

**PART 1: THE PROJECT****1.1 Description of the project/proposal**

- The problem this proposal is addressing is the ongoing unacceptable crash risk on Wainui Road, which is part of the coastal arterial route that most commuter and visitor traffic travel on through our district. There is an added bonus opportunity in funding this project, as the project also meets the criteria for NZTA's Targeted Enhance Financial Assistance Rate (TEFAR), which may potentially enable up to \$6M of NZTA funds to be invested in road improvement projects that meet the Government's current high focus areas of safety and walking and cycling.
- The proposal needs to be funded now for two reasons. The Safe Roads Alliance (SRA) project is already underway and physical works, including those on Wainui Road are expected to commence this LTP. Additionally, any further funds received under the TEFAR must also be spent by the end of this LTP. This highly subsidised funding opportunity from NZTA is therefore a one off opportunity that must be taken during this LTP.
- The proposal is highly aligned with the Government Policy Statement on Transportation (GPS), which requires investment to be focussed on safety and access, supported by environmental awareness and cost efficiencies. The project is also well aligned with the strategic direction of NZTA's Safe Roads Alliance programme, and regionally it makes sense for us to carry out the improvements on our local Wainui Road corridor, at the same time that NZTA carry out their improvements to the SH2 section of the corridor (Kutarere to Ōpōtiki).
- The focus on reducing deaths and serious injuries is also well aligned with central governments 'Vision Zero' where they believe there is no acceptable figure for the number of deaths that should occur on our roads.
- The proposal also contributes to Council's Community Outcomes of a prosperous economy, a vibrant, connected and safe community, healthy, active communities, inclusive communities, healthy people and an active community
- There are no specific legislative requirements necessitating this work, except the expectation that Council will align itself with NZTA and Government policies and objectives to maintain its eligibility for NZTA's financial assistance

The Safe Roads Alliance (SRA) is an alliance between the New Zealand Transport Agency (NZTA) and key Road Safety Consultants across NZ, set up with the objective to reduce deaths and serious injuries (DSI's) on NZ roads. Taking a 'whole corridor approach', the SH2 corridor between Kutarere and Ōpōtiki was identified as a high-risk corridor requiring assessment and improvement. A collaborative approach has enabled NZTA to agree to the inclusion of Wainui Road in its wider study area.

No Council funds were committed for the physical works during the development of the LTP as the outcome of the investigation and funding options were not known at that stage. The investigation, business case and design work have been funded 100% through the SRA, but the physical works will be funded as part of Council's normal roading programme at our normal Financial Assistance Rate (FAR) with NZTA, which is currently 64%.

The SRA project has identified six sites on Wainui Road which have the highest crash history, and require improvements, including road widening, safety barriers, minor realignment and passing areas. The estimated cost of these improvements is \$6.8M. At our normal FAR, the Council's local share contribution at 36% or \$2,448,000 over the 2019/20 and 2020/21 financial years. The cost of the full project between Ōhope and Ōpōtiki is \$33M.

In addition, NZTA has also introduced its Targeted Enhanced Financial Assistance Rate (TEFAR) to help accelerate the construction of safety, walking and cycling opportunities, and resilience. The TEFAR is an opportunity to increase the FAR rate again for projects that meet the criteria. For the Whakatāne District Council, our TEFAR would be 82%, leaving the Council with an 18% investment. A condition on TEFAR availability is however, that the local share released from the increase in NZTA funding must be reinvested back into transportation activities. The TEFAR opportunity is also only available until 30 June 2021. The local share cost to Council will remain the same to carry out the SRA project, whether the works are carried out in the current LTP or the next. However, in deciding to commit to the works now, the Council has the opportunity to leverage twice the amount of NZTA subsidy. Following an assessment of projects that could be brought forward utilising the TEFAR, the Council could see the improvements made to Wainui Road completed, and potentially a further \$6M in additional safety and walking and cycling projects. There is a risk attached to this opportunity, and that is, if the TEFAR is oversubscribed nationally, NZTA may not be able to fund all applications initially, and may restrict their funding in the 2018/19 financial year to national high priority projects (those that will reduce the greatest number of DSI's). However, NZTA has advised that more funding may be available in 2019/20 and 2020/21 to fund lower ranked TEFAR proposals.

**1.2 Benefits to be delivered**

The key benefits of taking up this opportunity are twofold:

- Safety improvements made to Wainui Road, which is one of our major arterial routes and also has a high crash rate (compared with our other local roads), reducing deaths and serious injury.
- The leveraging benefits through the TEFAR opportunity.

The proposal is well aligned with Council's strategic direction and priorities:

- **Community Needs:** communities need safe, forgiving road networks for travel. This project addresses high risk safety concerns along the Wainui Route as part of the wider corridor between Ōhope and Ōpōtiki. The project will provide a high use route with highly needed safety improvements.
- **Quality Services:** the project will improve the quality and safety of the roading service along Wainui Road.
- **Reliable and affordable infrastructure:** Roading infrastructure improvements have never been as affordable as they are in this project opportunity. It is a chance for Whakatāne DC to get the benefits of carrying out these highly needed safety improvements, as well as the added bonus of creating an additional \$6M of transport improvement opportunities for the same local share investment.

The safety improvement success of the project will be monitored and measured against the reduction in deaths and serious injuries that currently have been occurring along Wainui Road. The financial benefits of bringing the project forward to the current LTP will be measured through the additional transport improvement activities are leveraged from the original project local share investment.

