,000 |
| Fare-box recovery | 45% |
| Average passengers per round trip | 17 |
| Subsidy per passenger-trip | \$3.14 |
| Percentage of total subsidy | 6% |

This service performs quite well compared to the city routes. It has an average fare of \$2.56 per passenger and average subsidy of \$3.14.

This route accounts for 6% of the annual city-wide total subsidy provided by NCC.

The bus carries a security person, the costs of which are not included in the figures above.

6. Passenger Numbers

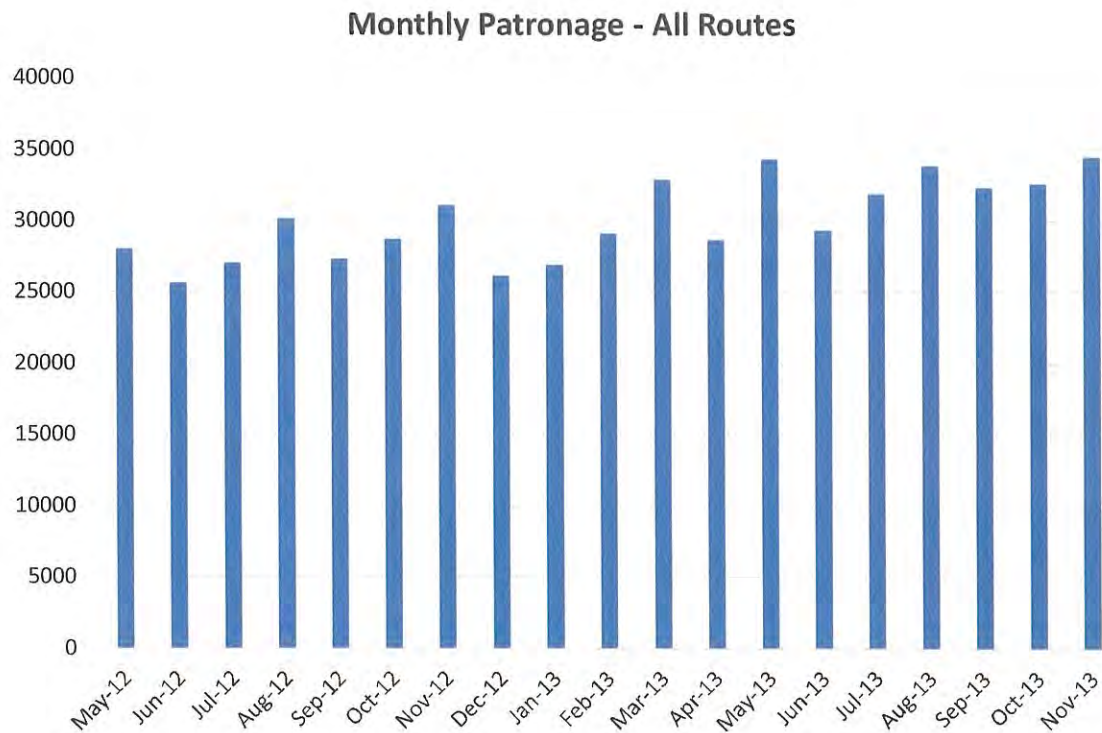
6.1 Totals

Current annual patronage for all the routes is 350,000. 87% of that is on the two Richmond routes.

It is not possible to compare current patronage levels with those pre 2012 when the new service began because passenger numbers for the Richmond service prior to 2012 are not available.

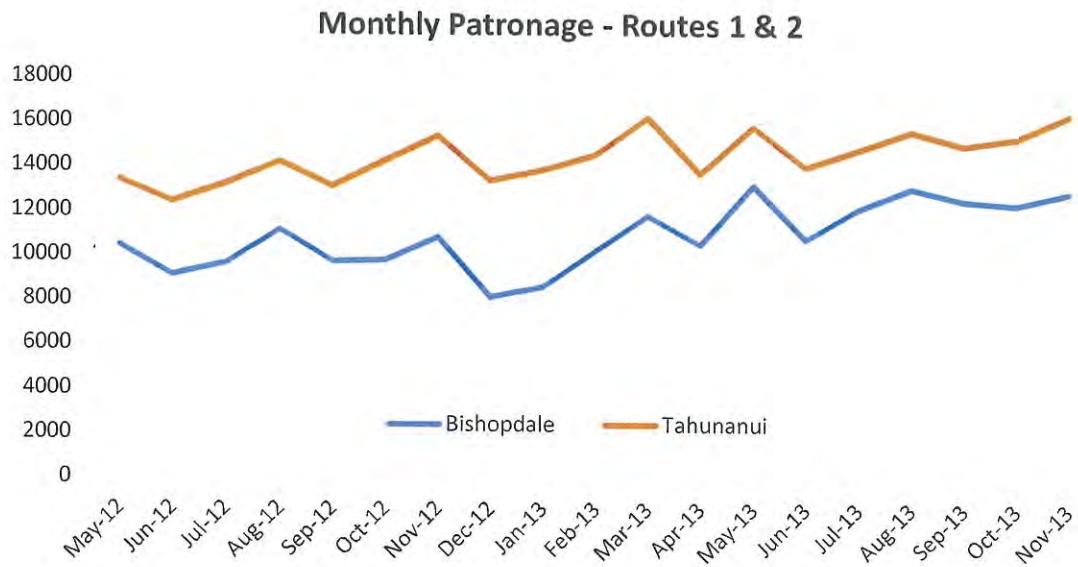
However overall patronage since the new service was introduced is increasing. This increase is about 15% annually (when comparing May 2013 with May 2012, June 2013 with June 2012 etc.).

Monthly patronage since the commencement of the new service is shown in the graph below.



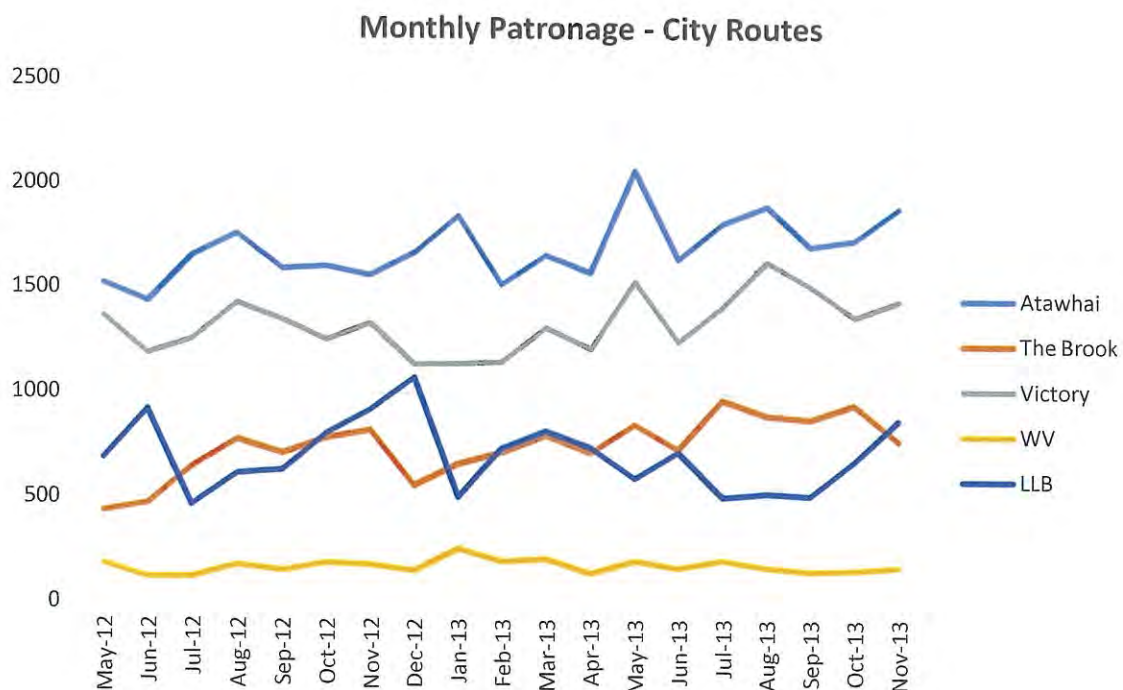
When looking at what is happening on each route, growth is highest on the Richmond (Bishopdale) route at about 25% annually. Growth on the Richmond (Tahunanui) route is about 12%.

Patronage since May 2012 on the two Richmond routes is shown below.



Passenger numbers on the city routes are also increasing. Comparison with past years show that numbers have grown by about one-third over the last ten years (although service levels have changed).

Monthly numbers since the expanded service began in 2012 are shown in the graph below.



Passenger numbers are rising on the Atawhai, The Brook and Victory routes. Numbers are flat on the Washington Valley and *Late Late Bus*.

6.2 Passenger categories

The passenger categories are shown in the table below:

| <i>Passenger type</i> | <i>% of total</i> |
|------------------------------|--------------------------|
| Adults | 45% |
| Children | 25% |
| Concession | 13% |
| SuperGold | 15% |
| Under 5 | 1.5% |

Children are defined as those aged up to 15 years of age, or still at school.

Concession passengers are defined as those who have a Community Services Card, or are enrolled in a local tertiary institution, or are aged 18 and under. The precise split between these groups is not known, but drivers estimate that about 60% of these passengers have a Community Services Card, meaning 5% of total passengers (or about 17,500 passengers) are tertiary students.

SuperGold passengers are those travelling on the SuperGold Card free travel scheme. This national scheme is funded by Government and allows SuperGold Card holders (generally those aged 65 years and above) to travel free at off-peak times.

