

ITEM NO: 8

DRAFT



TO Council
ON 24 May 2007
FROM Ray Ginnever – Special Projects Officer
APPROVED BY Murray Noone – Director Transportation
SIGNATURE

A handwritten signature in black ink, appearing to be "Murray Noone", written over a horizontal line.

SUBJECT ADOPTION OF PENLINK TOLLING STRATEGY
FILE REF RF/53/2

PURPOSE OF REPORT:

<input type="checkbox"/> Information only	<input type="checkbox"/> Strategic decision	<input type="checkbox"/> Policy decision	<input checked="" type="checkbox"/> Statutory process
<input type="checkbox"/> Community issue	<input type="checkbox"/> Contract decision	<input type="checkbox"/> Delegation	<input type="checkbox"/> Appointment
<input type="checkbox"/> Administrative matter			

IMPLICATIONS:

(i)	Is this matter significant in terms of Council's Policy on Significance? No
(ii)	Implications in terms of Vision Rodney? Yes - supports the Rodney Transport Strategy, which aligns with Vision Rodney.
(iii)	Implications in terms of Long Term Plan/Annual Plan? Yes - continues work toward implementation of the Penlink project, as adopted under the Long Term Plan.
(iv)	Implications in terms of other Council Strategic documents or Council Policy? No
(v)	Is a budget amendment required? No

(vi)	Have the views of affected or interested persons been obtained and is any further public consultation required?
	The Council has followed the special consultative procedures outlined in the Local Government Act 2002, and the Land Transport Management Act 2003.

SUMMARY:

The Council adopted the Penlink Tolling Strategy Consultation Report and the Penlink Tolling Strategy Hearings Panel Report in December 2006. The decision on a specific toll strategy was deferred until a series of educational sessions were held with the Council's funding partners, and until more could be learned about the features and costs of the proposed national Toll Systems Project (TSP). The education sessions with the Council's funding partners and further research into toll collection costs and options have added clarity to certain issues. The combined result of these initiatives has produced a tolling strategy which is informed, robust and adds value to the Penlink project overall.

RECOMMENDATIONS:

That the Council adopt the following tolling strategy for the Penlink project and the Weiti Toll Road:

- (a) designate the following sections of road as the new toll road to which tolls and toll revenues may be applied:
 - a section joining a widened Whangaparaoa Road to a new bridge across the Weiti River;
 - a new bridge and road across the Weiti River joining the Whangaparaoa Peninsula to a point approximately 1 km west of Stillwater at the junction of the new road and Duck Creek Road;
 - a two-lane road between the Stillwater junction and East Coast Road;
 - a roundabout linking the new road with a realigned East Coast Road;
 - a new interchange at Redvale Northern Motorway, with south facing ramps allowing northbound access to the new road from the Motorway, and southbound access from the new road to the Motorway.
- (b) set toll collection points on the approaches to the Weiti Bridge and to the Redvale Interchange with State Highway 1, under adjusted Option 4 at the locations and rates stated in the table in Section 2.2. of the agenda report.
- (c) set a tolling range from \$1.50 to \$2.50, indexed to increases in the CPI, to optimise toll revenues and travel demand measures.
- (d) do not set higher tolls to reduce the tolling period.
- (e) set higher tolls in peak periods, but only when patronage forecasts are exceeded for a reasonable period, otherwise, set a standard toll regimen.
- (f) set partial tolls for use of part of the Penlink route, as indicated in the table of Toll Rates in Section 2.2 of the agenda report.

- (g) set higher tolls for heavy commercial vehicles at twice the passenger vehicle rate, as indicated in the table of Toll Rates in Section 2.2 of the agenda report.
- (h) set exemptions from tolls for cyclists and pedestrians on the Weiti Crossing between Whangaparaoa and Stillwater.
- (i) designate Whangaparaoa Road, the Hibiscus Coast Highway, East Coast Road, and Duck Creek Road as feasible, untolled, alternative routes.
- (j) honour the privacy provisions required under the Land Transport Management Act regarding the holding or storing of personal information for charging tolls and enforcing their payment.
- (k) outline privacy policies regarding tolling customer information in a document available for inspection free of charge during usual working hours.
- (l) offer a payment method that does not record personal information in relation to the person paying the toll to meet the privacy provisions of the of the Land Transport Management Act.
- (m) attempt to collect any unpaid tolls due on a commercial basis, including recovery of any associated enforcement costs, as provided for in the Land Transport Management Act.
- (n) set fines up to the maximum allowable for any person who fails to pay or refuses to pay a toll payable by that person, without reasonable excuse, and who has committed a moving vehicle offence under the Land Transport Act 1998.
- (o) set a policy as a toll operator to deny a motor vehicle access to a toll road, or past the toll payment point, if the vehicle has not paid the toll, or made an acceptable payment arrangement.

