

SkyPath Update

21 March, 2013

SkyPath to be considered by AC Strategy and Finance Committee in May

On February 13, 2013 Auckland Council's Transport Committee agreed that Council should further investigate the SkyPath proposal for a privately funded walking and cycling facility on the Auckland Harbour Bridge.

Under the SkyPath proposal, Auckland Council along with a private investment fund and philanthropic organisations could share in the revenue underwrite to support the business case whilst each receives an agreed percentage of any revenue upside, proposed as follows:.



Council will be asked to approve the SkyPath funding proposal at the Strategy and Finance Committee in May 2013. This update summarises the work currently underway to develop the SkyPath proposal.

Work on SkyPath Continues

The AHB Pathway Trust is working with the following organisations:

NZ Transport Agency	<i>have made SkyPath their preferred option for the walking and cycling access in their planning for the next Harbour crossing, MoU to be agreed</i>
Waterfront Auckland	<i>integration with the Westhaven walking & cycling promenade between Wynyard Quarter and the AHB</i>
ATEED	<i>offered support for potential partners, naming rights valuation, and marketing strategy and product plan</i>
Beca Infrastructure and WT Partnership	<i>to finalise the Bridge stiffening works and cost estimate</i>
KPMG	<i>to advise on the transaction costs for a 'negotiated' procure method for SkyPath</i>
Auckland Transport	<i>updated SkyPath business case review by Ernst & Young</i>
Auckland Council	<i>MoU to be agreed, assist in development of SkyPath proposal for Strategy and Finance Committee consideration in May.</i>

The AHB Pathway Trust has received Government funding to progress the following work:

- project management and planning
- design work for SkyPath's access ramps, in consultation with stakeholders
- research of the issues for a Resource Consent application
- advancement of the engineering details and costings for updated business plan
- finalise funding arrangements for construction and operation.

The SkyPath facility

SkyPath is an architecturally designed walking and cycling facility constructed underneath the city-side clip-on of the Auckland Harbour Bridge. SkyPath will enable excellent harbour vistas, whilst providing shelter from adverse weather and vehicle emissions. Being 4 metres wide, SkyPath has sufficient shared space for walkers, joggers and cyclists.

SkyPath is designed to attract tourists, recreational users and commuters. Observation decks will include viewing platforms, exhibits and other potential amenities such as a coffee cart, or bungee jump viewing. SkyPath will be constructed primarily in steel with aluminium extruded mesh which allows airflow but prevents people falling.

SkyPath cost estimate

The SkyPath's estimated cost of \$28M includes observation decks, access ramps, Bridge strengthening works, lighting and a contingency sum of \$4 M.

This costing was prepared by quantity surveyors WT Partnership and has been reviewed and updated by Auckland Transport and Auckland Council as follows:

	Auckland Transport November, 2012	Updated costs: Auckland Council February, 2013
Pathway, observation decks, access ramps, strengthening, lighting, etc. (incl. contingency of \$4 M) by WT Partnership.	\$28.0 M	\$28.0 M
Optional cycleway: Northern link along motorway to Akoranga	\$4.1 M	\$0 (as NZTA have this budgeted in NLTP)
Transaction costs for a PPP	\$6.2 M	\$0.9 M (for 'negotiated' PPP as advised by KPMG)
Additional design works ¹	\$3.0 M	\$2.2 M (Beca and WT Partnership to finalise)
Total cost:	<u>\$41.3 M</u>	<u>\$31.1 M</u>

¹ There is some duplication in this amount as it has since been realised that \$2M of this cost was already incorporated into the \$28M SkyPath costing by WT Partnership.

The current work underway will provide greater clarity on the final cost estimate, which is expected to be \$28M to \$30M (including the contingency of \$4 M).

SkyPath Funding and Toll Charges

SkyPath cannot be implemented with government transport funding. The NZTA advise they are unable to provide construction funding for the facility due to the budget limitations for walking and cycling imposed by the Government Policy Statement. NZTA may be able to assist with the funding of the completion of strengthening work to the AHB.