7. Fares and Ticketing

7.1 Fares

Fares on the Nelson buses are determined calculated on distance travelled, with fares based on four zones. The four city routes are all within one zone and thus the four zone system only affects trips on the Richmond services.

Children pay between 60 -75% of the adult fare. Tertiary students and Community Service Card holders pay between 80-88% of the adult fare.

Ten trip tickets are available for each group and offer a 20% discount on the cash fare. 30-trip tickets are also available which offer a 30% discount on the adult cash fare only and the level of discount means they are only useful to adults and students/CS card holders. The multi-trip tickets are not sold on the buses, but are available at a number of sales outlets.

Transfer tickets and all day passes are also available.

Those over 65 years of age can travel free on the Government funded SuperGold Card scheme on off-peak services.

The cash fares are set out below:

| | Zone 1 | Zone 2 | Zone 3 | Zone 4 |
|--|---------------|---------------|---------------|---------------|
| Adult cash | \$2.50 | \$3.00 | \$3.50 | \$4.00 |
| Child cash | \$1.50 | \$2.00 | \$2.50 | \$3.00 |
| Student/Community Services card holder | \$2.00 | \$2.50 | \$3.00 | \$3.50 |

These fares have been in place since the new services began in 2012.

The surveys indicated that passengers regarded fares as being reasonable. And fares were not a factor in people choosing not to use the buses.

7.2 Ticket type

The tickets used by the passengers are as follows:

| <i>Ticket type</i> | <i>% of total</i> |
|---------------------------|--------------------------|
| Cash | 52% |
| 10 trip | 26.5% |
| 30 trip | 5.5% |
| SuperGold | 15.5% |
| Transfer | 0.5% |
| Day pass | 0.1% |

Of those who buy adult tickets:

- 67% pay cash
- 22% use ten trip tickets
- 12% use 30 trip tickets.

Of those who buy child tickets:

- 54% pay cash
- 46% use ten trip tickets.

A surprisingly high number of passengers pay by cash. Passengers using cash slow the trip (because of the extra interaction with the driver). In most cities the use of cash is discouraged (many places require the exact fare to be tendered, and in some places cash is banned (at least on peak hour trips)).

In most cities regular commuters and those travelling to school would normally use multi-trip tickets (which usually offer about a 20% discount on the cash fare, the same as in Nelson).

This high level of payment by cash in Nelson would indicate either a high level of casual rather than regular passengers (but the survey indicated that about 70% of passengers are regular travellers) or the lack of readily available ten-trip tickets. It is likely to be the latter, because the ten trip tickets are not able to be bought on the buses. SBL is reluctant to have its drivers sell multi-trip tickets because of the risks associated with the drivers carrying large amounts of cash. The tickets are only available at certain outlets around town).

However given the high number of cash trips it is likely that the drivers are carrying the same amount of cash as they would if they sold ten-trip tickets.

7.3 Distance travelled

The table below shows the distance (indicated by the zone-based ticket sales) travelled by passengers:

| | 1 zone | 2 zone | 3 zone | 4 zone |
|------------|---------------|---------------|---------------|---------------|
| Adults | 12% | 30% | 30% | 29% |
| Child | 7% | 27% | 36% | 31% |
| Concession | 26% | 22% | 28% | 25% |
| SuperGold | 20% | 28% | 30% | 22% |

While information about where passengers get on and off the buses is not collected, these numbers indicate that about 30% of passengers make the full trip between Richmond and Nelson CBD. Another 30% make a 3 zone trip (such as between Stoke and Nelson CBD), and another 30% make two zone trips (such as Stoke to Tahunanui, or Tahunanui to Nelson CBD).

This is confirmed by the information from the passenger survey.

7.4 Fare-box recovery rate

Fare-box recovery is a measure of the degree to which a bus service is subsidised. Fare-box recovery is the percentage of the gross costs of running the service that are covered by passenger fares. A high fare-box recovery indicates the passengers are paying a high percentage of the costs of running the service, and subsidy levels are low. A low fare-box recovery indicates high subsidy levels.

In Nelson, the gross costs of providing all the services are about \$1,300,000. The passenger revenue is about \$1m, and thus the fare-box recovery is 77%. That is the highest figure of any city in NZ by more than 20 percentage points. The NZ average is 46%, and NZTA has a national target of 50%.

Section 9 below shows the fare-box recovery for several NZ cities, with most having a fare-box recovery of below 50%.

A high fare-box recovery means that the service is close to being commercial and thus not needing a subsidy. As can be seen by the figures for each Nelson route, the Richmond services have a very high fare-box recovery, and the four city routes have very low fare-box recovery. 77% is the average for the network.

NCC has, in its *Regional Passenger Transport Plan* (prepared in 2011), set a target fare-box recovery rate of 50%. It can be argued that a high recovery rate means that the service is very efficient. It can also be argued that passengers are paying too much.

8. Vehicles and Bus-stops

The vehicles used on the Richmond services are new large low-floor⁹ buses and are specifically designed for city bus services. They are also designed to carry wheelchairs.

However the vehicles used on the four city routes are older and more importantly are not low-floor and cannot carry wheelchairs. Getting on and off the vehicles involves several steps, and as a large proportion of passengers on the city routes are elderly this makes it difficult for them to use the buses. Low floor buses are also easier to use for those passengers with small children and push-chairs, and generally have wheelchair access. The unsuitable nature of the buses on the city routes was raised in the surveys.

The current Nelson bus terminal is based at the premises of SBL. This does raise the issue of what might happen should SBL lose the contract to provide the bus service. SBL also raised some issues with the Nelson terminal, including the lack of toilet facilities and rental costs associated with the use of the terminal.

The Nelson terminal is also off-road and therefore not particularly prominent.

The Richmond bus terminal was also raised as an issue by SBL. The terminal is in Sundial Square and is essentially only a single bus-stop. Extending it to at least another stop to allow two buses to use it would seem be a minimum requirement. This will require support from Tasman District Council but that council is apparently unwilling to provide the extra space (it involves giving up three car-parking spaces).

9. Comparison with other NZ Cities

A comparison with similar cities in NZ was undertaken to gain a better understanding of how the Nelson bus service is operating. The results, based on 2012-13 figures, are shown below. The figures for Wellington are shown to give an indication public transport usage and costs in a larger city.

⁹ A low-floor bus has a low, single step from the curb onto the bus, and no internal steps in the front part of the bus

| City | Population | Annual passengers (000's) | Annual trips per capita | Annual fare revenue (\$000's) | Average fare per passenger (\$) | Annual subsidy payments (\$000's) | Subsidy per passenger trip (\$) | Subsidy per capita (\$) | Fare-box recovery (%) |
|--------------|------------|---------------------------|-------------------------|-------------------------------|---------------------------------|-----------------------------------|---------------------------------|-------------------------|-----------------------|
| Nelson | 46,000 | 352 | 7.7 | 1,010 | 2.87 | 300 | 0.85 | 6.52 | 77 |
| Whangarei | 52,000 | 306 | 5.9 | 670 | 2.19 | 700 | 2.29 | 13.46 | 49 |
| Gisborne | 34,000 | 157 | 4.6 | 220 | 1.40 | 270 | 1.72 | 7.94 | 44 |
| Wanganui | 40,000 | 157 | 3.9 | 211 | 1.34 | 603 | 3.84 | 15.08 | 35 |
| Blenheim | 30,000 | 25 | 0.8 | 70 | 2.80 | 80 | 3.20 | 2.67 | 46 |
| Timaru | 28,000 | 213 | 7.6 | 167 | 0.78 | 725 | 3.40 | 25.90 | 23 |
| Invercargill | 53,000 | 310 | 5.8 | 290 | 0.94 | 1,190 | 3.84 | 22.45 | 19 |
| New Plymouth | 60,000 | 556 | 9.3 | 930 | 1.67 | 1,630 | 2.93 | 22.17 | 36 |
| Wellington | 450,000 | 35,000 | 77.8 | 98,000 | 2.80 | 75,000 | 2.14 | 166.67 | 56 |

The figures generally show Nelson in a positive light. In comparison to other similar NZ city bus services, Nelson:

- Has high patronage (both in absolute terms and on a trip-per-capita basis)
- Has high fares and revenue
- Has a very high fare-box recovery
- Has low levels of overall subsidy, subsidy per passenger, and subsidy per capita.

Overall this indicates that bus services in Nelson performs well compared to other NZ cities.

The figures for Nelson are for the network as a whole; if the Richmond routes and the four city routes were shown separately then the performance of the Richmond routes compared to the other NZ cities would be outstanding, and the performance of the city routes would be poor (although it is noted that all cities have good and poor performing routes).

10. Funding

Public transport worldwide is subsidised because of the benefits of a bus service to the wider community. These benefits accrue both to the individuals using the service, and to others who benefit from the service such as employers, businesses, and other people on the roads (who benefit from reduced road congestion). There are also health and environmental benefits that are appropriately funded by the wider community.

Bus use is much more efficient economically and environmentally on a per passenger basis than private cars.

Funding for public transport in NZ traditionally comes from the local authority (which usually provides 50% of the subsidy required) and NZTA (who provide the other 50%).

When raising the local share of the funding, the local authorities usually raise the money on the basis of who benefits from the service - funding models used in NZ usually assign half the costs of a service to the area where the passenger travel originates, and half to the area where the travel ends.

