

State Highway Revocation

Glossary

Auckland Council	(AC)
Auckland Transport	(AT)
Land Transport Management Act	(LTMA)
Memorandum of Understanding	(MoU)
New Zealand Transport Agency	(NZTA)
Statement of Intent	(Sol)

Executive Summary

As a result of state highway construction in Auckland over the past several years, NZTA have indicated to AT that six sections of state highway are no longer required as part of the state highway network. As a consequence NZTA has expressed a desire to revoke these redundant sections of state highway in Auckland such that they will transfer to AT's control and management. The roads and any associated property will be vested under AC's ownership.

Recommendations

It is recommended that the Board:

- i). Receive this report
- ii). Agree that AT take over control and management of those sections of state highway revoked by NZTA as outlined in this report, subject to the principles and conditions in the MoU
- iii). Authorise the Chief Executive to sign the MoU
- iv). Approve AT to advise AC to accept the vesting of the property subject to revocation
- v). Authorise the Chief Executive to conclude the agreements necessary to identify and resolve the remedial, minor safety and capital works necessary for the sections of road subject to revocation to be fit for purpose.

Strategic Context

The construction of new sections of state highways has resulted in changes to the function of the sections of roads subject to revocation. The function has changed from a state highway that moves people through and across the region to a local road that focuses on integrated, multi-modal shorter trips. With this change of function, these roads now form an integral part of the AT's road network.

While the revocation of these state highways provides some additional cost liability the benefit is that it provides AT with a greater asset, and opportunity to integrate the roads into our transport system, which will allow a more comprehensive and integrated local road network.

These roads, which are already connected to the new state highways, will enable AT to more effectively contribute to outcomes outlined in the Sol. In particular, it will enable AT to

connect and maintain the arterial road network that is integrated with the state highway network and moves people and goods efficiently and safely.

The roads to be revoked also enable AT to contribute towards the principles in the Auckland Plan, which intend to produce better integration between land use and transport. Primarily, it allows AT to take a one-system approach to planning and land use in those particular areas, with additional assets under control providing more leverage and planning options. For example, integrating transport and land use planning can enable greater connectivity between and within communities.

Background

NZTA own and operate the state highway network in New Zealand. The LTMA 2003 provides for NZTA to revoke state highways and divest the highways to local government ownership and control when these are no longer required for state highway purposes.

NZTA intends to revoke six sections of state highway (totalling 51km) and to transfer the control and management of these to AT (for details see map in Attachment 1). The reason NZTA wishes to revoke these sections is that new parallel state highways have been constructed, allowing the old sections to revert to local road. This provides AT with the opportunity to utilise these sections specifically to achieve its transport objectives.

The six sections of road that NZTA wish to revoke and transfer to AT's control and management are:

- SH16 - The Strand via Shipwright Lane and Parnell Rise to Stanley Street (approx 0.19 Km)
- SH16 - Hobsonville Rd underpass to the old Brigham Creek Road intersection (approx 3.92 Km)
- SH17 - Fowler Access Road intersection to Bush Road/Mercari Way intersection (approx. 31.4 Km)
- SH18 (Hobsonville) from east of Squadron Drive Underpass to Hobsonville Road underpass (Westgate) at the junction with SH16 (approx 5.615 km)
- SH18A (Upper Harbour Dr) from Albany Highway Interchange at State Highway 18 to William Pitcher Place (approx. 4.270 Km)
- SH20 (Redoubt Rd, Great South Rd, Manukau Station Rd, Wiri Station Road, Roscommon Rd) from Redoubt Road to Puhinui Road Interchange Roscommon Road overbridge (approx 5.75 Km)

AT has undertaken due diligence to determine the condition of the roads and the financial and operational implications of taking control of the roads. AT and NZTA have worked together to carry out this process. The results of this process are outlined later in this report and appendices.

Memorandum of Understanding

AT and NZTA have jointly developed a MoU to establish a collaborative working relationship, with clear processes, to ensure the revocation of the State Highways is completed satisfactorily for both parties and that the implications for AT are managed.

The MoU outlines the principles, conditions and respective obligations of the parties, under which AT will accept the revocation of the sections of roads. All parties will use their best endeavours to provide a seamless transition for the customer based on the 'one system' approach.

The MoU has been reviewed by AT and NZTA legal advisers.

