

7. CENTRAL CITY SHUTTLE REVIEW STAGE 3

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The purpose of this report is to seek the Committee's recommendation to the Council to commence consultation (stage 3) on a recommended option to improve the central city shuttle service.

BACKGROUND

At its July 2004 meeting the Committee recommended *"that staff investigate, develop and recommend options for consultation (with financial implications) for operational hours and service frequency improvements to the existing service for consideration at the Committee's August 2004 meeting"*. Additionally, the Committee recommended that staff investigate *"the night time route being adopted all day with the daytime level of service"*.

Subject to the approval of any option(s) (the purpose of this meeting), consultation is then to be undertaken in time to report back community views on the option(s) at the Committee's September 2004 meeting, at which stage a decision needs to be made on whether to make changes to the service or to maintain it in its current form. This will allow staff the necessary time to undertake the contractual undertakings that will be required.

In accordance with the above recommendations, staff have developed two options which are currently being investigated by the operator. The results of these investigations will be available at the Committee's meeting, and will comment on the feasibility of maintaining four shuttles to run the service, as well as the financial implications for the Council of introducing a permanent night route, changes to operational hours and improved service frequencies.

OPTIONS BEING INVESTIGATED

Both of the following options have been developed based on the Committee's request to investigate running the night route at all times of the day, with the daytime level of service. The options are based on no new buses being required to maintain a 10 minute frequency (this will reduce any additional costs). This is to be confirmed by the operator. However, travel time surveys undertaken have led staff to believe there is sufficient time available in existing operations to achieve this.

The following options have also been developed upon review of peak and off-peak passenger movement volumes. This has enabled potential cost increases to be kept to a minimum, by reducing operational hours at times when passenger demand is low (i.e. late at night Friday and Saturday). By doing this frequencies and early running times can be improved at busier times, resulting in a net benefit to a higher number of people overall.

OPTION 1 – NIGHT ROUTE AT ALL TIMES EARLY WEEKDAY START, INCREASED FRIDAY FREQUENCY EARLY FRIDAY/SATURDAY FINISH, REDUCED SUNDAY 10 MINUTE FREQUENCY

The potential advantages of this option would be:

- A single route improving service legibility and providing improved daytime access to the Casino and Victoria Street.
- Earlier start on weekdays to assist commuters.
- A 10 minute frequency all day Friday.

The potential disadvantages of this option would be:

- Service ends 10.30 pm on Friday and Saturday nights.
- One hour less of 10 minute frequency on Sunday.

The timetable would be:

Day	10 minute frequency	15 minute frequency
Monday to Thursday	7.30 am to 7 pm	7 pm to 10.30 pm
Friday	7.30 am to 10.30 pm	-
Saturday	8 am to 10.30 pm	-
Sunday and Public Holidays	10 am to 5 pm	5 pm to 8 pm

This option would meet demand for early weekday services, and provide a consistent 10 minute frequency on Friday and Saturday, running the night route at all times. To mitigate some of the increased cost of providing these improvements, services could be stopped at 10.30 pm (currently midnight) on Fridays and Saturdays, when demand reduces significantly. Some cost increase would also be offset by reducing the Sunday time period of 10 minute frequency from 10 am to 6 pm to 10 am to 5 pm. This is another period in which demand is lower than at other times.

**OPTION 2 – NIGHT ROUTE AT ALL TIMES
EARLY WEEKDAY START, EXISTING FRIDAY AND SATURDAY SERVICE
REDUCED SUNDAY 10 MINUTE FREQUENCY**

The potential advantages of this option would be:

- A single route improving service legibility and providing improved daytime access to the Casino and Victoria Street.
- Earlier start on weekdays to assist commuters.
- Maintaining existing Friday and Saturday night time hours of operation.

The potential disadvantages of this option would be:

- One hour less of 10 minute frequency on Sunday.
- Greater additional cost than option 1.

The timetable would be:

Day	10 minute frequency	15 minute frequency
Monday to Thursday	7.30 am to 7 pm	7 pm to 10.30 pm
Friday	7.30 am to 9.30 pm	9.30 to midnight
Saturday	8 am to midnight	-
Sunday and Public Holidays	10 am to 5 pm	5 pm to 8 pm

Again, this option would meet demand for early weekday services and maintain the service to midnight on Fridays and Saturdays at existing frequencies. Some cost increase due to the increased route length and earlier weekday running could be offset by reducing the period of 10 minute frequency from 10 am to 6 pm to 10 am to 5 pm, when demand is lower. The benefit of this in terms of cost, however, would be minimal. Overall, the hours of operation would increase by 2.5 hours (half an hour earlier each weekday).

COST IMPLICATIONS OF THESE OPTIONS

The operator is investigating these options, and the actual cost implications will be presented for the Committee's consideration at the meeting. Their costs will factor in a combination of changes in route length, frequencies and operational hours, as well as costs associated with maintaining driver and vehicle availability.