10.1 Current Nelson funding arrangement

In Nelson, NZTA have declined to pay the extra costs associated with the new bus contract, with NZTA pegging its contribution at its pre-2012 funding level. NCC have had to fund the extra costs associated with the new services.

Thus the net cost of the bus service (expected to be \$535,000 in 2013/14) is funded by:

- NCC - \$380,000 (rating contribution of \$155,000 (to match NZTA; which is 29% of the cost), and car-parking revenue of \$225,000 (42% of the cost))
- NZTA - \$155,000 (29% of the cost).

If the usual funding arrangement was in place (based on the standard NZTA model, and ignoring any TDC contribution), the funding arrangement would be:

- NCC - \$267,500
- NZTA - \$267,500

Because 30% of the bus travel in Nelson either begins or ends in Richmond, it would be usual that TDC fund that percentage of the local share of the costs. Given that the Richmond services cost \$103,000 (net) annually (see above), the funding arrangement should therefore be:

- NCC - \$ 236,60
- TDC - \$ 30,900
- NZTA - \$ 267,500

However TDC has refused to contribute to the cost of the service, even though it serves part of its district.

It should be noted that NCC (with assistance from NZTA) also pays for the administration costs associated with the contract, and infrastructure costs (bus stops, timetables etc.). It might reasonably be expected that TDC contribute a portion of these costs.

10.1.1 The current contract

The current contract between NCC and SBL is what is known as a net contract. This means that SBL will receive \$535,000 this year plus the passenger revenue. Thus any increase in patronage will benefit SBL rather than NCC.

The benefit to NCC of such a contract is the ease of budgeting, the lack of risk, and the provision of an incentive for SBL to provide a good service.

Because of the contract structure, it would normally be expected that the costs or savings from any improvements be calculated on a net basis i.e. after the revenue impact. Thus if a new service is introduced, and the gross cost of that new service is \$100, if the revenue from the new service is expected to be \$60, then the Council/NZTA share of the cost should be \$40. SBL would contribute the other \$60 (which it then receives back by way of passenger fares).

In the Nelson situation, the high fare-box recovery of the Richmond services means that any improvements on those routes should cost relatively little. On the same basis, the savings from any reduction in services on the four city routes will be relatively high because there will be little loss of revenue.

10.2 NZTA

As indicated above, NZTA usually funds 50% of the costs of providing passenger transport services. However in recent years NZTA has had limitations placed by Government on its funding, and while it has continued to fund public transport at historical levels, it has been unable to fund any new services. Any new public transport funding available to NZTA is required to be targeted at services which meet Government priorities, and this usually means that any extra funding will go to Auckland and Wellington.

When seeking any new NZTA funding, new NZTA rules require the council requesting the extra funding to prepare a business case supporting the application. This business case must be prepared in accordance with NZTA procedures, and must address the NZTA funding priorities.

10.2.1 What is required for a business case?

No business case for extra NZTA funding has yet been prepared in NZ. While NZTA has prepared high level guidelines for the preparation of business cases, NZTA themselves are unable to provide a model or precedent, other than to indicate that the general requirements can be found on its website.

The business case model required by NZTA is built on Treasury's *Better Business Case* framework. This framework is built on the need to address five key areas:

- Strategic (is there a compelling case for change?)
- Economic (does the proposal optimise value for money?)
- Commercial (is the proposal commercially viable?)
- Financial (is the proposal affordable?)
- Management (how can the proposal be delivered?)

The approach involves collaboration with other relevant parties in defining the problem, and consideration of a wide range of alternatives. The preparation of a business case usually assumes no action has yet been taken, but of course this is not the case in this Nelson situation, where the funding application (which is seeking only another \$112,000 from NZTA) is essentially a retrospective one. Never-the-less, NZTA have said a business case must be prepared if NCC wants to seek additional NZTA funding.

NZTA define the business case approach as:

"a structured process that integrates best practice decision-making, programme management and investment assurance tools.

It progressively builds an investment case by:

- *identifying the core problem*

- *identifying the consequences of not addressing it*
- *identifying the benefits to be gained by investing in its solution.”*

The first step in the process of preparing a business case is to hold an “investment logic mapping” meeting with a facilitator and key stakeholders. The workshop focus is on achieving a clear understanding of:

- the underlying problem(s) that the organisation considers requires addressing
- the robustness of available evidence to confirm both the cause and effect of the problem(s)
- the consequences of not fixing the problem(s)
- the high level benefits the organisation could expect in successfully addressing the problem
- whether there is stakeholder agreement to proceed.

These requirements are substantial, although NZTA has indicated that the requirements can be scaled according to the size of the funding required. As NCC is only seeking an extra \$112,000 from NZTA it can be assumed a basic business case will be acceptable. Quite how much work is required in a bid for only \$112,000 is unclear. And the bid will in effect be a retrospective one as the new service is already underway.

NZTA is also prepared to assist with the preparation of a business case (assuming stage one of the process indicates that such a course of action is warranted). NZTA will also provide a facilitator for the investment logic mapping.

The information required to prepare a business case is essentially the identification and definition of the problem. In this case it is increasing congestion on the road between Richmond and Nelson. The solutions are for the initial workshop to address, but obviously include better public transport. There will be other potential solutions, such as increased road capacity and promotion of car-pooling.

It may be possible to jump straight to stage 2 of the process using a desk-top approach rather than hold a workshop (much of the problem has already been discussed with stake-holders through various consultation on various Council transport and planning documents).

In any event, the process has the potential to be slow and involve extensive consultation with NZTA as to what is required, and the extent of the information needed. The process will also be difficult given the extent of the knowledge and precedent available. The chances of success are also likely to be low, given the NZTA funding priorities.

Most of the information needed to prepare the business case (traffic counts and models, costs of the new bus service) is available to prepare the business case. It would be possible to put together a brief business case with minimal involvement with NZTA (but using its guidelines and relying heavily on the scaling provision), using a desk-top approach.

10.3 TDC

As indicated above, given that TDC benefits from the current bus service, it would seem appropriate for it to contribute to the costs of the service. At least 30% of passengers are from or going to Richmond. It seems unfair that Nelson ratepayers have to bear those costs which should be met by TDC.

TDC also seems reluctant to assist with providing suitable infrastructure (such as sufficient space for bus stops and the Richmond bus terminal).

Given TDC's reluctance to assist with the costs of providing the bus service, an option is to end the bus service at Stoke (perhaps at Saxton Rd). That would save costs, and while it would lose some revenue the cost saving would almost certainly outweigh the revenue loss. But ending the route at Stoke is going to inconvenience many current passengers, including many school children. It is also not going to help the traffic congestion issue.

Another option is to increase the four zone fare so that passengers going to/from Richmond pay a higher cost.

11. Improvements for the Future

11.1 General

In general it can be said that overall the Nelson bus service is performing well. It is performing above expectations with regard to fare-box recovery, patronage is increasing, and the Richmond services in particular are carrying many passengers and at a low subsidy rate.

The Richmond services carry 87% of passengers at only 23% of the subsidy.

However the four city routes and *The Late Late Bus* are carrying only 13% of passengers and costing 77% of the subsidy.

Patronage trends are good for most services, although it seems clear given the size of the catchment areas and the small distances involved of the four city routes that the city routes have limited opportunities to increase patronage. The patronage increases on the city routes is also from a low base, whereas the increase on the Richmond routes is from a much higher base (and therefore the increases in total passengers on the Richmond routes is more substantial)

But even many of the buses on the Richmond routes are not anywhere near full, and given the number of people travelling along the bus route in a car there is potential for the Richmond buses to carry more passengers and thus cost less subsidy while at the same time reducing traffic congestion. The peak-time services (outside of school times) in particular have capacity to carry many more passengers.

Major changes to the services are probably not warranted at this stage, given that the new services have only been in operation for 18 months and most are continuing to grow. There are some relatively minor changes however that can be considered now, and some more major ones that might be considered for the future. These are discussed below.

11.2 Routes and timetables

A discussion on the possible improvements that might be made to each route and timetable is set out below. Some high-level discussion of the cost implications is also included, and where possible some cost estimates are provided. The precise costs of any option considered by NCC to be worthy of further investigation would need to be discussed with SBL and will depend on any impacts on the

current timetable, extra distances involved, vehicle and driver availability, likely number of passengers etc.

11.2.1 Route 1 and 2 - Nelson-Richmond

Route

Routes 1 and 2 are the same between Richmond and Stoke, but route 1 travels to Nelson CBD via Waimea Road, and route 2 travels to Nelson CBD via Rocks Road. Both routes are relatively direct between Nelson and Richmond, and as such there are few options for improving them. But some improvement options include:

- Improved coverage of Richmond. The current route starts in Queen St Richmond and travels north via Salisbury Rd. This route is some distance from many of the houses in Richmond. A separate “feeder” bus which loops around Richmond and links with the bus in Queen St is a possible option for improving coverage. Note that a separate feeder bus is preferable to using the main bus to do the feeder route because it will delay the timetables and the big buses are probably unsuitable for the residential streets. Another similar but perhaps better option is to simply start the current route slightly further west than at present, perhaps in Wensley Rd. The route would then be Wensley Rd, Oxford St, Salisbury Rd etc. This would provide better coverage of Richmond than the current route, at little or no extra cost (and much less cost than a separate feeder bus), and with no loss of journey time. It would however mean no coverage of the Richmond CBD (although most trips are from/to passengers homes or school in Richmond rather than to/from the CBD)
- Route 1 going via Beatson St as a means of speeding up the trip and avoiding some traffic congestion in Wakatu. This may mean some alterations to the width of the speed humps in Beatson St to allow buses to avoid them.
- Route 2 running via Nayland Rd rather than Main Rd. This would allow better coverage of Stoke than at present. A Stoke loop has operated in the past (although unsuccessfully), and its reinstatement was suggested by many of the survey respondents as a way of providing a better service in Stoke. However the option of route 2 travelling by Nayland Rd would provide better coverage of Stoke at no cost and with no change to the timetable
- SBL have suggested a third western route, running from Nelson to Stoke via Tahunanui and using Nayland Rd. However this will be costly and will duplicate much of the existing route. Running the current route 2 via Nayland Rd is considered a better option, at least in the first instance.