The medium and long term effects of the project is for road users to benefit from improved roads along Wainui Road as well as being able to carry out additional transport related improvements that would not be able to be achieved without the leveraged funding through TEFAR.

The dis-benefit for carrying out this project within this LTP is the need for Council to source the local share component earlier than originally planned. However, the same local share costs would still exist if carried out in the next LTP however the additional funding opportunity would be lost.

**1.3 Implications of not doing the project**

If the project does not go ahead at all, Wainui Road remains as a highly used arterial route with high-risk safety concerns. It would also not be a good result following Council's efforts in convincing SRA to include the local road component of the corridor in their project investigation and design. It would also result in the corridor between Ōpōtiki and Ōhope only having the identified improvements carried out on the SH2 section between Ōpōtiki and Kutarere.

If the project was to go ahead but in a later timeframe, Council would miss the potential to leverage some of the investment through TEFAR.

**PART 2: ALIGNMENT WITH THE COUNCIL'S STRATEGIC DIRECTION****2.1 Alignment with Council's Community Outcomes**

*What Community Outcomes does this project contribute to (tick)?*

Effective Leadership ☑	Sustainable economic development ☑	Community Needs ☑	Quality Services ☑	Valuing our environment ☑	Reliable & affordable infrastructure ☑
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### PART 3: PROJECT COSTS

#### 3.1 Financial cost analysis

All costs expected to fund the physical works for this project are included in the below figures (including project management costs). Excluded from the below figures are the costs associated with investigation, initial community/stakeholder investigation, business case preparation and design as these are all covered through the SRA project (100% funded by NZTA).

Confidence in the cost estimates is high as the figures include the appropriate level of contingency for the current phase of initial design.

The proposal to bring the project forward to the current LTP provides extremely high value for money as the same amount of local share funding required to carry out the project in later years can be leveraged to gain up to double the amount of normal subsidy.

Proposed Budget Requirement and Rating Impact	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Proposed Capital Expenditure	\$6,400,000	\$6,400,000	-	-	-	-	-	-	-
Proposed Operational Expenditure (funded depreciation and loan servicing only)	\$25,826	\$109,501	\$165,918	\$167,874	\$168,349	\$168,961	\$169,552	\$170,978	\$171,527
Cumulative rating impact % by year	0.06%	0.19%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Debt Impact	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Increase in closing debt	\$1,224,000	\$2,420,385	\$2,364,594	\$2,307,146	\$2,247,234	\$2,184,791	\$2,119,672	\$2,052,134	\$1,981,572

Proposed Funding Sources	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Proposed internal funding sources 82% Subsidy 18% WDC Loan (25 years)	\$1,224,000	\$1,224,000	-	-	-	-	-	-	-
Proposed external funding sources	\$5.176	\$5.176M	-	-	-	-	-	-	-

SRA Project Estimate = 6.8M. WDC local share at 34% = 2.448M, split over two financial years at \$1.224M per year. The TEFAR means that only \$1.224M ends up being actually required as Councils share for Wainui Rd, releasing the balance \$1.224 for other projects. These others may also attract TEFAR, so there is a probability that a further 6M in safety and walking and cycling projects could be progressed.

#### 3.2 Resource Requirements

Resource required to manage the project can be managed through two options:

1. Outsourced to a professional services consultant
2. Fixed term new in-house project manager for the term of the project

Option 2 would be the departments preference as the additional internal resource is more in-line with our direction to provide the majority of professional services in-house. Both options would be cost neutral to Whakatāne District Council as the associated costs are allowed for in the total physical works costs indicated above. With option 2 there may however still be a need for some specialist design services to still be outsourced, such as design, drawings, Geotech etc.

### PART 4: STAKEHOLDERS

#### 4.1 Stakeholders

Outline the key stakeholders and their interest / likely engagement with the proposal (it is not expected that stakeholders have been consulted at this stage).

Stakeholders	Interest in proposal
NZTA	Investment Partner
Safe Roads Alliance	Project investigation and design team
Community Boards	TEFAR Projects will be spread across the district

### PART 5: RISK IDENTIFICATION

#### 5.1 Risk identification

The risk to be considered if the proposal is progressed is constructability in terms of physical works contractors' resource availability. The value of works associated with this project, as well as the remainder of this SRA project within the Ōpōtiki District (~\$23M) and the abundance of other similar projects across the country that are being brought forward through the TEFAR opportunity could result in physical works resources being over committed.

This risk can be managed in a number of ways:

1. The sooner approval to progress is granted, the sooner we can progress the preliminary works to get the project ready to put to market, getting contractors to commit early before they are soaked up by other projects
2. The ability for the project to be unbundled in to smaller 'sites' (similar to the approach that has been taken to implement the Special Purpose Road permanent Storm Damage Repairs). Smaller individual projects can then be tendered through either our Supplier Panel or through a registration of interest method. Smaller sized sites can then also make the work available to a wider range of local and medium sized contractors, which increases the available resource pool.

A resource consent is required for the wider SRA project and the application of this is being managed through the SRA project team as part of their investigation and design phase.

The risks associated with not doing this proposal:

1. The Council misses a funding opportunity to get ahead in many much needed transportation improvements
2. SRA have identified improvements to reduce deaths and serious injuries on one of our roads, not progressing these improvements runs the risk of the deaths and serious injuries that have been occurring along this length of road continue