

## **Confirmed Restricted Public Excluded minutes of the Council meeting on Thursday 7 December 2023**

Taumata Kōrero – Council Chamber, Greater Wellington Regional Council  
100 Cuba Street, Te Aro, Wellington, at 12.02pm

---

### **Members Present**

Councillor Ponter (Chair)  
Councillor Staples (Deputy Chair)  
Councillor Connelly  
Councillor Duthie  
Councillor Kirk-Burnnand  
Councillor Laban  
Councillor Lee  
Councillor Nash  
Councillor Saw  
Councillor Woolf

### **Restricted Public Excluded Business**

#### **1 Lower North Island Rail Integrated Mobility: Proposed Procurement Strategy and Rolling Stock Procurement Plan – Report RPE23.604**

Barry Fryer, Programme Director, spoke to the report.

Moved: Cr Nash / Cr Ponter

That Council:

- 1 Notes that as part of the Lower North Island Rail Integrated Mobility (LNIRIM) Programme, Greater Wellington is running a procurement process to purchase 18 four car Independently Powered Electric Multiple Unit vehicles and a simulator (IPEMU Vehicles).
- 2 Notes that the LNIRIM project team has been working with WSP (as transaction and technical advisors) and external legal and probity advisors to develop a procurement process for the IPEMU Vehicles supply and ongoing maintenance.
- 3 Notes a Proposed Procurement Strategy for those parts of the LNIRIM Programme that will be delivered by Greater Wellington, and Procurement

Plan for the IPEMU Vehicles (Package 1) have been developed and are at final draft stage.

- 4 Notes that the Proposed Procurement Strategy and Procurement Plan are foundational documents that set the basis on which the IPEMU vehicles supply, long term maintenance and maintenance depot will be procured.
- 5 Notes the Proposed Procurement Strategy separates the LNIRIM Programme into the following Packages:
  - a Package 1: IPEMU Vehicle design, supply, and long-term maintenance, including the provision of rolling stock specific equipment that is not included in the list of equipment that Greater Wellington will provide at the IPEMU Depot
  - b Package 1A: IPEMU maintenance depot development, planning, design, and construction including supply and installation of depot equipment (other than rolling stock specific maintenance equipment provided under Package 1)
  - c Package 2: Station upgrades
  - d Package 3: Stabling facilities and track upgrades
  - e Package 4: Operational readiness (for IPEMU Vehicle acceptance, transition into service and operation by a single operator).
- 6 Notes that Packages 1, 1A, 2 and 4 will be delivered by Greater Wellington, and that Package 3 will be delivered by KiwiRail.
- 7 Notes that the proposed procurement approach for Package 1 is a two-stage process: stage 1 is an Expression of Interest to select up to three suitably qualified respondents to progress to the next stage; stage 2 is a Request for Proposals from which Greater Wellington will identify one respondent to contract with.
- 8 Notes the Proposed Procurement Strategy sets out the rationale for why the IPEMU depot (Package 1A) should be procured separately from the rolling stock; this is a departure from the LNIRIM Detailed Business Case.
- 9 Notes that the Proposed Procurement Strategy has been considered and the final version requires endorsement by Waka Kotahi as a funder and the proposal to use a customised procurement procedure.
- 10 Notes that the Package 1 EOI documents, including the EOI Evaluation Plan are still in development but will reflect the principles and approach set out in the Package 1 Procurement Plan; once these are completed and approved the project team will publish the Package 1 EOI opportunity openly on GETS.
- 11 Notes that the Proposed Procurement Strategy and the Package 1 Procurement Plan, EOI documents and EOI Evaluation Plan will be reviewed by the Probity Advisor and the Probity Auditor prior to being finalised.
- 12 Endorses the procurement approaches set out in the Proposed Procurement Strategy and Package 1 Procurement Plan.

- 13 Endorses the commencement of Package 1 (IPEMU Vehicles) procurement by publishing an Expression of Interest (EOI) to the market in December 2023, once the final documents are approved.
- 14 Delegates to the Council Chair, the Transport Committee Chair, and the Chief Executive, acting jointly, the power to approve the final Procurement Strategy and the final Package 1 Procurement Plan, final EOI documents, final EOI Evaluation Plan and the decision to publish the EOI, subject to:
  - a receipt in writing from Waka Kotahi confirming endorsement of the final version of the Procurement Strategy
  - b receipt of written assurances from the following advisors (in an acceptable form) regarding the final version of the Procurement Strategy and final version of the Procurement Plan, final version of the EOI documentation and the final EOI Evaluation Plan:
    - i WSP, transaction and technical advisors,
    - ii Probity Auditor, McHale Group,
    - iii Ashurst, external legal provider.
- 15 Delegates to the Council Chair, the Transport Committee Chair, and the Chief Executive, acting jointly, the power to approve Package 1A (IPEMU Depot) Procurement Plan, EOI documents and EOI Evaluation Plan and decision to release to market, subject to:
  - a receipt of written assurances from the following advisors (in an acceptable form) regarding the IPEMU Depot Procurement Plan, the IPEMU Depot EOI documentation and IPEMU Depot EOI Evaluation Plan:
    - i relevant external property advisor(s),
    - ii Probity Auditor, McHale Group,
    - iii the relevant external legal provider(s).