In order to implement SkyPath as a community facility, it is proposed to provide funding by charging tourists, recreational users and commuters to walk or cycle across it.

Proposed Tolls	HOP card		Cash/ EFT-POS/TEXT	
	One way	Return	One way	Return
Quick crossing (excludes access to observation decks):	\$2.00	\$4.00	\$3.00	\$5.00
Harbour experience: access to the observation decks and exhibits	\$3.50	\$5.50	\$6.00	\$8.00

It may be an option to continue charging an admission fare to access the observation decks after the 20 year tolling period, as this revenue can be used to cover the ongoing operational, security and maintenance costs.

SkyPath Patronage and revenue

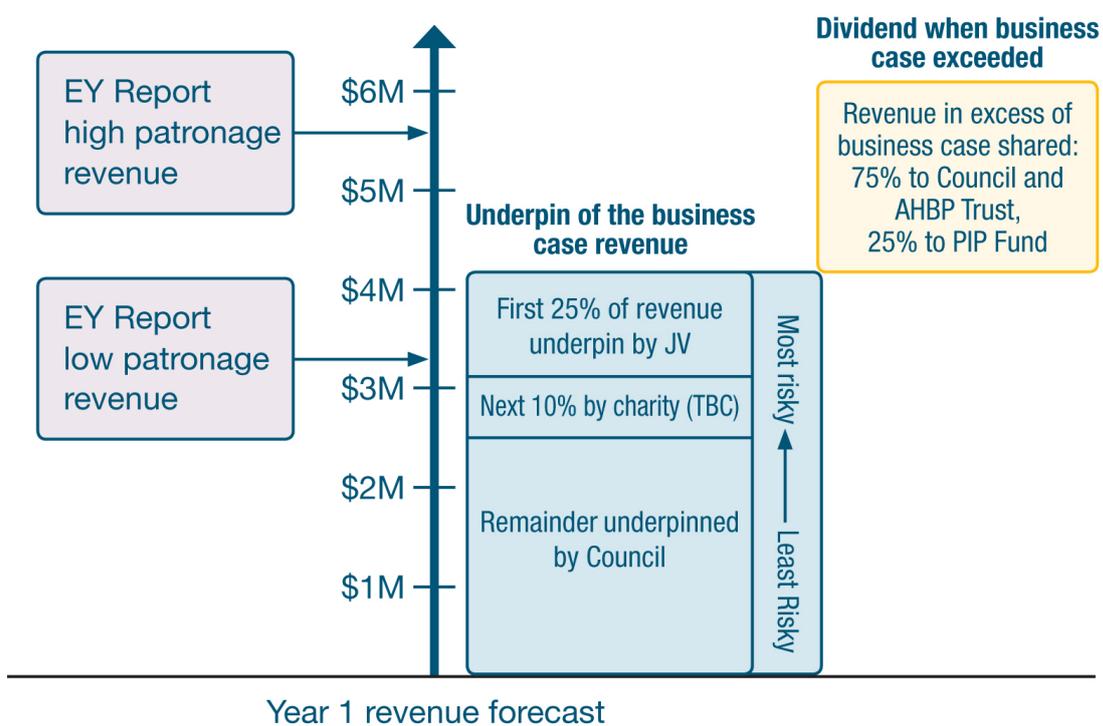
Forecasts by Auckland Transport and ATEED, together with the results of independent surveys, have been used to establish the numbers of annual users:

Per annum forecasts	Low-use	High-use	Percentage of return trips	Source:
Recreational users	254,508	572,646	67%	Horizon Research
Tourists	199,000	358,000	25%	ATEED
Commuters	180,000	312,000	95%	Auckland Transport
Forecast total pa:	633,508	1,242,646		
Estimated revenue	\$3.25 M	\$5.56 M		Ernst and Young

The PIP Fund Offer to Construct and Operate the SkyPath

The AHB Pathway Trust has received a funding offer from the Public Infrastructure Partnership Fund which will provide 100% of the design and construction cost, cover the operating and maintenance costs, and the most risky 25% of the revenue underwrite required under its funding proposal. The least risky 75% of required revenue underwrite would be provided by Council and philanthropic organisations who in return will receive a share of any revenue upside.

