

COVER SHEET

3.14 Ashburton Second Urban Bridge		For: Approval	
Applicant:	Ashburton District Council	Pipedriver ID #	Commercial
Entity Type:	Local Authority	PGF Funding Sought:	\$ Commercial Information
Region	Canterbury	Total Project Value:	\$ Commercial Information
Tier:	3 - Infrastructure	Co-contribution rate:	Commercial %
Sector:	Transport - Road	Funding Structure:	Grant

We recommend that SROs:

- a) **Approve** \$94,250 from the PGF towards the Ashburton Second Urban Bridge project subject to:
 - The mutual understanding that the PGF's support for the Detailed Business Case (DBC) does not guarantee further funding support for the construction phase of the project unless continued alignment to the PGF's criteria is demonstrated.
- b) **Note** the Applicant is seeking Commercial % grant funding for the total value of the project.
- c) **Note** NZTA support the project.
- d) **Note** MoT conditionally support the project subject to Ashburton District Council (ADC) confirming the need to do the DBC now.
- e) **Note** PDU have engaged with ADC to verify the need to undertake the DBC now.
- f) **Note** ADC have advised that higher than expected population growth has driven the need to carry out the DBC now.

Proposal:

The applicant is seeking \$94,250 (Commercial Information % of total project cost) in grant funding to advance the Ashburton Second Urban Bridge project by completing a Detailed Business Case (DBC). The project is currently included in the Regional Transport Plan Commercial Information) however higher population growth has strengthened the case for looking at this project now.

The DBC is estimated to take approximately 4 months and will be carried out by NZTA.

The estimated construction cost is \$Commercial Information. Assuming NZTA contributes the standard Commercial Information % of construction, we would expect that ADC will seek PGF funding for some share of the remainder (Commercial Information). A new application would need to be submitted.

Economic growth and productivity resulting from improved travel time reliability, network resilience and improved road safety are the key drivers for the Ashburton Second Urban Bridge project. With a local economy that is highly concentrated towards producing export goods such as dairy products, an efficient road network that provides an effective link between the district and ports is vital. As a core traffic distributor, a second bridge should reduce the traffic flow of the current bridge by 40%.

Assessment against the PGF criteria**Eligibility Criteria**

This application is eligible for PGF funding.

Productivity Potential

The bridge has the potential to lift economic activity and productivity potential which will be further validated in the DBC.

Based on the previous study into the bridge and NZTA's recent updated view, the BCR is expected to be between Commercial Informa. This suggests an economic benefit through increased productivity and safety of \$Commercial Information from the estimated \$Commercial Information bridge construction cost.

Furthermore, the project aligns with the PGF Land Transport Position Paper.

Policy objectives and regional priorities

The Draft June 2018 Canterbury Regional Land Transport Plan currently includes this project as a Priority 3, with evaluation criteria of high regional priority and medium urgency [3 -5 years].

PGF Criteria**Assessment Commentary****Rating**
(0✓ to 5✓)**Link with fund and government outcomes**

Creates permanent jobs

- There are no current estimates of permanent jobs, this will be considered as part of the DBC. However, with an expected Commercial Information, an economic benefit of c. \$Commercial Information, it is reasonable to expect indirect job creation.

✓✓✓

Delivers benefit to the community	<ul style="list-style-type: none"> The Project, if successful, has potential outcomes that align with the PGF's social inclusion objective in providing resilience and improved regional connectivity. This is demonstrated by the Ashburton Transportation study preliminary economic analysis which envisages a ^{Commercial Information} against the current escalated cost estimates. 	✓✓✓✓
Increased utilisation and returns of Maori asset base	<ul style="list-style-type: none"> N/A 	N/A
Enhanced sustainability of natural assets	<ul style="list-style-type: none"> N/A 	N/A
Mitigation of climate change effects	<ul style="list-style-type: none"> N/A 	N/A
Additionality		
Adding value by building on what is already there	<ul style="list-style-type: none"> With a local economy that is highly concentrated towards producing export goods, an efficient road network that provide an effective link between the district and ports is vital. As a core traffic distributor, a second bridge should reduce the traffic flow of the current bridge by 40%. The DBC will determine the timing and viability of constructing a second urban bridge. 	✓✓✓
Acts as a catalyst for productivity potential in the region		
Connected to regional stakeholders and frameworks		
Alignment with regional priorities	<ul style="list-style-type: none"> The Draft June 2018 Canterbury Regional Land Transport Plan currently includes this project as a Priority 3, with evaluation criteria of high regional priority and medium urgency. 	✓✓✓✓
Support from local governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> Applicant is the local council (Ashburton District Council). 	✓✓✓✓
Governance, risk management and project execution		
Robust project management and governance systems	<ul style="list-style-type: none"> The project will be managed by the Ashburton District Council, with the DBC being delivered by NZTA. ^{Privacy of natural persons}, the Group Manager Service Delivery for ADC, will be managing the project. Key personnel, aside from ^{Privacy of natural persons} are yet to be identified. This will be undertaken through the procurement process. 	✓✓✓
Risk management approach	<ul style="list-style-type: none"> Risks identified and adequate mitigation approaches have been provided. 	✓✓✓