1.0 Background

- 1.1 The Council adopted the Penlink Tolling Strategy Consultation Report and the Penlink Tolling Strategy Hearings Panel Report in December 2006. The decision on a specific toll strategy was deferred until a series of educational sessions were held with the Council's funding partners and until more could be learned about the features and costs of the proposed national Toll Systems Project (TSP).
- 1.2 The cost figures provided to date for the processing of tolling transactions from the TSP remain only as estimates and the TSP costs and features have yet to be fully defined.
- 1.3 The Board of Transit New Zealand recently declined the option to toll the Western Ring Route, which was planned to be tolled under the TSP, across its entire route and parts thereof. The only remaining state highway candidate for service under the TSP at present is the ALPURT B2 project. A review of the viability of the TSP has been requested by the Minister of Transport.
- 1.4 The proposed basis for funding for Penlink under a concession arrangement as determined under the Tolling Strategy consultation includes:

- the use of a benchmarking process to determine when private and/or public funding should be used in delivering public infrastructure, including tolling facilities and operations;
- comparing the efficiency of public sector (eg.TSP) and private sector (alternate tolling systems) asset and service delivery, and selecting the model which delivers best value overall;
- ensuring the risks in the Penlink project are packaged and allocated to parties that can best manage them and deliver best value overall.

This basis needs to be followed in the delivery of the roading assets, the tolling assets and operations for Penlink.

- 1.5 Transit's submission to the Tolling Strategy consultation states that it is willing to provide an offer of service for operation and maintenance of an electronic toll system. Council officers are continuing communication with Transit New Zealand officials regarding the development of an application of the TSP for Penlink, but a firm proposal has not yet been developed. In any call for tender, the Council requires price certain and completion date certainty for all contract elements, including tolling systems and tolling infrastructure. Costs and prices that exceed forecasts may require a review of the tolling strategy, as net toll revenues are a key driver in determining project viability.
- 1.6 Council officers have also received numerous enquiries from contractors and financial institutions expressing interest in bidding for the Penlink project work and toll road funding proposal. They have generally advised that they are keen to include the tolling infrastructure and systems as part of their bids, as they see this as critical to managing patronage risk in the proposed project. They see interoperability between tolling systems as best served through a national standard under which providers can contest for services. This is preferred to a single, unproven non-contestable system.
- 1.7 It remains the intention to call for a registration of interest for delivery of the Penlink project in May/June 2007.
- 1.8 From the findings of the Tolling Strategy consultation, traffic patronage modelling has been refined to reflect the three primary concerns of the consultative process, namely:
- keeping the tolling process simple;
 - keeping transaction costs down;
 - achieving equity in the incidence of tolls across the maximum number of users.
- 1.9 The Tolling Strategy consultation preferences regarding tolling sites were as follows:

Table of Tolling Location Preferences – December 2006

Option	Gantry Location	Preference %
Option 1	Site C (Weiti Bridge) only	32 %
Option 2	Sites C and B (Weiti Toll Road)	7 %
Option 3	Sites C, B, and A (Redvale ramps)	4 %
Option 4	Sites A, B, and C, with a cap	57 %

- 1.10 The main reasons given for each option were:

Option 1	- simplicity
Option 2	- simplicity and fairness
Option 3	- all users should pay
Option 4	- fairest and most equitable, as it captures all users.