The motion was carried.

## 2 Lower North Island Rail Integrated Mobility: Operator Options – Report RPE23.603

Barry Fryer, Programme Director, spoke to the report.

Moved: Cr Staples / Cr Nash

That Council:

- 1 Notes that as part of the LNIRIM Programme, an operator will need to be selected for delivering services on the Manawatū Line and Wairarapa Line when the Independently Powered Electric Multiple Unit vehicles and a simulator (IPEMU Vehicles) enter service.
- 2 Notes that the current operators of rail services on Manawatū Line and Wairarapa Line are:
  - a KiwiRail on the Manawatū Line, operating under the Capital Connection brand; and

- b Transdev on the Wairarapa Line, operating under the Metlink brand.
- 3 Notes that the LNIRIM project team have identified, through multi criteria analysis of the options, a preference for directly appointing the operation of the IPEMU Vehicles to Transdev Wellington as a variation to the existing Rail Partnering Contract.
- 4 Notes that the Waka Kotahi Procurement Rules set out the requirement for Direct Appointment where competition will not help obtain best value for money.
- 5 Notes that Waka Kotahi has confirmed that directly appointing Transdev Wellington the operation of the IPEMU Vehicles meets their Procurement Rules requirement as competition will not help obtain best value for money.
- 6 Notes there are other aspects of the Rail Partnering Contract that the LNIRIM project team will need to negotiate in readiness for the arrival of the new IPEMU Vehicles. These are:
- a Removal of the maintenance on the carriages currently operated on the Wairarapa Line; and
- b Removal of the Hook and Tow locomotive arrangement for the Wairarapa Line.
- 7 Endorses officers negotiating a variation with Transdev Wellington to provide for the operation of the IPEMU Vehicles on both the Wairarapa Line and Manawatū Line, under the Rail Partnering Contract.
- 8 Endorses officers engaging with Transdev Wellington on the basis (subject to negotiation by Greater Wellington) that they will be responsible for testing and commissioning the IPEMU Vehicles, undertaking the initial Type Approval Safety Case, and will commence operation of the IPEMU Vehicles when they are ready to enter service.
- 9 Agrees that the Manawatū Line service will be branded as a Metlink service when the IPEMU Vehicles are introduced.
- 10 Notes that the operation of the IPEMU Vehicles on the Wairarapa Line and Manawatū Line is likely to be part of the next Metro Service Operator contract, which will be subject to a procurement process ahead of a new contract that is due to commence on 3 July 2031.
- 11 Notes that if a variation acceptable to Greater Wellington cannot be negotiated with Transdev, there are alternative options for securing an operator for the IPEMU Vehicles that Greater Wellington could progress.
- 12 Notes that once negotiation is complete, officers will present the variation to Council and Greater Wellington Rail Limited for endorsement before it is signed.

The motion was **carried**.

### **3 Bus Contract Procurement: Timing – Report RPE23.626**

Nicki Lau Young, Programme Director, Metlink Operating Model, spoke to the report. An update to recommendation 21 of the report was tabled.

Moved: Cr Nash / Cr Duthie

That Council:

- 1 Notes that decision-making in this report is for statutory content to be included in the draft Wellington Regional Public Transport Plan 2024 under sections 120, 124 and 125 of the Land Transport Management Act 2003 (as amended) and will be consulted on in April 2024 under the requirements of section 125(2) of that Act.
- 2 Notes that the majority of Greater Wellington's current PTOM bus partnering contracts expire in either 2027 or 2030, with one unit expiring in 2028 and another unit with an operator right of extension (subject to performance KPIs) until 2033.
- 3 Notes that approval is sought at this stage for the timing and tranching of the procurement of future bus contracts and that officers will engage with the Council in early 2024 on the substantive terms and conditions of these contracts.
- 4 Notes that different options for the tranching of future bus contract procurement have been considered - including a single tranche, multiple tranches and a rolling tendering programme.
- 5 Notes that given approximately 60% of the current PTOM bus partnering contracts expire in 2027, this creates a transition risk of a significant disruption to bus services if a new operator(s) is awarded future bus contracts following a tender process and a transition to the new operator(s) is required.
- 6 Approves a multiple tranche approach to the next round of bus contract procurement to manage the transition risk.
- 7 Approves the units to be included in each procurement tranche as follows:
  - a Tranche 1: Wellington City: North South Units (units 1, 4, 6, 7, 8), Tawa (unit 18), Porirua (unit 13) and Kāpiti (unit 14);
  - b Tranche 2: Hutt Valley Units (units 9, 10, 11), and Wairarapa (unit 15);
  - c Tranche 3: Wellington City: East West Units (units 2, 3 and 5), Eastbourne (unit 12), Airport Express (unit 20).
- 8 Notes that it is proposed that the three procurement tranches are timed 12 months apart with the first procurement tranche timed to enable the first new future bus contracts to commence in July 2028.
- 9 Notes that while this timing will require some of the existing PTOM bus partnering contracts to be extended, the timing gives sufficient time to enable robust procurement planning to occur as well as to enable the Sustainable Public Transport Framework (SPTF) outcomes and any potential changes in Council's control of bus depots to be reflected future bus contracts.
- 10 Approves the timing of the tranches as follows:

- a Tranche 1: new contracts commence 1 July 2028
  - b Tranche 2: new contracts commence 1 July 2029;
  - c Tranche 3: new contracts commence 16 July 2030.
- 11 Notes that the rail contract will expire in 2031; the rail procurement process will commence after the bus tender processes have been completed.
- 12 Notes that the current PTOM bus partnering contracts allow Greater Wellington to unilaterally extend their terms.
- 13 Approves the extension of the following current PTOM partnering bus contracts to enable the proposed timing and tranching approach to be implemented:
- a Tranche 1:
    - i Contracts with Tranzit Group Limited for bus units 1 (North/South Spine), 4 (Khandallah & Aro Valley), 7 (Brooklyn & Owhiro Bay), and 13 (Porirua) – extended by up to 12 months to 30 June 2028;
    - ii Contract with Madge Coachlines Limited (t/a Uzabus) for bus unit 14 (Kapiti) extended by up to 12 months to 30 June 2028;
    - iii Contracts with Mana Coach Services Limited for bus units 8 (Newlands) and 18 (Tawa) – extended by up to 12 months to 30 June 2028;
    - iv Contract with Wellington City Transport Limited (Kinetic) for bus unit 6 (Taranaki) – extended by up to 12 months to 30 June 2028.
  - b Tranche 2:
    - i Contracts with Tranzit Group Limited for bus units 9, 10, 11 (Hutt Valley Units) and unit 15 (Wairarapa) extended by up to 25 months to 30 June 2029;
  - c Tranche 3:
    - i Contract with Mana Coach Services Limited for bus unit 20 (Airport Express) – extended by up to 25 months to 15 July 2030;
    - ii Contract with Wellington City Transport Limited (Kinetic) for bus unit 5 (Wellington City: East West Unit) – extended by up to 36 months to 15 July 2030.
- 14 Notes unit 4 (Khandallah & Aro Valley) has an operator right of extension through until June 2033, subject to operator meeting performance KPIs, and that the 12-month contract extension of unit 4 will only occur if those performance KPIs are not met.
- 15 Notes that Waka Kotahi Procurement Manual allows Greater Wellington to extend these contracts for up to two years without Waka Kotahi Board approval.
- 16 Notes that all the proposed extensions are within this 2-year period except for units 5, 9, 10, 11 and 20 and the intention is to seek Waka Kotahi Board's approval of these extensions at its March 2024 meeting.
- 17 Notes that officers will also be seeking Waka Kotahi Board's endorsement of the proposed bus procurement timing and tranching approach as this will

affect the upcoming procurement strategy for future bus contracts which the Waka Kotahi Board is required to approve.

- 18 Notes that officers have had initial conversations with Waka Kotahi staff regarding the timing and tranching approach and the proposed units 5, 9, 10, 11 and 20 contract extensions and they are supportive of these.
- 19 Notes that if Waka Kotahi does not endorse the proposed timing and tranching approach and/or approve the requested contract extensions required to effect the proposed timing and tranching approach, then officers will come back to Council.
- 20 Delegates to the Chief Executive the ability to execute the contract extensions on substantially the same terms and conditions as the existing contracts, subject to Waka Kotahi's approval of the contract extensions for units 5, 9, 10, 11 and 20.
- 21 Notes that officers will consider negotiating with our existing bus operators in relation to any proposed extensions – for example, as leverage to obtain a depot as a transferring asset, to require operators to provide additional workforce reporting or to undertake additional actions at the end of the contract to ensure a smooth transition to any new operators - therefore this timing and tranching approach remains strictly confidential until negotiations have taken place in (approximately) June 2024.

The motion was **carried**.

### **Karakia whakamutunga**

The Council Chair closed the meeting with a karakia whakamutunga.

The restricted public excluded part of the meeting closed at 12.43pm.



Councillor D Ponter

**Chair**

Date:

29/2/24