Future ownership / operational management	<ul style="list-style-type: none"> To be determined as part of the DBC. 	✓✓✓
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Analysis of the benefits and costs

Economic growth and productivity resulting from travel time reliability, network resilience and improved road safety are the key drivers for the Ashburton Second Urban Bridge project. With a local economy that is highly concentrated towards producing export goods, the importance of an efficient road network that provide an effective link between the district and ports. As a core traffic distributor, a second bridge should reduce the traffic flow of the current bridge by 40%.

The bridge's current problems around safety, capacity and route security issues are limiting further economic growth due to its increasing traffic flow (infrastructure constraint).

With a scaled back BCR estimate of ^{Com}, this suggests an economic benefit through increased productivity and safety of \$^{Commercial Information} from the estimated \$^{Commercial Information} bridge construction cost. The benefits are in the form of travel time cost savings, vehicle operating costs & CO2 savings, and accident cost savings.

As the DBC is to determine the strategic timing and economic assessment of the construction of the second bridge, it will verify the accuracy of the above statement.

Consultation undertaken or implications:

NZTA has provided Technical Advice as follows:

- The Ashburton District Council is seeking partial funding of its local share of the cost for the DBC that is required to be carried out on the proposal for a second bridge in Ashburton.
- The project is in the RLTP and the NLTP. The ^{Comm} % of the Council's ^{Comm} % share of the costs ^{Commercial Information} is unlikely to be eligible for further NLTF funding as ^{Commercial In} is already funding ^{Comm} % of the costs of the DBC and is unlikely to increase this due to the medium results alignment.
- The project will have good benefits for the Ashburton network by taking demand off the state highway, improving resilience between Ashburton and Tinwald (south of the Ashburton River).
- We consider this to be a good fit for PGF funding with good alignment with PGF objectives for economic productivity. There is not a lot of alignment with the other objectives. Undertaking the DBC provides for a future funding platform for this project.

MOT has provided the following Technical Advice:

"This application is seeking \$^{Commercial Inform} to fund the DBC of the Ashburton Second Urban Bridge project (approximate ^{Comm} % of the project) with the remainder of the funding provided through ^{Commercial In} ^{Comm} %) and local share ^{Comm} %). It is promising to see local government is contributing local share, which is consistent with the PGF Investment Statement and Cabinet directions.

Overall, the Ministry of Transport is generally supportive of this project. It aligns with overarching principles of the PGF (i.e. unlocking economic productivity) and fits within situations described by Cabinet. The project also has been considered by NLTF funding in the first instance.

However, Ashburton District Council argues that PGF funding is needed to bring forward the project as funding is not currently available. Our view is that Ashburton District Council should be able to demonstrate why funding is needed urgently and how it might enable economic benefits that might not otherwise be realised or would be lost. Once Ashburton District Council can demonstrate this, we would be in favour of supporting this project through the PGF."

Due Diligence and Ownership

The Applicant is a local authority.

Key Management Personnel:

- Privacy of natural persons, Group Manager Service Delivery

Financial Analysis of the Applicant

N/A

PROACTIVELY RELEASED

Risk Assessment

The key risks to the PDU and proposed mitigations of this investment are as follows:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
1.	If the cost estimate is inaccurate, then the applicant may seek further funding, or be unable to complete the project in the agreed manner	<ul style="list-style-type: none"> Ensure that the Applicant has consulted with a preferred supplier and provided evidence of final costs before releasing funds from the PGF. 	Low
2.	NZTA is not part-funding the DBC	<ul style="list-style-type: none"> Ensure that NZTA has agreed to commit to the DBC prior to PGF funding. 	Low

Funding Methodology

Grant

Supporting proposal:

Yes

Appendices:

Yes – Application

Manager / Author of paper:

LY/RW – Investment Team

Communications issues and risks

N/A