- 1.11 During the course of the Penlink consultation process, proposed costs of toll collection for Transit's Western Ring Route project were raised as a concern by submitters to that project. Costs of toll collection were also reflected in many submissions to the Penlink Tolling Strategy and were particularly addressed by a number of submitters who spoke before the Hearings Panel.
- 1.12 Higher tolls were considered to reduce the tolling period. 40% of submitters were prepared to pay a higher toll, whereas 53% were not prepared to do so.
- 1.13 60% of respondents were prepared to pay a lower toll in off-peak periods, with 45% prepared to pay a higher toll in peak periods as opposed to 51% who were not prepared to.
- 1.14 Partial tolls were supported by 55% of the respondents for use of part of the Penlink route.
- 1.15 Higher tolls for heavy commercial vehicles were supported by 72% of respondents.
- 1.16 The Council proposed a toll range from \$1.50 to \$2.50, indexed to increases in the CPI.
- 1.17 A tolling strategy must be defined in the Council's Order-in-Council application to the Minister of Transport to allow tolling of the Weiti Toll Road.
- 1.18 Whangaparaoa Road, Hibiscus Coast Highway, East Coast Road and Duck Creek Road all currently provide acceptable levels of service.
- 1.19 The Council is required to honour the privacy provisions of the Land Transport Management Act regarding the holding or storing of personal information for charging tolls and enforcing their payment. It must also outline its privacy policies in a document available for inspection free of charge during usual working hours and provide an anonymous method for paying of a toll charge.
- 1.20 A driver of a motor vehicle is the party liable for payment of the toll when a vehicle reaches the toll payment point. This applies unless the driver fails to pay the toll, in which case the registered owner of the vehicle is liable, unless they supply a sworn statement within 28 days to the toll operator providing either the name and address of the driver or information that may lead to the identification of the driver; or a statement that the vehicle had been stolen at the time of the incident.
- 1.21 A toll operator may deny a motor vehicle access to a toll road, or past the toll payment point, if the vehicle has not paid the toll or made an acceptable payment arrangement.
- 1.22 A person who fails to pay or refuses to pay a toll payable by that person, without reasonable excuse, commits a moving vehicle offence under the Land Transport Act 1998 and may be subject to a fine.

2.0 Issues

2.1 The Council needs to adopt a tolling strategy that is reflective of the whole of the consultative process. This means consideration of the submissions, the Hearings, the Hearings Panel Report and the findings from the education sessions with the Council's funding partners and the review of the TSP project. This includes considerations of:

- value for money;
- costs of tolling systems and toll collection costs;
- allocation of risk in the toll road delivery and operations;
- fairness and equity in the incidence of tolls to users;
- impact on project viability.

2.2 Updated traffic modelling reflecting the three primary concerns of:

- simplicity
- low transaction and system costs
- equity in the incidence of tolls

has found that an adjusted Option 4 best meets the above criteria, whilst maintaining the highest toll revenue streams for Penlink and reasonable levels of service across the roading network.

The adjusted Option 4 involves:

- dropping one tolling gantry location (Site B) for cost saving reasons;
- retaining the toll cap for those using the full route.

The original Site B captured the fewest incremental users and revenue at considerable cost required for a third gantry. Cost considerations override equity considerations in the decision to drop Site B.

Table of Toll Rates – Penlink Project¹ Toll Strategy

User Class	Toll Range Maximum	Base Rate Gate A	Base Rate Gate C	Base Rate Capped
Passenger Vehicles	\$1.50 - \$2.50	\$0.75	\$1.25	\$1.50
Heavy Commercial Vehicles	\$3.00 - \$5.00	\$1.50	\$2.50	\$3.00
Emergency Services Vehicles ²	\$0.00	\$0.00	\$0.00	\$0.00
Cyclists and Pedestrians ³	\$0.00	\$0.00	\$0.00	\$0.00

¹ All toll rates are subject to annual adjustment for the current CPI rate.

² Fire service, ambulance, police and emergency service vehicles are exempt from tolls under the Land Transport Management Act 2003.

³ The walkway/cycleway is restricted to the section of the Weiti Toll Road between Whangaparaoa and Stillwater. There is no separate walkway/cycleway on the western section of the Toll Road past Stillwater. Cyclists and pedestrians are not permitted on the Motorway ramps or the Motorway.