Timetable

The current timetable has buses leaving Richmond and Nelson every 15 minutes at peak times, with half the buses going via Bishopdale, and half via Tahunanui. Thus people in Nelson CBD, Richmond and Stoke have the option of a bus every 15 minutes. This is a good level of service which caters easily for the current demand. At off-peak times the buses run every 30 minutes, which also provides a good level of service between Richmond and Stoke (assuming you want to go to Nelson CBD).

The service levels are lower for people living between Nelson CBD and Stoke, and for those not wanting to go all the way to Nelson CBD as they only have the option of one bus every 30 minutes at

peak times and every hour at off-peak times. The surveys and ticket information indicate there are many passengers in this situation.

Express buses and special buses for school children also had support in the surveys, as did providing earlier and later services to cater for shift workers.

The lack of weekend services was probably the main issue raised in the surveys, particularly on route 1. At the moment the three main city routes have a better Saturday service (six trips) than the Tahunanui service (five trips) and Bishopdale service (no trips).

Possible changes

- Increasing the service frequency on the Richmond routes to every 10 minutes at peak times and every 20 minutes at off-peak times (which would mean a peak-time frequency of 20 minutes and off-peak frequency of 40 minutes for those between Nelson CBD and Stoke)
- Making one or some of the peak-time Richmond services “express”. Express buses have fewer stops than the normal bus, which speeds up the journey and thus makes it more attractive to passengers. Stops could, for example, be restricted to Stoke, and Nelson Hospital/Tahunanui. Express buses will be easier to provide if the frequency is higher (otherwise either an extra bus is needed to create a separate express, or one of the existing buses is designated express, which will lower the frequency for those who can’t get on the express).
- Putting on a special bus for school children at peak times. Some of the schools indicated problems and delays at school times caused by overloading. SBL already provide specific commercial services for the schools but there seems to be some spill-over. Some discussion between SBL, NCC and the schools involved may be all that is needed to resolve this issue.
- More weekend services. There was a demand from the surveys for more weekend services, and on both routes. Extra services on route 2, and new Saturday and Sunday services on route 1 would seem a good option.
- Extending timetables to provide earlier and later services. There was some support in the surveys, particularly for workers whose hours don’t coincide with the current timetable
- The speed of the journey could be improved by various methods, such as bus priority and better ticketing.

Cost implications

Some of these options will have cost implications, especially those which involve extra services. However because of the high fare-box recovery (around 90%) and low subsidy cost of the Richmond services, the cost is likely to be relatively small. The precise costs would need to be discussed with SBL. Any funding required could be met from savings from reductions in the city services (see below).

The route changes in Richmond or using Nayland Rd will have little or no cost impact (although some street marking and bus-stop installation will be needed, particularly for Nayland Rd).

Increasing the weekend services is likely to have minimal cost because of the probable level of revenue. The total increase in costs (based on current subsidy per trip) is likely to be about \$12,000 per year (increasing route 2 to from five to seven services per Saturday and Sunday, and providing

seven services on route 1 each Saturday and Sunday)¹⁰. This cost could be met by reductions in services on the city routes (see below).

Increasing the weekday frequency to 10/20 minutes will cost more because of the need for extra vehicles but again given the high fare-box recovery (likely to continue if the service frequency increases) the cost of providing the extra is likely to be moderate. Based on the 30% increase in service levels provided under this option, the annual cost should be no more than \$50,000¹¹.

While this increase in frequency is likely to result in higher passenger numbers, this is probably an option to be considered in the medium term, perhaps in about 12 months' time, rather than immediately. It will take some time to draw up a timetable and discuss the cost implications with SBL. However SBL could be asked to price this option now in order to help NCC decide if it wishes to proceed, and a possible timetable could be drawn up.

Starting weekday services earlier and running later is likely to involve some cost because of likely low loading for early/late trips, and the need for extra drivers. This option is perhaps also a medium term option, and should be a lower priority (because it will carry fewer passengers) than increasing the service frequency to 10/20 minutes.

The extra route suggested by SBL will have relatively high costs because it will involve extra vehicles and will likely dilute existing revenue by splitting passengers between three routes rather than two.

11.2.2 Route 3 - Atawhai

Route

There are few options for changing the current route, and no changes are suggested.

Timetable

The current timetable has four peak-time services and a two-hourly service during the day. The first two and last two services of the day are lightly used and could easily be deleted without affecting many passengers (many of who will likely transfer to later/earlier services). Some connectivity with other routes may be lost.

The rest of the services, including the weekend ones, are lightly used but patronage is increasing and it is difficult to reduce the service much further without making large holes in the timetable which will discourage potential passengers by restricting their options.

The current timetables for the three main city routes are identical, meaning three buses are needed, yet those buses (and drivers) sit idle for much of the time. For example, at 9am the three buses do their runs which are completed by 9.30am. One bus then does the 9.30am run on route six but the other two buses have to wait till 11am for their next trips. There is scope to change the timetable to allow for a reduction in bus numbers (and thus costs). This is particularly so if the first two trips on routes 3, 4, and 5 are deleted as I suggest. This option needs to be explored with SBL.

Possible changes

¹⁰ The current subsidy cost per trip on the Richmond routes is about \$6. Increasing the trips to 7 per route involves an extra 1,800 trips

¹¹ The total annual subsidy for the current Richmond service is \$100,000; thus the cost of a 30% increase in services is likely to be \$30,000 plus some allowance for lower average revenue likely from the increase in frequency

- Delete the two early morning and the last two evening trips, and start the timetable at 7.30am, then run at 8am, 9am, 11am etc. with 5.30pm being the last trip (but subject to the option set out below)
- Investigate changing the timetables for the four city routes to try and provide the services with one less bus

Cost implications

The current net annual cost of providing one Atawhai service is about \$10,000; deleting four trips will save about \$40,000 per year. This money could be more effectively used for improvements to the better performing Richmond routes.

11.2.3 Route 4 - The Brook

Route

There are few options for improving this route, and no changes are suggested.

However a number of minor route suggestions have been made through the feedback from passengers and drivers (such as deleting the Manuka St part of the route). Most of the suggestions require a level of understanding of the local roads that I don't have, and only the drivers will have an understanding of the effect on the passengers. I suggest that NCC officers meet with SBL management and a bus-driver representative to consider and make decisions on the suggestions.

If any changes are made they are likely to be minor and have very little or no extra cost.

Timetable

The same timetable issues as for Atawhai apply to The Brook.

Possible changes

- Delete the two early morning and the last two evening trips, and start the timetable at 7.30am, then run at 8am, 9am 11am etc. with 5.30pm being the last trip (but subject to the option set out below)
- Investigate changing the timetables for the four city routes to try and provide the services with one less bus

Cost implications

The current net annual cost of providing one service to The Brook is about \$6,000; deleting four trips will save about \$24,000 per year. This money could be more effectively used for improvements to the better performing Richmond routes.

11.2.4 Route 5 - Victory/Hospital

Route

This is a complicated route but it has evolved over time and I have no suggested changes.

However a number of route suggestions have been made through the feedback from passengers and drivers. Most of the suggestions require a level of understanding of the local roads that I don't have. I suggest that NCC officers meet with SBL management and a bus-driver representative to consider and make decisions on the suggestions.

If any changes are made they are likely to be minor and have very little or no extra cost.

Timetable

The same timetable issues as for Atawhai and The Brook apply to this route.

Possible changes

- Delete the two early morning and the last two evening trips, and start the timetable at 7.30am, then 8am, 9am 11am etc. with 5.30pm being the last trip (but subject to the option set out below)
- Investigate changing the timetables for the four city routes to try and provide the services with one less bus

Cost implications

The current net annual cost of providing one service to Victory is about \$6,000; deleting four trips will save about \$24,000 per year. This money could be more effectively used for improvements to the better performing Richmond routes.

11.2.5 Route 6 - Washington Valley

Route

This is a complicated route but it has evolved over time and probably isn't worth changing. However as with the other city routes, a number of suggestions have been made through the surveys. Most of them require a level of understanding of the local roads that I don't have. I suggest that NCC officers meet with SBL management and a bus-driver representative to consider and make decisions on the suggestions.

Any changes however should be minor and have very little or no extra cost.

Timetable

This route is a poor performer but with only three trips per day, no weekend service, and the low cost to provide, there are few options for reducing the timetable further (other than deleting this route completely).

A demand-responsive service may suit this route, perhaps run by a local taxi company. Demand responsive services are those that run on demand (but based on pre-determined times e.g. the service might depart Nelson CBD at 10am, noon and 2pm) with no set route. Intending passengers living in the area are required to call and book the service, and the actual route is determined by the driver based on pick-ups/drop-offs. If no passengers' book, the service does not run.

This sort of service suits a taxi company because of the readily available vehicles and the low passenger numbers.

However these types of services have a poor record in NZ, and often end up being cancelled soon after they have been introduced.

Possible changes

- Investigate a demand responsive service for this route.