The review by Ernst & Young carried out for Auckland Transport advised that the annual revenue forecast ranges from a low patronage case \$3.25 million to a high patronage case \$5.56 million.



NZTA's Position

The SkyPath is NZTA's preferred option for walking and cycling across the AHB, providing it proceeds on the basis of being a tolled facility (operating with a licence to occupy the Harbour Bridge structure, as do the operators of the AHB bungy jump) and the NZTA is not the underwriter of the toll revenue and patronage risk. The feasible engineering solution for SkyPath was agreed, through a collaborative process, in April 2012.

Should SkyPath proceed, there is a greater likelihood that NZTA will commence construction of the northern motorway cycle path to Akoranga sooner.

NZTA have put any planning for walking and cycling on the AHB on hold until they see if SkyPath goes ahead as a tolled facility. If SkyPath does not proceed then NZTA would need to rethink other options.

The amount of further strengthening required to support SkyPath is in the \$1 M - \$3 M range. Beca are working to confirm this figure with greater accuracy. NZTA may consider assisting with the strengthening works required for the Pathway that were not completed in the clip-ons' strengthening project, subject to available funding.

NZTA expects the AHB and clip-on lanes to have an indefinite service life (eg: the next 100 years) providing heavy freight movements are transferred to a new crossing at certain load trigger points.

Market research into Aucklanders' support

Market research to forecast patronage on the proposed SkyPath across Auckland Harbour Bridge reveals high demand from Aucklanders for recreational trips.

Horizon Research reported that over a million recreational trips could be expected to be taken by Aucklanders in the first year, and 450,000 to a million recreational trips per annum in subsequent years.

The results also show that the majority of Aucklanders believe the proposed tolls are good value for money.

Summary of key results from the Horizon Research survey

- 81% of Aucklanders support the SkyPath on the AHB. 88% said they would use SkyPath in the first year.
- Assuming that only 20% of people act on their intentions, then over half a million recreational trips across SkyPath would be taken by Aucklanders in the first year.
- If 45% of people act on their intentions, then the patronage would be well over one million trips. 84% of Aucklanders say they would use it at least annually in subsequent years.
- 84% said they would take out of town visitors to experience SkyPath.
- 79% thought \$1.95 using a HOP card for a direct crossing represented fair or excellent value. 14% thought it was poor value. Many respondents recommended rounding this toll to \$2, hence the proposed toll has been changed to reflect this.
- Over 70% thought the \$3.50 toll using a HOP card for full access was fair or excellent value.

After the tolling period

At the conclusion of the tolling period there will be free access for walkers and cyclists across the SkyPath. However an admission fare could be charged to access the SkyPath observation/exhibition/cafe/bungy viewing decks.

With an estimated 300,000 tourist/recreational visitors at \$10 each (in 2034 prices) this will mean around \$3 million in revenue pa in 2034. Allowing for an estimated \$2 million in maintenance, security and operations at the end of the tolling period, the AHB Pathway will produce a profit by about \$1 million per annum for its owner.

This is a similar arrangement to the Sydney Harbour Bridge. The Sydney Harbour Bridge is free to walk or cycle across but has a tourist facility called the Pylon Lookout which costs \$A11 per adult to visit, see: <http://www.pylonlookout.com.au/>

The Next Harbour Crossing

SkyPath is fully compatible with the next harbour crossing, because regardless of whether the next crossing is a bridge or a tunnel, walking and cycling access will be provided on the existing Harbour Bridge on completion of the next harbour crossing.

SkyPath could become a pedestrian-only facility when the next Harbour Crossing is completed because a cyclist-only facility can be provided on the AHB's western clip-on deck (by converting a traffic lane).

This is a similar configuration to the Sydney Harbour Bridge.

The Auckland Harbour Bridge Pathway Trust

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