

# Terms of Reference

## Bus Rapid Transit Working Group

### Development of the BRT Indicative Business Case

Greater Wellington Regional Council, Wellington City Council and the New Zealand Transport Agency are working collaboratively to deliver an Indicative Business Case for a Bus Rapid Transit solution for Wellington transport users.

The Bus Rapid Transit Project has engaged PwC to lead the development of an Indicative Business Case for a BRT solution.

To support PwC and to ensure equal input from partner organisations there is a need to establish a Indicative Business Case Working Group to support the development of the BRT Indicative Business Case.

#### Purpose

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1. The BRT Working Group will:
  - a. Support the development of the BRT Indicative Business Case
  - b. Convene approximately 8 times through the months of April and May 2015.
  - c. Be decommissioned once the BRT Indicative Business Case is complete.

#### Role

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2. The role of the Working Group and its members is to:
  - d. Set the critical success factors for the BRT options work
  - e. Set, prioritise and weight the evaluation criteria by which BRT options will be evaluated.
  - f. Work with PwC to develop BRT options.
  - g. Carry out the assessment of the BRT options, select a preferred recommended option.
  - a. Represent their respective organisations views on the constraints and opportunities for BRT as well as taking a partnership perspective at the same time. Consider ideas and issues raised and contribute constructively to the discussion.
  - h. Have the trust and confidence of their respective organisations to make decisions relating to the development of the IBC and the BRT options. Brief respective Senior Managers and/or Chief Executives as necessary within their organisations with regards to matters discussed in the Working Group forum relating to the development of the IBC product.
  - i. Take a user-centric perspective by incorporating stakeholder feedback into the expert comment.
  - j. Act as a BRT champion, promote understanding and build support for the BRT recommended preferred option once identified.

## Membership

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3. Members of the working group will be required to attend workshops, provide both strategic and technical insight and input into setting the critical success factors for initiative, set the evaluation criteria, define a range of BRT options, read, review and feedback on the draft business case sections as they are completed.
4. Members will not be required to write-up outputs from the workshop. This will be the responsibility of PwC and their support staff.
5. Members need to have an understanding of the Wellington public transport environment (and its interaction across modes) from one of the following perspectives:
  - a. Transport planning (strategic and tactical)
  - b. Engineering
  - c. Cost estimation
  - d. Economics/finance
  - e. Operations or management
  - f. Funding
  - g. Policy
  - h. Urban planning
6. Working group members are required from each partner organisation (GWRC, WCC and NZTA). At least two representatives from each organisation is desirable, there is no limit to the number of representatives.
7. Members must be empowered and have the mandate to speak on behalf of their respective organisations.
8. The workshops will also be attended by PwC support staff and the BRT Project Manager and other members of the project team as necessary.

## Workshop/s approach

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9. PwC will design and facilitate all workshops. The BRT Project will assist with the coordination of the workshops.
10. PwC will be responsible for all write up of inputs and outputs from the workshops. Members will not be required to do any writing up of workshop outputs.
11. The following table outlines the workshop schedule:

Workshop #	Proposed week	Workshop duration	Workshop purpose / outputs
1	Week starting 13 <sup>th</sup> April	5 hours	Set the critical success factors Evaluation criteria, weighted and prioritised set PwC strategic questions answered
2	Week starting 20 <sup>th</sup> April	3 hours	BRT options defined

3	Week starting 28 <sup>th</sup> April	3 hours	BRT options defined
4	Week starting 4 <sup>th</sup> May	3 hours	Evaluated BRT options – using the economic and financial elements of the evaluation criteria
5	Week starting 11 <sup>th</sup> May	3 hours	Evaluated BRT options – using the commercial, staging / programming elements of the evaluation criteria
6	Week starting 18 <sup>th</sup> May	2 hours	Review draft IBC strategic case and economic case
7	Week starting 25 <sup>th</sup> May	2 hours	Review draft IBC financial case, commercial case and management case
Working group will be decommissioned end of May 2015			

#### Additional IBC background information from PwC

The Indicative Business Case (IBC) further develops specific activities identified in the Public Transport Spine Study (PTSS). An IBC receives official NZTA support, including assessment of strategic fit and effectiveness, with anticipated efficiency assessment.