Implications for Auckland Transport

Asset Valuation

The estimated value of the assets subject to revocation is \$579 million (see Attachment 2 for further details). This value has been provided by NZTA based on the latest regional valuation exercise. A more accurate valuation of these assets will be provided by the next AT valuation exercise in June 2013.

The revoked state highways will become local roads under the control and management of AT. This will add to AT's asset value by an amount of \$579m or 4% of total assets. Depreciation of \$9.519M per annum will need to be provided for in the budgets from the June following revocation (currently 2013), representing 4% of current depreciation.

Maintenance and Renewal Cost

The current operational expenditure (2011/12) for all sections of roads subject to revocation is:

- \$3.317m – Maintenance (currently 100% funded by NZTA)
- \$2.717m – Renewals (currently 100% funded by NZTA)

Precise figures were not available for structural bridge maintenance and renewals, structural maintenance of retaining walls, electrical energy costs for street lighting, traffic signal maintenance and component of contract P&G costs. So, an allowance has been incorporated in the above figures to allow for these.

AT will be required to provide for these costs in its budgets. Allowance has been made to cover these costs in the RLTP/LTP. These will be adjusted appropriately to allow for this additional expenditure during the refresh process currently underway. They are subject to finalised negotiations with NZTA on their final subsidy for maintenance and renewals.

Remedial and Capital Works

AT has inspected the Relevant State Highways and has prepared a list of remedial works it considers NZTA should undertake prior to revocation at NZTA's cost. The parties will work together in good faith to agree upon the remedial work required to ensure the Relevant State Highways are fit for purpose.

NZTA has agreed to pay the reasonable cost of investigation and design of signalisation at the SH17/Riverhead-Coatesville Road intersection. NZTA have also agreed to contribute towards the investigation, design and construction of the SH17/The Avenue intersection in Albany, however the exact amount is yet to be finalised.

AT is investigating further capital and minor safety works it considers that NZTA should contribute towards. The parties will work together in good faith to agree upon these works.

Legal

Revocation would take place by gazette notice. Under the LTMA 2003 the roads subject to revocation become local roads and part of Auckland local road network without the need for AT to complete any legal formalities.

Normally, indemnities would be sought to secure any breaches of the warranties to be sought, however, NZTA is barred by the Crown Entities Act from providing such indemnities. The MoU provides for where defects of issues arise as a result of NZTA decisions or omissions, NZTA will work with AT to resolve the matter which may involve financial contributions.

Property

NZTA has an obligation in the MoU that the revocation and subsequent transfer of these sections of road will not bring with them any contingent liabilities with regard to property that will impact on AT either financially or politically such as legal challenges, unauthorised encroachments and incomplete road legalisations and vestings.

State highways are covered by state highway designations. These designations can be transferred to AT by NZTA as a requiring authority by notifying AC of the change. AT will work with NZTA to ensure that the notification occurs at the appropriate time.

Operations

Six contracts for maintenance exist across the State highway to be revoked as identified in Attachment 2. When these contracts expire the work will be transferred into existing AT maintenance contracts which are adjacent. Levels of service will be adjusted over time to align with the corresponding levels of service in the equivalent AT roading hierarchy.

Four of the contracts expire on 30 June 2012 and the remaining two expire on 31 March 2013. No extra AT staff will be needed.

Risks

The MoU contains principles and obligations which minimise potential risks to AT. AT will only accept the on-going operation of the sections of roads subject to capital, operational or remedial work being undertaken or funded by NZTA as provided in the MoU. Until the revocation date there will be joint decision making of the management of the sections of roads subject to revocation. Detailed risks are provided in Attachment 3.

Communication

A communication plan will be developed and communications will be sent out by AT during the final month preceding the formal revocation.

Next Steps

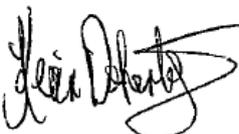
If the AT Board approve the revocation of the sections of road, NZTA will report to the NZTA Board in May 2012 and to the Secretary of Transport in June 2012. Revocation would then take place on 30 June 2012 by gazette notice.