Cost implications

None.

11.2.6 *The Late Late Bus*

Route and Timetable

The current route for *The Late Late Bus* follows route 1 and 2 and this seems to work well.

The timetable also seems appropriate but it may have to be reviewed in the near future because of possible changes to the trading hours brought in under the proposed Local Alcohol Policy.

No changes are suggested for this service.

11.2.7 Fares and ticketing

There are a number of fare and ticketing issues.

Overall fare level

Overall the fare levels are high compared to other cities in NZ (see section 9 above). But the surveys indicated a reasonable level of satisfaction with fare levels, and the passenger numbers are generally high, so no change is recommended.

Bus fares are often compared to the costs of running a car for the same distance. Equivalent car travel (car operating costs only) is about 25 cents per kilometre¹². Based on a 12 km trip between Richmond and Nelson that equates to \$3. That compares to the bus fare of \$3.20 (when using a ten trip ticket), or \$2.80 (if using a 30 trip ticket). This confirms that the fares in Nelson, while perhaps on the high side, are comparable to running a car.

Zones

Fare systems are usually either based on distance travelled (zone systems such as in Nelson), or are the same regardless of distance travelled (flat fares, such as in Palmerston North and Christchurch). Zonal systems are regarded as being fairer than flat fare systems but can be complicated and involve many tickets. A flat fare system is simple, minimises the ticketing requirements, and minimises boarding delays thus making trips faster.

A zonal system suits cities that are elongated in nature (such as Nelson, Wanganui, Whangarei), whereas flat fares suit compact cities (such as Palmerston North and Christchurch).

A number of comments have been made about the number of zones in Nelson, with many considering four to be too many (thus complicating the bus network and discouraging potential passengers).

A simpler system would be a three zone system, with Nelson city in zone 1, Stoke in Zone 2 and Richmond in zone 3, but it is not considered worth changing at this stage.

But the trip to Atawhai should be a two-zone trip. Passengers on the Richmond routes are travelling similar distances and are paying more than the Atawhai passengers. Thus for equity reasons the

¹² The full cost is about \$0.80 per kilometre, depending on the size of the car and distance travelled

zoning for Atawhai should be changed. Atawhai has a high subsidy rate per passenger because of the length of the trip. Changing the zones to put Atawhai in zone two would increase the fares for most of Atawhai's 20,000 passengers by 50c. The boundary could be between Brooklands and Atawhai.

Some zone boundaries also seem to cause confusion. The boundary near Saxton Field was mentioned several times as being confusing (the zone boundary runs through Saxton Field and some bus-stops are in zone three and some are in zone four).

The current zone boundaries are not at bus-stops and this can create some inequities for people living near the boundary. Boundaries should be either at stops (with that stop deemed to be in both zones) or in areas with no housing (such as between Saxton Field and Richmond).

But changes to fare zones and boundaries are complicated for passengers and should only be introduced with other major network changes. So it is suggested that these changes wait till any other major changes occur (such as moving to a 10/20 minute frequency on the Richmond routes).

Boarding times

Some of the Richmond buses struggle to keep to the timetable. Faster boarding procedures (such as reducing the amount of cash trips) will help relieve the pressure of an already tight timetable. Not issuing tickets to passengers is also likely to help speed up times (currently all passengers are issued with a paper ticket).

Concession fares

The discount for children (they pay about 60% of the adult fare) is about the same as offered in most NZ cities and is therefore considered appropriate.

The level of discount available to tertiary students and Community Service Card holders is relatively small and it hardly seems worthwhile having such a small discount given the extra complications to the fare structure it brings (different tickets to print, more complicated fare structure for the drivers).

I suggest removing the "Student/CS card holder" fare and allow have students and community Card Holders to pay the child fare (renamed "concession fare"). This would save them save them 50c per trip). 45,000 trips are made annually on the concession ticket, thus the change would cost \$20,000 (exclusive of GST) less any increase in revenue from extra usage. These two groups are very sensitive to discounts and this may encourage more use of the buses and help pay for itself.

Nelson should consider introducing a free-travel-for-tertiary-students scheme that operates in several other NZ cities¹³. The scheme involves the local tertiary or university in that city paying a lump sum to the council or bus company in exchange for free travel being provided for staff and students of that institution. In New Plymouth for example, WITT¹⁴ pay a set amount to the Council in exchange for the WITT staff and students having free access to all bus services in New Plymouth. WITT benefit from having more people having easy and cheap access to its central city site, and save on having to provide parking spaces. The Council/bus company benefits from the extra passengers encouraged by the scheme, in a similar manner to the SuperGold Card scheme.

¹³ New Plymouth, Palmerston North, Wanganui

¹⁴ Western Institute of Technology at Taranaki

According to driver estimates, about 17,500 students travel annually on the buses. Based on this number, the cost of the scheme to NMIT could be about \$30-40,000. An accurate survey (undertaken by drivers) of student use of the buses should be made to verify the passenger numbers.

Such a scheme in Nelson would seem to be appropriate given the central site of NMIT and its parking issues. NMIT is within easy walking distance of the city bus terminal.

Multi-trip tickets

The level of discount for the multi-trip tickets is about standard, but usage of these tickets is lower than what might be expected because the ten-trip tickets are not sold on the buses. Multi-trip tickets are convenient for regular passengers and school children. More passengers using multi-trip tickets may reduce revenue slightly but will be appreciated by passengers and the “up-front” payment associated with buying multi-trip tickets is beneficial to the bus operator.

Other tickets, such as monthly tickets, could replace the 30 trip ticket. A monthly ticket just needs to be shown to the driver and speeds up boarding. Term tickets for school children also speed up boarding and are convenient for parents (and can be sold by schools).

Smartcards

NCC should consider introducing a smartcard system. Smartcards enable ease of boarding, provide discounted fares, and make things far simpler when considering fare increases (Smartcard fares can increase by 1c, whereas cash fares are restricted to multiples of 10c, and can lead to messy fares which require drivers to give lots of change, and slow down the service).

Smartcards also mean that no multi-trip tickets are needed thus reducing ticketing issues – fares are either smartcard or cash.

A NZ-wide smartcard system is currently being investigated by NZTA and a number of other councils. NCC should keep a watch on this and perhaps join such a scheme once it is up and running.

Possible changes

- Reduce the number of zones
- Change zone boundaries so that they go through bus stops or rural areas
- Make Atawhai a two-zone trip
- Simplify the fare system by giving tertiary students and Community Services Card holders the same discount as children.
- Investigate a free travel for NMIT students
- Encourage more use of multi-trip tickets, including selling ten-trip tickets on the bus
- Speed up boarding times by ceasing to issue a paper ticket/receipt when passengers use a ten-trip ticket
- Consider monthly tickets and term passes.
- Consider smartcard options

Cost implications

Are discussed above.

11.2.8 Funding

There are a number of issues with regard to funding.

Tasman District Council currently contributes nothing to the service yet the service benefits the people of Richmond.

SBL should contribute towards the cost of any changes to the service because it will benefit from the increased passenger revenue.

NZTA currently only contributes 29% of the cost of the services whereas its usual contribution is 50%.

Possible changes

- Seek funding from TDC for its share of the costs of providing the bus service. Consider options such as ending the routes in Stoke, or higher fares for Richmond passengers if funding is not forthcoming.
- Ensure SBL contribute towards the cost of any improvements, particularly those that will generate increased passenger revenue
- Seek funding from NZTA to restore the standard funding arrangement.

11.2.9 Vehicle and bus-stops

The vehicles used on the Richmond routes are new, large and low floor and as such are suitable for those routes.

But the current vehicles used on the city bus routes are far from ideal. The vehicles do not have low-floor access and as such are difficult for the elderly and disabled to use. A large proportion of the passengers on these routes are elderly and the current vehicles will discourage people from using the service. This issue was raised in the surveys.

What is needed is a small low-floor vehicle but such vehicles are not readily available (at least on the second-hand market) in NZ. But this is probably the single biggest improvement that can be made to the city routes. I suggest discussing this with the operator to see if any suitable vehicles are available and what costs are involved. Better buses may be a medium term solution rather than something that can be achieved immediately.

Improvements to the bus service infrastructure (such as bus stop shelters etc.) will make it easier to use the network and thus boost passenger numbers. Many detailed suggestions regarding bus-stops were made in the various surveys and the drivers also had some suggestions. As suggested above, a meeting of NCC staff, and SBL and drivers should be held to discuss these and agree on changes to be made and a priority order for the changes.

The availability of timetable information at bus-stops is also important, and a programme of installing timetables at stops should be introduced.

Another suggestion is to review all stops to identify those which can be improved by the installation of a concrete pad between the footpath and the road to aid getting on and off the buses (without having to walk over grass). This is particularly helpful in the winter and for those in wheelchairs.

Some of the suggestions for stop improvements will depend on the actions taken in response to this review. For example, if the routes are changed there will be some cost in installing new bus-stops and shelters.

Possible changes

- Introduce low-floor buses for city routes
- Improve stops by adding concrete pads to ensure easy access to buses (and remove need to lower buses which takes time)
- Progressively install timetable information at bus-stops
- Hold meeting with SBL and SBL drivers to discuss improvements for bus-stops.

11.2.10 Marketing and promotion

The new services seem to have been promoted well. But some groups (such as NMIT students) indicated a lack of knowledge of the services.

Some targeted advertising, such as at NMIT, Age Concern, Richmond households, might be appropriate.

The printed timetable also seems a bit confusing – it states that 10-trip tickets can be purchased from the driver but this is not the case.

