

12 April 2019

Attn: Barry Potter  
Auckland Council Sponsor's Representative  
By email: barry.potter@aucklandcouncil.govt.nz

Attn: Michael Moore,  
Crown Sponsor's Representative,  
By email: m.moore@transport.govt.nz

Dear Sirs

**City Rail Link Project- Overall project cost reforecasting and resultant funds shortfall.**

As you are well aware, there has been an overall project cost reforecasting process that has occurred over the past 6 months. This process culminated in a series of workshops run by Turner and Townsend/Advisian in mid-March. At these workshops, all the work done to enable an estimating of an updated overall project cost for the City Rail Link Project was brought together and an agreed final estimate regarding the Project's P50 and P90 cost was reached. The participation of the Sponsors and Treasury in the workshops was very useful in achieving a common understanding of the process and outcomes.

The final workshop produced overall project cost numbers of P50 \$4,412 million and P90 \$4,988.5 million respectively. These P50 and P90 number were subsequently adjusted as detailed in the table below:

		P50 (\$m)	P90 (\$m)	
Peer Review Agreed Recosting	21-Mar-19	4,412.0	4,988.5	
		250.0	250.0	9 car allowance
		15.0	15.0	C3 maintenance interface
		-182.0	-182.0	Property Income
		-36	-36	Urban realm funding
		-40	-40	Misc adjustments re C3 scope/bid
<b>CRL Board Number</b>	26-Mar-19	<b>4,419.0</b>	<b>4,995.5</b>	<b>Adjusted final forecast cost</b>

As the table shows, this has resulted in a P50 of \$4,419m and P90 of \$4,995.5m for the overall project cost. This therefore has identified a forecast shortfall of P50 \$1,014m and \$1,487m based on the current PDA approved funding of P50 \$3,405.0m and P90 \$ 3,508.1m.

The project is currently concluding the final evaluation of the C3 bids and seeks to be in a position to advise of preferred bidder status by mid-April and final approved contractor by not later than early May.

I am writing to you to ask that the Sponsors urgently address the currently identified shortfall and advise of your response if possible by the first week in May. This is required so as not to delay the award of the C3 bid which will delay the project and potentially diminish bidder interest and quality of the contractor's final project team.

Please let me know if you require any further information and/or actions from us to assist you in meeting the timeline.

Yours faithfully



Sir Brian Roche  
Chairman - City Rail Link Ltd

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