Attachments

Attachment 1 – Draft Memorandum of Understanding

Attachment 2 – Asset Valuation, Costs and Operational Requirements

Attachment 3 - Risk Identification

WRITTEN BY	Don Munro Planning & Programming Mgr	
RECOMMENDED by	Kevin Doherty Chief Infrastructure Officer	
APPROVED FOR SUBMISSION by	David Warburton Chief Executive	

Attachment 2 – Asset Valuation, Costs & Operational Impact

Valuation

The estimated value of the assets subject to revocation is \$579 million.

SH	Length [Km]	Type	2011 Valuation [\$mil]
17	31.45	Rural	210.1
16A	3.92	Rural	26.2
18A	4.27	Urban	92.4
18B	5.62	Urban	121.7
20C	5.75	Urban	124.5
Shipwright Lane	0.19	Urban	4.1
Total	51.2	-	579.0

Figures provided by NZTA

Operational cost

The current operational expenditure (2011/12) is summarised below.

SH REVOCATION: 2011/12 EXPENDITURE (ex NZTA)*

SH Revocation Sites	Maintenance	Renewals	Comments
SH16 (West) (3.92Km)	0.31m	NIL	Includes prof. services
SH16 (190m, Parnell Rise Area)	NIL	NIL	Does not include prof. services
SH17 (31.5Km)	1.81m	0.91m	Includes prof. services
SH18 (5.6Km)	0.3m	0.58m	Does not include prof. services
SH18A (4.27Km)	0.26m	0.45m	
SH20 (5.75Km)	0.64m	0.77m	
TOTALS	\$3.317m	\$2.717m	

*Maintenance and renewal costs are based on related expenditure provided by NZTA

Service Contracts

Service level contracts will be transferred to Auckland Transport.

The table below shows existing and future AT corridor maintenance services on the revoked sections of state highway.

SH Revocation Sites	Current NZTA Contractor	Cessation Date for Existing NZTA	Proposed AT Contractor	AT "Take-over" Start Dates	Comments
SH16 at Parnell (Shipwright Lane and part Parnell Rise)	AMA (Fulton Hogan)	30 June 2012	Downer (PW/08/590)	1 July 2012	Transfer to existing AT Contractor (Downer)
SH16 at Westgate (NW Motorway – Hobsonville Rd Underpass to old Brigham Creek Rd intersection)	Transfield Services Ltd (TSL)	31 March 2013	Fulton Hogan (TA08025C)	1 April 2013	Tentatively AT manage TSL until 31 March 2013 then transfer to AT RCM Supplier – subject to this option being fully funded by NZTA until 31/3/13.
SH17 from Puhoi to Albany (Fowler Access Rd to Bush Rd – Albany)	Transfield Services Ltd (TSL)	31 March 2013	Downer (C0842) Fulton Hogan (C0841) Fulton Hogan (09/46808/W/TS)	1 April 2013	Tentatively AT manage TSL until 31 March 2013 then transfer to AT RCM Supplier – subject to this option being fully funded by NZTA until 31/3/13.
SH18 at Hobsonville (Squadron Drive Underpass to Hobsonville Rd Underpass)	AMA (Fulton Hogan)	30 June 2012	Fulton Hogan (TA08025C)	1 July 2012	Transfer to existing AT Contractor (Fulton Hogan)
SH18A at Upper Harbour Drive (Albany Highway interchange to William Pitcher Place)	AMA (Fulton Hogan)	30 June 2012	Fulton Hogan (09/46808/W/TS)	1 July 2012	Transfer to existing AT Contractor (Fulton Hogan)
SH20 at Manukau (Redoubt Rd, Great South Rd, Manukau Station Rd, Wiri Station Rd, Roscommon Rd from Redoubt Rd to Puhinui Rd Interchange)	AMA (Fulton Hogan)	30 June 2012	Unknown – refer to comments column	1 July 2012	AT Supplier unknown at this stage. Tender award announcements due around 1 April 2012.

Attachment 3 – Risk Identification

The major issues, risks and solutions for AT associated with the revocation are identified below.