12. Summary and Conclusions

12.1 General

Overall the Nelson bus service is performing very well.

But there is a huge variance between the performances of each route. The two Richmond routes are performing well and are close to being commercial. Even so, there is plenty of scope for these routes to do even better. More weekend services, a higher frequency timetable and better coverage of Richmond and Stoke are possible improvements.

The four city routes are poor performers and cost the bulk of the subsidy while carrying few passengers. There is little potential to improve the four city routes. While they clearly cater for the “transport disadvantaged” there seems to be little potential growth in this market. The services have existed for many years and growth in passenger numbers has been slow. There is no obvious fault with this service (other than being operated with unsuitable vehicles) – it just caters for a small (but needy) number of people. Some reduction in the number of services provided on these routes is warranted.

The Late Late Bus is performing quite well and only needs its timetable to be reviewed to suit the new licensing hours.

If NCC wishes to maximise the number of total passengers carried then the NCC subsidy would be best spent improving the Richmond services. To do this some funding should be diverted from the city routes.

The funding arrangements are also unusual. NCC is funding the bulk of the costs of the service. TDC is clearly not contributing its share, and neither is NZTA.

12.2 Suggested improvements

Set out below are suggestions for changes for the various services. Some improvements can be achieved relatively quickly, at little disruption to the service and at little cost. Other changes will cost more to implement, and given the nature of council budget cycles, the planning required and the fact that the service has only been operating for 18 months, are better left until another year or so.

The dollar implications of the suggestions are shown indicatively below, and many are calculated in the discussions on each above. The final dollar amounts will depend on the outcome of discussions and negotiations with the contractor, and agreement to change the contract.

12.2.1 Short-term changes

Richmond routes

1. Improve the coverage of Richmond by starting the route slightly further west than at present, in Wensley St (*low cost*)
2. Increase the weekend services by adding two extra services to route 2 each Saturday and Sunday, and having a similar timetable for route 1 (*low cost, funded by SBL and from savings from cuts to the city routes*)
3. Increase the service frequency to every 10 minutes at peak times and every 20 minutes at off-peak times (*medium cost*)
4. Initiate discussions with SBL and schools about providing sufficient capacity at school times to cater primarily for Nayland College and Nelson College (*low cost or funded by SBL*)

Atawhai

5. Delete the two early morning trips, and the last two evening trips, and start the timetable at 7.30am, then run at 8am, 9am 11am etc. with 5.30pm being the last trip (but subject to option 6 below) (*medium savings*)
6. Investigate changing the timetables for the four city routes to try and provide the services with one less bus

The Brook

7. Delete the two early morning trips, and the last two evening trips, and start the timetable at 7.30am, then run at 8am, 9am 11am etc. with 5.30pm being the last trip (but subject to option 8 below) (*medium savings*)
8. Investigate changing the timetables for the four city routes to try and provide the services with one less bus

Victory

9. Delete the two early morning trips, and the last two evening trips, and start the timetable at 7.30am, then run at 8am, 9am 11am etc. with 5.30pm being the last trip (but subject to option 10 below) (*medium savings*)
10. Investigate changing the timetables for the four city routes to try and provide the services with one less bus

Washington Valley

11. No changes suggested, but investigate the possibility of introducing a demand responsive service.

The Late Late Bus

12. No changes suggested, but review timetable in light of changes to licensing hours.

Fares and Ticketing

13. Simplify the fare system by giving tertiary students and Community Services Card holders the same discount as children (*medium cost*)
14. Encourage more use of multi-trip tickets, including selling ten-trip tickets on the bus (*low cost*)
15. Consider introducing monthly tickets and term passes (*low cost*)
16. No longer issue a paper ticket/receipt when passengers use a ten-trip ticket (*no cost*)
17. Make Atawhai a two-zone trip (*no cost*)
18. Investigate a free travel for NMIT students (*no cost*)

Funding

19. Seek funding from TDC for its share of the service
20. Ensure SBL contribute to any improvements (given the current contract arrangement and high fare-box recovery)
21. Seek funding from NZTA to restore the standard funding arrangement

Vehicles and infrastructure

22. Set up Council/SBL/driver group to discuss, agree on and decide priority for, minor route and infrastructure improvements
23. Gradually introduce the changes from 22 above (*medium cost*)
24. Improve stops by adding concrete pads to ensure easy access to buses and remove the need to lower buses which takes time (*medium cost; can be introduced gradually*)

Advertising and promotion

25. Targeted advertising (such as at NMIT students, SuperGold Card holders) (*low cost*).

12.2.2 Medium term changes

1. Run route 2 via Nayland Rd rather than Main Rd. (*Could be done as part of the immediate changes, but may take some time to agree and implement; low cost*)
2. Make one or some of the services "express" (*low cost, and dependent on introducing the increased frequencies*)
3. Run route 1 via Beatson St (*medium cost*)
4. Extend timetables to provide earlier and later services (*high cost, low priority,*)
5. Introduce of simple bus priority measures and better ticketing (*medium cost*)
6. Consider smartcard options (*medium cost*)
7. Reduce fare zones (*low cost*)
8. Change zones so that they go through bus stops or rural areas (*low cost*)
9. Introduce low-floor buses for city routes (*high cost*)

12.2.3 Costs and savings

Short-term changes

The savings from reducing the city services will be about \$90,000 annually. Changing the Atawhai fare zone will bring in an extra \$10,000. Thus the overall savings in subsidy will be about \$100,000.

Increasing the weekend services will cost about \$12,000; increasing the concession fare for Community Card holders and NMIT students will cost \$20,000; and increasing service frequencies on routes 1 and 2 will cost \$50,000.

Thus the savings are \$100,000, and the extra costs will be about \$82,000, so the suggested changes will be at worst cost-neutral.

Medium-term changes

Indicative costs only have been provided for the medium-term changes.

12.3 Contract adjustments and costs

The current contract between NCC and SBL allows and provides for NCC to request changes in service levels. The contract recognises that these changes may impact on the contract price, and provides for the change in contract price to be negotiated between NCC and SBL, based on the contract variation price submitted in its tender by SBL¹⁵.

Any adjustment to the service will necessitate agreement being reached with SBL, and require an adjustment to the contract between the Council and SBL.

The contract provides a gross per-kilometre dollar figure to be used when making contract adjustments. Thus if a route is to be extended or shortened the change in contract price is to be calculated (at least initially) on this figure.

But an adjustment must also be made for revenue likely to be gained or lost. If some services are to be deleted then the revenue adjustment must be made. Likewise, if a new service is to be added (such as a weekend service) an adjustment must be made for the revenue likely to be gained from the new service. Agreement on these net prices must be reached with SBL.

An alternative to agreeing a net price is to treat the new service(s) as a separate contract and pay SBL the gross cost of providing the change, and have the Council take the revenue.

The contract further provides for the contract to be terminated by NCC if agreement on the variation price cannot be reached.

¹⁵ It assumes the gross costs will be based on the variation price submitted by SBL in its tender, and then agreement negotiated on the revenue impacts

13 March 2013

REPORT A1112414

State Advances Building - Way Forward

1. Purpose of Report

- 1.1 For Council to provide officers with direction on the future of the State Advances Building.

2. Recommendation

THAT the report State Advances Building - Way Forward (A1112414) and its attachment (A1140585) be received;

Recommendation to Council

THAT Council confirms that the building is surplus to requirements;

AND THAT Council agrees to call for tenders on the open market to ascertain commercial interest and future options for the re-development of the building/site that will guide Council in future decision making;

AND THAT the basis of tenders be that Council does not have to accept any tender/proposal.

3. Background

- 3.1 Council requested officers to bring back a report as a basis for discussion on options relating to the future use of the State Advances Building.
- 3.2 The building has been vacant for some time and Council is using the area as storage.
- 3.3 The area is surplus to Council requirements as all staff are easily and comfortably accommodated elsewhere in the Savings Bank and Clock Tower buildings.
- 3.4 Council is losing potential income on a building in a key location, and it is not a good example to the business community creating a "dead patch" in the Central Business District.

3.5 The Chief Executive presented a report on 12 December 2013 dealing with the Wakatu Square and potential developments. This report is linked to the future use of the State Advances building. The Chief Executive sought direction from Council with respect to the Wakatu Square with options ranging from doing nothing, seeking expressions of interest on Wakatu Square or to again consult on selling Wakatu Square.

3.6 Facts relating to the land and building:

- The land and buildings are Council owned and the building was built in 1938;
- The building has had both an initial and detailed earthquake assessment. The overall detailed assessment of the building is 17% NBS;
- Section 124 status and timeframes – Strengthening or demolition by 31 December 2031;
- Zoning – Inner City Centre;
- Most recent capital value – \$370,000;
- Independent Valuation for land and buildings – none secured at this stage as no direction from Council to sell;
- Heritage status under Historic Places Trust – None;
- Heritage status under Nelson Resource Management Plan – The building has a Class C heritage rating and the façade is highly regarded as a superb example of a building in the Stripped Classical style (with Art Deco decoration);
- Archaeological issues – Yes pre-1990. Requires archaeological permit;
- Iwi interest – Not identified as land part of Treaty Settlement package;
- Lease terms – None. Officers have received enquiries about a lease for the ground floor, but nothing has come of this;
- Current status – Currently vacant and used for storage;
- National Environmental Standards (contamination issues) – None that staff are aware of;
- New Zealand Transport Authority interest as an affected party – None;
- Other third party interest – None known, but there would most certainly be commercial interest if placed on the market;

- Income could be realised if the building was leased out. An independent market rent valuation undertaken recently, taking into account the earthquake status, set potential income of the ground floor (265m²) at \$32,000/year. If strengthened this would be more.

