

Great Barrier Island Seal Extensions

Executive Summary

In December the Board considered a request from the AC Transport Committee to include the seal extension of Aotea Road on Great Barrier Island. The Board resolved to seek direction from AC regarding three options to fund the additional work. AC's Strategy & Finance Committee have considered the Board's request for guidance and have responded.

AT is now forecasting an underspend in capital for 2012/13, so it would be possible to fund this work within our funding envelope. The required machinery is already on GBI, and construction could start as soon as approval is given. However, there are other higher priority seal extension projects that are scheduled ahead of the GBI extensions, and this project would not ordinarily be next on our list to fill the underspend in the capital programme.

Recommendations

It is recommended that the Board:

- i. Receive the report
- ii. Agrees to the Auckland Council request that the Great Barrier Island seal extensions be included in the 2012/13 capital programme.

Background

AT has an annual budget for seal extensions of \$400k per annum (in both the 2012/13 Annual Plan and the LTP going forward). Seal extension projects do not generally attract NZTA subsidy.

Initial estimates were that the Aotea Road seal extensions would cost approximately \$1.7m, based on an average cost for seal extensions throughout the region of \$400k per kilometre. These were the estimates that AT provided to AC. More refined estimates, which take into account the remoteness of GBI, indicate that the works will cost \$2.4m.

AT has developed prioritisation criteria for the sealing of unsealed roads in the Auckland Region, including taking into account usage and maintenance costs. There are 13 projects that have priority above the GBI project on this list; it would take over 20 years to work down to the GBI projects at the current funding allocation.

The GBI Local Board feels very strongly that the GBI seal extensions should be progressed as soon as possible. The Local Board has pointed out that this is the main road across the island, and crucial to the island's economic and social wellbeing.

The AT Board received a report on this issue at its December 2012 meeting. The Board resolved to seek direction from AC as to which of the following funding approaches it wished AT to pursue:

- AC to provide additional funding specifically to seal the remaining 3.7km of unsealed roads
- AC to reallocate the budget allocated to Okiwi Station Airport to the road sealing project
- AT to carry out the project, funded by deferral of other higher priority capital projects, with direction from AC as to which projects are to be impacted

At its 7 March meeting, AC's Strategy & Finance Committee resolved to:

- b) *request Auckland Transport to fund the Great Barrier Island road sealing programme through allocating funding from their resealing and seal extension budgets*
- c) *agree that Auckland Transport be requested to reprioritise its roading improvement capital expenditure budgets to fund the Aotea Road seal extension projects on Great Barrier Island with an estimated cost of \$1,657,000*

Strategic Context

As noted above, the seal extension budget is fully committed for the next 20 years with higher priority seal extension projects.

The GBI seal extensions could be funded from the forecast underspend in new capital for 2012/13, which is estimated to be at least \$5.1m at this time (see separate paper on this agenda on 'Reforecast of Operating and Capital Spend').

The advantages of this approach are:

- The work will be expedited quickly within this financial year
- It will ease the potential criticism of AT if it declines the request and then has an underspend
- It reflects that AT can work with AC and the Local Boards to adjust priorities

The disadvantages are:

- Progressing the GBI seal extensions ahead of other seal extensions and other higher priority capital projects is inconsistent with AT's prioritisation and decision-making processes
- It has potential to raise concerns with other Local Boards with unsealed roads in their areas
- It adds credence to a view that a Project to a value of \$2m can simply be added into the AT capital programme as it is a high dollar value programme, and so can accommodate additional items

Conclusion

There is some concern that moving other seal extension projects down the prioritised list, while in accordance with the request from AC, may lead to a series of requests by the Local Boards to have their seal extension projects raised in priority. This will undermine the credibility of the prioritisation process. When the AC LTP 2012-2021 was first drafted the allocation for seal extensions was \$4m per annum, this was reduced to make funds available for the Local Board fund. At the current level of funding there is little scope for undertaking seal extensions of any scale. Changing the prioritisation within this minor fund is not recommended.

Reallocating funds from the reseal programme is possible, even though it is a different category of work with extensions being 'New Capital' while reseal is a renewal. The AMP's of AT were in place for the LTP and provide a fair basis for the level of renewals but they are not yet at a level of sophistication to assess whether reprioritising funding of this level would have a major impact. The analysis done in the LTP by both accountants and engineers concluded that funding was at a reasonable level given the information available and the different levels of service within the region. Further work over the next two years will establish a more robust basis for evaluating the consequential impacts of issues like this.

To reallocate the funds from Roothing Improvement activities means that other Local Boards will have higher priority projects pushed out of the 10 year plan. There is capacity within the funding


available in this financial work for the Aotea Road seal extension to be completed. The impact on the programme will not show in the 2012/13 financial year, as the latest forecast indicates that AT will not use all of the funds available. Given the dynamic nature of the programme the impact will be difficult to trace in future years as there are a range of factors which lead to the delay of a project. A potential solution to mitigate the impact of the decision on subsequent years would be for the work to occur within the funding envelopes for 2012/13 with no further reprogramming and for the funds to be balanced out in subsequent years from the Footpaths Renewal Programme which appears to be significantly above a steady-state spend (2.5 times). This would be able to be incorporated into the 2013/14 Annual Plan. It would also enable the project to be completed and for other priority projects to still be undertaken in accordance with a longer term programme.

The Board may recall that using some funding for the footpath renewals to replace operation funding was proposed by AT in the Annual Plan. While it did not find wide favour with AC staff it was also not rejected. The Board may wish to consider whether a lower level of footpath renewals in subsequent years could also be used to reinstate seal extensions to a higher level in future years based on a dollar for dollar contribution from the Local Board fund.

Next Steps

We understand that the required machinery is already on GBI, and the work could be carried out fairly quickly. The Road Corridor Management staff have recommended that the existing contractor be used to complete the work under an extension to the contract. They advise the rates are competitive and that an open tender would delay the work and is unlikely to gain a better price as the current contractor is already on the Island completing other work.

Document Ownership

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