Based on pro-rata calculations, however, of existing kilometres travelled and the existing contract price, option 1 would result in an approximate pro rata 9% increase in contract price. Option 2 would approximate to a 12% pro rata increase, based on extra kilometres travelled only.

A sum of this approximate size (\$80,000 per annum of which about half would be required to the end of the 2004/05 financial year from 1 December) may be able to be sourced from any savings in the unit's operational budget. Additional funding requirements adjusting the shuttle operation line item would need to be provided as new funding through a variation to the LTCCP in conjunction with the Annual Plan.

SHUTTLE CONTRACT ISSUES

A legal opinion is currently being sought from the Legal Services Manager as to whether the Council would be advised to re-tender for the ongoing shuttle operation, in accordance with any provisions of the Local Government Act 2002. A final legal opinion will be available for discussion at the meeting. However, some interim advice has been provided as outlined below.

A key requirement of the Act relates to identifying all reasonably practicable options and by considering benefits and costs of each, community outcomes and the Council's capacity to meet present and future needs, make a decision on which option best achieves the objective of the decision. When making this decision the Council should additionally consider the views and preferences of those likely to be affected or that have an interest in the decision.

In this situation the Council must be able to demonstrate that its decision on whether to renew the current contract or re-tender it, has appropriately considered the costs and benefits, community outcomes and the Council's capacity to meet present and future needs, whilst at the same time considering the views and preferences of those likely to be effected or have an interest in the decision.

In consideration of the costs and benefits, a new operator would be required to purchase vehicles of a type and with the technology currently specified. Their tender price would accordingly reflect recovery of this financial outlay (believed to have increased since the first shuttles were introduced), distributed across the specified contract term. Additional costs for a profit margin, set up costs and overhead costs such as the provision of maintenance facilities and drivers would also form a tender price. With the existing operator, the vehicles are already in service and the support structures in place to maintain it, so the tender price would probably be correspondingly less and of a financial benefit to the Council.

It is considered that any decision would have a neutral effect on improved community outcomes, as either way the Council's draft community outcomes as they stand would be no better or worse off by taking either course of action. The shuttle would continue to be in operation and continue to achieve the same objectives as they currently do.

In consideration of the Council's capacity to meet present and future needs, it is the Transport and City Streets Unit's current view (pending receipt of a final legal opinion to be presented at the meeting) that in respect of the existing operator's position, with the vehicles, technology, infrastructure and staff in place to support the service, that overall the Council's present and future requirements would be best served by renewing the current contractual arrangement with the existing operator, subject to any service level changes approved by the Council through this review.

The term of this renewal would preferably be no less than five years, as this would provide assurance to the operator, and enable them to invest in improvements to the service, with the reassurance of a known term in which to recover costs. The Council may, however, wish to renew the contract for a shorter time, following which the Council may wish to consider a new form of relationship with the operator in place. Such a new relationship is becoming increasingly common in New Zealand and forms what is termed an 'alliance'. Under such arrangements, a different form of formal contract is in place focussed on outcomes and relationship agreements and this allows an improved level of trust and an open book approach to running the service, allowing innovation and improvement with benefits to both parties.

CONCLUSION

This report presents two options for the Committee's consideration to improve the current shuttle service. Both options are likely to increase the current contract cost. However, subject to final confirmation from the operator, both options would increase the cost by relatively similar amounts. The first option primarily improves frequency on Fridays, reducing Friday and Saturday operations late at night when passenger use is lower, to minimise the additional cost of this. The second option is closer to the existing levels of service, but with an earlier weekday start time to meet commuter demand.

Both options dispense with the daytime route, and propose to follow the night time route at all times. The Committee's views are sought on whether to proceed with either, both or other options for consultation and a final recommendation and decision at the Committee's September 2004 meeting. It is recommended that option 1 be consulted upon, as it is considered that this best meets the combined needs of an effective shuttle service and its original objectives, whilst minimising additional cost to the Council.

Subject to a final legal opinion, it is the Transport and City Streets Unit's recommendation that subject to any service level variations discussed above, the current contract be renewed for a period of five years. This renewal to the contract should allow for the development of an 'alliance' arrangement for the ongoing provision of this service, if that is the Committee's recommendation to Council, following further investigation.

Staff

- Recommendation:**
1. That staff consult on option 1 and report back to the Committee's September 2004 meeting with a final recommendation for adoption.
 2. That the Committee approve investigations into a potential 'alliance' relationship with the shuttle operator for this service.
 3. That, following adoption of any service level change resulting from recommendation 1, the current contract be appropriately varied and renewed for a period of five years, with a provision added to the contract that will allow an 'alliance' to be developed at a later time with the Council's agreement.

Chairman's

- Recommendation:** That the above recommendation be adopted.