4. Discussion

Options Going Forward

- 4.1 The options open to Council in considering the future of the building and land are many and varied, each with different and unique permutations. It would be impossible to give all of these options merit they deserve in any report without clear direction from Council.
- 4.2 However, options include (but are certainly not limited to):
- Retain the building as is and do nothing until Council has to make a decision to do something by December 2031 as per the Section 124 Notice;
 - Await outcome of all detailed seismic assessments and evaluate the future along with all the other Council building assets;
 - Retain the building and await the outcome of any proposal relating to Wakatu Square;
 - Strengthen with a view to either re-occupy by staff, lease out or sell;
 - Retain heritage facades and demolish the rest of the building and re-build to either re-occupy by staff, lease out or sell;
 - Demolish and:
 - Construct a new commercial building; or
 - Sell the site; or
 - Use for inner city carparking; or
 - Convert to green space; or
 - Re-develop with retail or inner city housing.
 - Sell the building and land "as-is" and allow re-development.
- 4.3 Should Council wish to sell the building, it should be on the open market and see what the market is willing to pay. Selling the site would require public consultation.
- 4.4 Similarly, Council has the options of tendering for proposals or to consider a public/private partnership - each have their own advantages,

disadvantages and many permutations. However, clear direction is required before these can be explored further.

- 4.5 There are also aspects other than just financial to consider such as heritage considerations.
- 4.6 The minimum rough order costs cost to strengthen the building to 67% NBS is estimated at \$1 Million.
- 4.7 Retaining the façade is possible but no work has been done in determining what this will cost – however it will be costly.
- 4.8 The cost to demolish and build a new building (assuming a like-for-like basis) could be in the region of \$2.5 Million.

Zoning and Potential Future Use

- 4.9 The State Advances building is located in the Inner City zone and is adjacent to a Scheduled street (namely Trafalgar Street), where the maximum permitted building height is 15m and where parking spaces are not required on-site, but if they are provided they must meet the permitted standards. A private car park is permitted if the number does not exceed 10 and the design complies with Council standards. Parking numbers in excess of this do require consent.
- 4.10 Commercial and residential activities, including inner city residential apartments, are permitted with the proviso that residential units must have an outdoor living court or balcony of prescribed dimensions.

Legal Considerations

- 4.11 The land comprising the State Advances building, Savings Bank and Clock Tower was purchased in late 1990 for \$3.8 Million for new Council offices.
- 4.12 The legal advice sought and shared with Council with respect to the Bata building applies equally to this land, ie provided the Council wanted to develop the site for something that is deemed to be a public work (such as parking or inner city development) and for something other than what it was originally purchased for, then it is free to do so.
- 4.13 Officers are still to ascertain if the property would need to be offered back to the former owners if Council wanted to sell the property.

5. Conclusion

- 5.1 Without firm and clear direction from Council, the options to be considered are both many and too varied for officers to be able to prepare a comprehensive business case for each permutation and this would further be very time consuming and expensive.
- 5.2 Retaining an empty building (for storage) in a key CBD location is not an ideal use of a key asset in a key location, nor does it realise the full

potential of income for Council. An argument could be made that Council as landowner should be setting a clear direction and intent for others to follow in rejuvenating the CBD.

- 5.3 There are factors other than financial including Council's desire and/or appetite to retain heritage buildings. Previous advice from architects presented to Council at a workshop in December 2012, was that Council will have to make hard strategic decisions when it comes to heritage buildings. Even from an architectural perspective, there is an acceptance that not all heritage buildings could or should be retained.
- 5.4 Council would also need to consider if this is in fact a priority in terms of all the other sites it owns that have strengthening issues.
- 5.5 Options for potential re-development such as inner city residential apartments are possible.
- 5.6 Any future development by Council could potentially be a long way off if linked to any Wakatu Square development. This of course may be an acceptable solution.
- 5.7 Strengthening of the building in its current state is expensive and offers no guarantee of a tenant.
- 5.8 The building is vacant; officers see no use for it and believe it is appropriate to declare the building surplus to Council requirements.
- 5.9 As a way forward, officers recommend that Council call for tenders on the open market to ascertain interest and options in the building on the basis that Council does not have to agree or accept any proposal. Additional criteria could be set to retain the façade if this is what Council wishes to do.
- 5.10 Clear direction from Council is required in order to move this forward.

Alec Louverdis

Group Manager Infrastructure

Attachments

Attachment 1: Location map [A1140585](#)

No supporting information follows.

**CIVIC HOUSE & CLOCK
TOWER BUILDING
(NELSON CITY COUNCIL)**

**STATE ADVANCES
BUILDING**

Trafalgar Street

**SAVINGS BANK BUILDING
(NELSON CITY COUNCIL)**

110

91

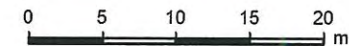
105

111

STATE ADVANCES BUILDING - TRAFALGAR STREET



PO Box 645 Nelson 7040 New Zealand
PH 03 5460200
www.nelsoncitycouncil.co.nz



Scale 1:500



Date: 28/01/2014

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13 March 2014

REPORT A1106978

Hay Property, 23 Matangi Street – Offer of Gift of Land for Reserve

1. Purpose of Report

- 1.1 To consider an offer to gift a parcel of land to the Council for a public walkway and reserve between Coster and Matangi Streets.

2. Recommendation

THAT the report Hay Property, 23 Matangi Street – Offer of Gift of Land for Reserve (A1106978) and its attachments (A1114889, A1114890 and A717370) be received.

Recommendation to Council

THAT the land described as Lot 2 LT459935 and shown on Plan MC1 (Attachment 1, A1114889) be accepted as a gift for purpose of a Local Purpose Reserve;

AND THAT the proposed Local Purpose Reserve, Lot 2 LT459935, shown on Plan MC1 (Attachment 1) be named 'Hay's Reserve' in recognition of the Hay family's longstanding presence in the Stoke area and their generous gift to the City;

AND THAT Council take note that the donor has no expectation that the walkway will be finalised to any standard other than a simple gravel track on receipt of the land by Council.

3. Background

- 3.1 Over a period of several years the owner of 23 Matangi Street, Stoke, Miss I.M. Hay has had discussions with Council staff regarding the gifting of part of her family's land to the Council to serve as a public walkway between an extended Coster Street and Matangi Street as shown on Plan MC1 (Attachment 1). The area proposed is described as Lot 2 LT459935.

- 3.2 Miss Hay now wishes to formally prepare for the land to be accepted by the Council with the intention that it be transferred at her death or when she permanently moves from 23 Matangi Street. Miss Hay is 92 years old.

4. Discussion

Benefits

- 4.1 One of the primary purposes of the reserve is to reduce cycling and walking distances to the local schools. Access would be provided between Coster Street and Matangi Street and out to the junction of Waimea Road, Main Road Stoke and Tahunanui Drive at Hays Corner. From there, there is access to the Railway Reserve, Broadgreen Intermediate and Stoke Primary School, reducing the distance from Coster Street by more than one kilometre as shown on Plan MC2 (Attachment 2).
- 4.2 The site is currently well planted and clearly visible from the area below (Attachment 3). Retaining the site as a walkway will retain that vegetation and add to the aesthetic backdrop of the hill as viewed from the area surrounding the northern end of Main Road Stoke.
- 4.3 The Coster Street area above Matangi Street is identified in the Parks and Reserves Activity Management Plan 2012-22 as being without a Neighbourhood Reserve within 500 metres of all households. Because of the slope of the land this site would not meet the needs of a playground site however it would provide open space for a seat and a walkway.

Ongoing Maintenance and Other Costs

- 4.4 The site is approximately 0.6ha in size. Should Council accept the gifting of the land, some initial tree work and definition of a track could be undertaken at minimal cost (estimated at around \$2,000).
- 4.5 Ongoing annual maintenance costs for weed control are estimated at \$1,500 per year thereafter. This will be included in budgets at the appropriate time.
- 4.6 There is no immediate need for any formal walkway to be established and a simple gravel track will suffice at the appropriate time. There are no expectations from Miss Hay that a permanent pathway would be formed in the short term as her principle desire is the retention of a tree clad green space.

5. Conclusion

- 5.1 The proposed gift of land will provide the site for a useful short cut walkway through a small reserve of semi mature vegetation that will reduce walking and cycling times to the Stoke Railway Reserve, Broadgreen Intermediate and Stoke Primary School.

- 5.2 It is recommended that the site be accepted as Local Purpose Reserve for a walkway linking Coster Street to Matangi Street and that the reserve be named 'Hay's Reserve' in recognition of the Hay family's longstanding presence in the area and of their generous gift to the City.