Balanced against the three factors of simplicity, cost and equity the adjusted Option 4 at the rates stated in this Table represents a reasonable compromise and is recommended. A toll range from \$1.50 to \$2.50, indexed to increases in the CPI, is recommended to optimise toll revenues and travel demand measures. Tolling gantries will then be located on the approaches to the Weiti Bridge and to the Redvale access ramps to State Highway 1.

- 2.3 Higher tolls to reduce the tolling period are not recommended. They would likely reduce maximum revenue streams and create undesirable traffic diversion effects.
- 2.4 Higher tolls in peak periods are recommended, but only if patronage forecasts are exceeded for a reasonable period. This is to allow travel demand measures to be put into effect if they are required for route and network efficiency. Otherwise, application of a standard toll regimen is recommended to deliver clear price signals to users and to maintain simplicity in the administration of tolls.
- 2.5 Partial tolls are recommended for use of part of the Penlink route, as indicated in the Table of Toll Rates. This will reflect relative use of parts of the route and is a more equitable application of toll charges.
- 2.6 Higher tolls for heavy commercial vehicles are recommended at twice the passenger vehicle rate, as indicated in the Toll Table. Extra costs are required to construct the road to accommodate heavy commercial vehicles and this toll rate helps to recover that extra cost. A doubling of the passenger vehicle rate is simple to administer and duplicates the policy proposed for ALPURT B2 and originally proposed for the Harbour Link project in Tauranga.
- 2.7 It is recommended that cyclists and pedestrians be exempt from tolls on the Weiti Crossing between Whangaparaoa and Stillwater as a travel demand measure. Cyclists and pedestrians are not permitted on the Redvale ramps and the motorway.
- 2.8 Whangaparaoa Road, Hibiscus Coast Highway, East Coast Road and Duck Creek Road are all recommended as designated feasible, untolled, alternative routes as they currently provide acceptable levels of service and are untolled.
- 2.9 The Council should honour the privacy provisions regarding the holding or storing of personal information for charging tolls and enforcing their payment as well as outline its privacy policies in a document available for inspection free of charge during usual working hours. It is also recommended that the Council offer a payment method that does not record personal information in relation to the person paying the toll. These provisions ensure that the Council meets the privacy provisions of the Land Transport Management Act.
- 2.10 It is recommended that where the Council has identified who is liable for the payment of a toll and that toll is not paid, it will attempt to collect any unpaid tolls due on a commercial basis, including recovery of any associated enforcement costs, as provided for in the Land Transport Management Act. This ensures value for money in the collection of unpaid tolls and that legitimate payers of tolls do not significantly subsidise those who do not pay.
- 2.11 The Council should set fines for any person who fails to pay or refuses to pay a toll payable by that person, without reasonable excuse, and who has committed a moving vehicle offence under the Land Transport Act 1998. Fines should be set at up to the maximum allowable. Fines will ensure a higher level of toll payment compliance and that toll road users who pay regularly and properly are not subsidising those users who do not pay.

2.12 The Council should set a policy as a toll operator to deny a motor vehicle access to a toll road or past the toll payment point if the vehicle has not paid the toll or made an acceptable payment arrangement.

3.0 Options

3.1 Setting of a tolling policy from the tolling strategy is a statutory process under the Land Transport Management Act. The Council must adopt a tolling strategy for its Order-in-Council application to the Minister of Transport to toll the Weiti Toll Road and to complete its special consultative procedure requirements by issuing a decision on its tolling strategy deliberations.

3.2 The Council can either accept, decline or vary the tolling strategy recommendations. Section 2 of this report gives the reasons behind each of the recommendations for consideration by the Council, as required under the special consultative procedures of the Land Transport Management Act. Any varying of these recommendations must give a reason for the variation.

4.0 Conclusion

4.1 The Council has undergone a statutory and comprehensive consultative process to develop a tolling strategy for Penlink. There has been a very high level of response and the submissions and hearings processes have provided useful input and added value to the process. As well, the education sessions with the Council's funding partners and further research into toll collection costs and options have added clarity to certain issues. The combined result of these initiatives has produced a tolling strategy which is both informed and robust and adds value to the Penlink project overall.

4.2 The Council should adopt the Tolling Strategy recommendations.

Toll Collection Points Map