An initial appraisal of options is conducted with specific consideration given to these types of questions:

- Is the option going to alleviate the perceived transport problems and/or maximise potential opportunities identified in the PTSS?
- Is the option consistent with established policy directives?
- Is the option likely to meet the transport planning outcomes identified in the PTSS
- What are the likely scale and significance of any impacts of the activity?
- Is the option likely to be: acceptable to the public, affordable and feasible to construct and operate?
- Is there a clear rationale for the rejection of options on completion of the IBC?

The results of the PTSS identified and explored three preferred solutions:

- Bus Priority
- Bus Rapid Transit
- Light Rail Transit.

This Study effectively addressed the components of a PBC by identifying an optimal mix of alternatives and options, but not looking at detailed solutions.

On this basis, this IBC focuses on the development of BRT as the preferred solution and explores a range of options for how it might be delivered. The purpose of the IBC is to:

- To confirm the strategic rationale for a bus rapid transit system
- To identify and evaluate between one and three options that will be meet the project partners objectives

- To provide an evaluation of the financial, commercial and programming options available to the partners to deliver on the identified options.

The two key components of developing the IBC for BRT Project focus on:

- The Strategic Case – Making the Case for Change
- The Economic Case – Exploring the Preferred Way Forward

The Strategic Case looks to confirm the strategic context for investing in BRT and define a robust case for change. Key aspects of this include:

- Reviewing the strategic context from the PTSS
- Confirming investment objectives, existing arrangements and the needs of the transport network
- Confirming key service requirements and project scope
- Identifying benefits, risks, constraints and dependences.

The Economic Case looks to develop a preferred way forward as a basis for seeking approval from all three partner organisations to proceed with a more detailed assessment of the recommended preferred option. For BRT, a considerable amount of work has already been done on option development and the IBC simply needs to refine this to narrow down the best options. Key aspects of the Economic Case include:

- Identifying the projects critical success factors
- Confirming the long-list of BRT options and initial options assessment
- Recommending a preferred way forward.

Based on the work done to date on the PTSS it is likely that the preferred way forward can be identified without significant additional engineering work. The PTSS identifies some of the limitations identified with the BRT option<sup>1</sup>; however, when combined with the Network Operating Plan, initial qualitative assessments on options should be able to be made without the need for additional transport modelling. Additional quantitative assessment will be required for refining the preferred option in the Detailed Business Case (DBC), and/or if the short-list is unable to be determined from the qualitative assessment. Specialist engineering opinion can be sought on an as-required basis to assist with confirming the BRT long-list options and the initial options assessment. Based on the assessment done to date in PTSS, it is unlikely that more detailed engineering work is required until the project progresses to a DBC.

One of the key reasons behind NZTAs adopting a Business Case approach was to develop a business case process that was scalable, so that the level of effort and deliverables required to develop the investment case for the Project was appropriate to the size and risk of the problem and the proposed investment.

The next steps, following the development of the IBC will be to:

- Develop a funding application for DBC

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<sup>1</sup> <http://www.gw.govt.nz/assets/Transport/Regional-transport/PT-Spine-Study/PTSS-Final-Reports-2013/FINAL-PTSS-Option-Evaluation-Report-for-web.pdf>

- Confirm the Strategic Fit rating with NZTA and seek indicative ratings on Effectiveness and Economic Efficiency
- Proceed to DBC where more detailed analysis of the costs, risks and benefits is undertaken on the preferred option, including preliminary design.
- Proceed to Pre-Implementation where final requirements are developed in order to implement detailed design/planning, property acquisition (if required), consenting (if required) and implementation/construction.