Andrew Petheram
Parks and Facilities Asset Planner

Attachments

- Attachment 1: Plan MC1 – Proposed reserve [A1114890](#)
Attachment 2: Plan MC2 – Plan showing reduced distance between Coster Street and Main Road Stoke [A1114889](#)
Attachment 3: Plan MC3 – Existing vegetation on the site [A717370](#)

Supporting information follows.

| Supporting Information | |
|---|---|
| 1. Fit with Purpose of Local Government | Complies with Section 10 of the Local Government Act by providing easier access to local schools thereby promoting the social and cultural well being of the local community. |
| 2. Fit with Community Outcomes and Council Priorities | Cycle and walking-friendly routes fit with Community Outcome 2, 'People-Friendly Places' and the Council Priority of 'Easy access to an active lifestyle'. |
| 3. Fit with Strategic Documents | This recommendation is compatible with the Parks and Reserves Activity Management Plan which identifies a shortfall of Neighbourhood Reserves in the Coster Street area. |
| 4. Sustainability | Complies with the Sustainability Checklist particularly in the areas of environmental and social outcomes. |
| 5. Consistency with other Council policies | Consistent with other policies including the Pedestrian Strategy 2005. |
| 6. Long Term Plan/Annual Plan reference and financial impact | Maintenance costs for this proposed reserve are not included in the Long Term Plan. |
| 7. Decision-making significance | This is not a significant decision in terms of the Council's Significance Policy. |
| 8. Consultation | Miss Hay has consulted with her neighbours on her intentions. |
| 9. Inclusion of Māori in the decision making process | Not applicable. |
| 10. Delegation register reference | Accepting the reserve and the naming thereof is a decision of Council. |

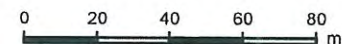


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PLAN MC1 - Proposed Reserve



PO Box 645 Nelson 7040 New Zealand
PH 03 5460200
www.nelsoncitycouncil.co.nz



Scale 1:2,000



Date: 9/12/2013



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PLAN MC2 - showing reduced distance between Coster Street and Main Road Stoke

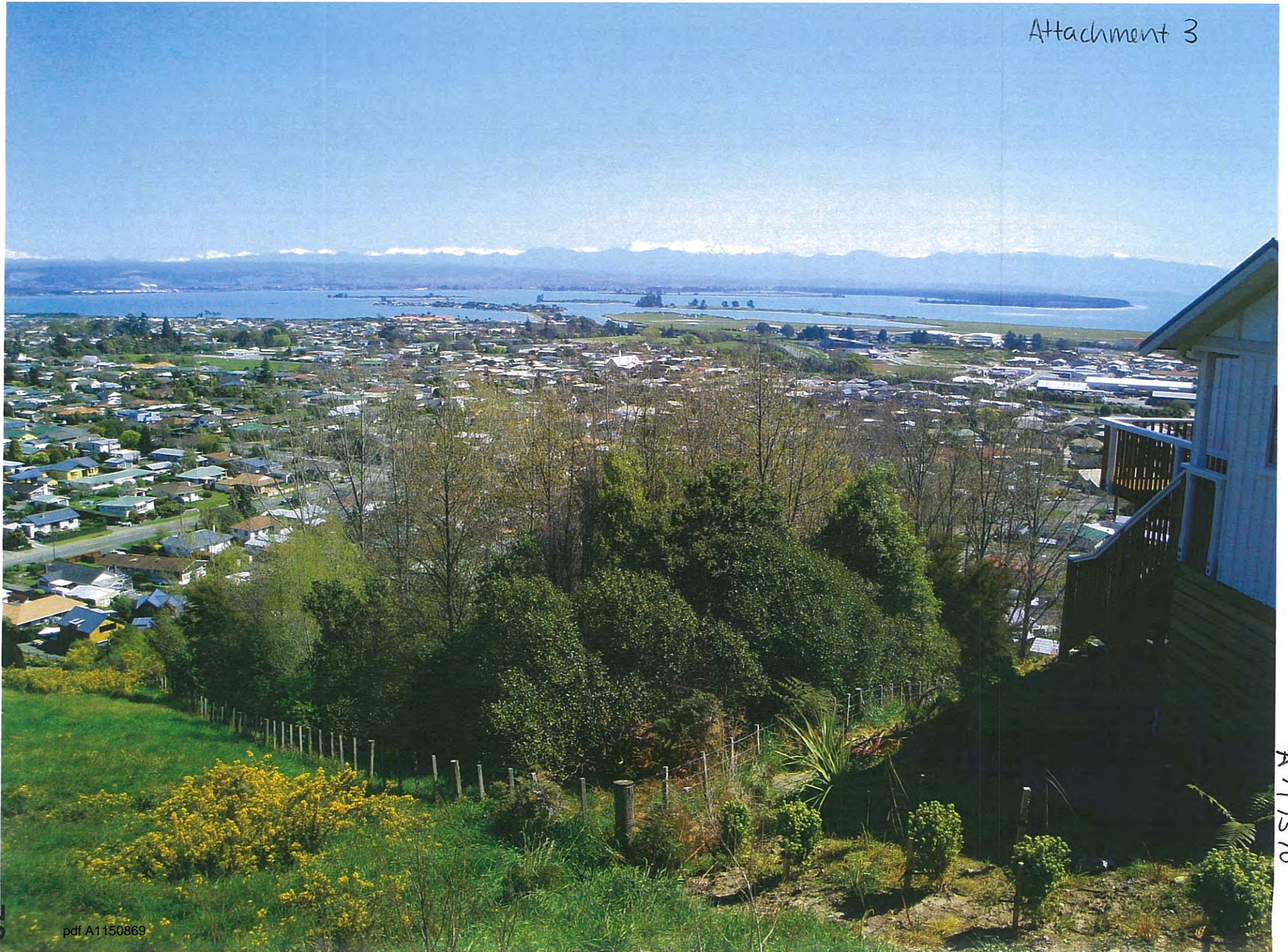
Nelson City Council
te kaunihera o whakatu
A1114889

PO Box 645 Nelson 7040 New Zealand
PH 03 5460200
www.nelsoncitycouncil.co.nz

--- Current route
..... Proposed route

0 40 80 120 160 m
Scale 1:4,000

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Date: 9/12/2013



13 March 2014

REPORT A649888

Early Tendering of Projects

1. Purpose of the Report

- 1.1. To approve in principle the early advertising of professional and physical tenders that form part of future Annual and Long Term Plans to assist in the delivery of the capital works programme.

2. Recommendation

THAT the report Early Tendering of Projects (A649888) be received;

AND THAT following the success of the advanced tendering of projects in the 2012/13 financial year, that Council approve early tendering as a way of doing business going forward;

AND THAT Council take note of the likely list of projects to be tendered prior to June 2014, in advance of the 2014/15 Annual Plan process, to assist in the delivery of the 2014/15 capital works programme;

AND THAT Council further approve that this early tendering include multiple year contracts listed in future Annual or Long Term Plans.

3. Background

- 3.1. Council on 29 May 2013 resolved:

"THAT approval be granted to officers to advertise tenders for projects currently earmarked for completion in the 2013/14 financial year, specifically Waimea/Motueka upgrade, Quarantine/Songer sewer trunk main, Marsden Valley trunk/express sewer, Water pipe renewals, Tasman (Grove to Cambria) and the last stage of the Maitai Pipeline upgrade, in advance of the approval of the current 2013/14 Annual Plan to give Council officers and contractors a greater chance of success in delivering the 2013/14 capital budget;

AND THAT Council note that officers will bring back a further report in the new financial year suggesting a way forward on the issue of tendering projects in advance of any future Annual Plan approvals process."

4. Discussion

- 4.1. The early tendering of 2013/14 projects before the commencement of the 2013/14 financial year, which was the first time this Council has embarked on such an initiative, was well received by the local Contractors Federation who have long been advocating for this approach.
- 4.2. This approach has improved the contractors:
 - Ability to plan a year ahead in advance of the commencement of the financial year;
 - Ability to have a large lead-in time (10 to 12 months) to complete physical works in any one particular financial year. Currently this timeframe is anything between 4 and 8 months, which places a lot of pressure on them to complete all works to time and cost – rainfall delays aside.
- 4.3. This early tendering approach has allowed council officers a greater flexibility in getting a handle on works programmes coming up in advance of the approval of any Annual Plan process as historically the rates for an upcoming financial year are only approved and struck by Council in late June in the previous financial year for projects to commence in a new financial year commencing 1 July.
- 4.4. The implication of the current system is that officers are on the back foot before a financial even commences no matter how efficient officers or processes may be.
- 4.5. Five of the six tenders specifically mentioned in the May 2013 resolution were tendered by 30 June 2013, giving officers and contractors a good head start to the 2013/14 financial year.
- 4.6. All contractors tendering for work, in advance of Annual Plan approvals, are more than comfortable to accept that works are still subject to the Council approval process through Annual or Long Term Plans and that a risk exists that tenders could still not go ahead.
- 4.7. All in all this approach to tender in advance of the approval of Annual Plans makes good business sense for both Council and officers.

5. Applicability to 2014/15

- 5.1. The following projects are, or will be, ready to be tendered in advance of the 2014/15 Annual Plan:
 - York Valley Road extension and weigh bridge - \$1.5 Million;

- Corder Park pump station upgrade - \$3.6 Million;
- Quarantine/Songer sewer trunk main upgrade - \$1.5 Million;
- Water renewal programme - \$800,000;
- Suter Upgrade - \$12 Million (NCC share \$6 Million);
- Saltwater Creek/Haven Road culvert - \$850,000.

6. Conclusion

- 6.1. In order to place officers and contractors alike in the best position to be successful in spending the capital budget in any financial year, it is recommended that approval be granted to continue with the approach approved by Council for the 2013/14 financial year to advertise for tenders early in advance of the approval of future Annual and Long Term Plans.
- 6.2. All tender documents would still include the provision that approval and award of any tender would be subject to the approval through the appropriate Annual or Long Term Plan process – an approach the Contractors Federation is comfortable with.
- 6.3. Approval is also sought from Council to include multi-year contracts in any early tendering as this will realise economies of scale.

Alec Louverdis
Group Manager Infrastructure

Attachments

None

No Supporting information follows.