1. Asset Information

Issues and Risks	Solutions
Auckland Region SH RAMM asset database was accessible to AT (view only) and most of the asset data attributes are included in RAMM Manager System. However, the NZTA look up tables are presented in a different manner.	AT will include this issue in the current project of implementation of the RAMM improvement (subject to NZTA' approval for subsidy)
NZTA was unable to provide full details in regard to the Asset Data (i.e. As Built Drawings, Full Historical Condition Reports, etc).	A principle of best endeavour approach is included in the MoU

2. Financial and Contracts

Issues and Risks	Solutions
Additional costs are only estimated and may result in budget pressures	A principle of best endeavour approach is included in the MoU. Due diligence has been undertaken to minimise unnecessary costs. Provisions for collaborative solutions have been accounted for in the MoU to avoid undue costs.
There are high risk maintenance aspects which include bridges, retaining walls, slips, major sections requiring rehabilitation or renewal resurfacing	
Uncertainty around proposed safety improvements and ability to fund these projects	

3. Resource Consents and Land Use

Issues and Risks	Solutions
Associated consent conditions may have on-going compliance implications	All consent conditions for these roads, and structures within these roads will be reviewed prior to revocation.
Committed or consented obligations to adjacent land uses may create potential constraints for AT operations	AT will liaise with NZTA and obtain information relating to all obligations relating to resource consents on these roads.
Compliance conditions are not properly	Information to be provided to AT by

identified and incur future liability	NZTA.
Adjacent land use constrains AT ability to operate network efficiently	There are no short term solutions. In the longer term AT will work with Auckland Council on Plan Changes and Resource consents as opportunities arise.
The method by which AT determines Limited Access Road (LAR) status is under investigation.	The MoU covers the risk to continuation of the LAR status.

4. Property

Issues and Risks	Solutions
That the revocation and subsequent transfer of these State Highways to it will not bring with them any contingent liabilities that will impact on AT either financially or politically	<p>The MoU provides Auckland Transport (AT) with the following assurance from the New Zealand Transport Agency (NZTA) that the revocation and subsequent transfer of these State Highways to it will not bring with them any contingent liabilities that will impact on AT either financially or politically.</p> <p>Incomplete road legalisations and vestings – All outstanding legalisations and vesting must be completed before revocation.</p> <p>Potential legal challenges - AT will not take over the responsibility for any outstanding NZTA legal cases relating to property that are either in the pipe line or are currently before the courts.</p> <p>Unauthorised encroachments - AT requires NZTA to arrange for the removal of all known unauthorised encroachments, undertake not to authorise any further encroachments and to provide full documentation for all of the encroachments that have been authorised.</p> <p>No surprises - AT needs an assurance from NZTA that it has made a full disclosure of all property related matters so that AT has no surprises after revocation.</p>

5. Future Works and Issues

Issues and Risks – the associated cost to identified works will affect AT’s ability to provide the agreed levels of service for the wider region. NZTA and AT will reach an agreement regarding the funding aspects of providing these works.

	Significant Works Identified for Discussion	SH Revocation Site Location	Centre-Line Length (km)
Maintenance & Renewal			
SH16	Nil	SH16 at Parnell (Shipwright Lane and part Parnell Rise)	0.19
SH16	Fred Taylor Drive (old SH16) : - Pavement repairs on Fred Taylor Dr from the Don Buck Rd roundabout to the motorway intersection. - Street lighting repairs on Fred Taylor Drive - Drainage works on Fred Taylor Drive	SH16 at Westgate (NW Motorway - Hobsonville Road Underpass to old Brigham Creek Road intersection)	3.92
SH17	Four specific areas relating to pavements, resurfacing and signs: - Greens Road Bridge and approaches - HBC Highway from Silverdale to Orewa River Bridge (including major slips) - Resurfacing (1.3km) south from Fowler Access Road - Signs replacement (30 signs approx)	SH17 from Puhoi to Albany (Fowler Access Road to Bush Road - Albany)	31.45
SH18	Nil - Major capital works imminent as part of NorSGA project	SH18 at Hobsonville (Squadron Drive Underpass to Hobsonville Road Underpass)	5.62
SH18A	Nil	SH18A at Upper Harbour Drive (Albany Highway interchange to William Pitcher Place)	4.27
SH20	- Flushing and cleaning of soakholes along Manukau Station Road and Wiri Station Road. - Replacement of high surfacing at intervals on Manukau Station Road. - Resurfacing (TAC & OGPA) of proposed revoked sections of Redoubt, Manukau/Wiri Station and Roscommon Roads identified in NZTA FWP (approx 9km, EB & EB carriageways) for 2012/13.A10 A15	SH20 at Manukau (Redoubt Road, Great South Road, Manukau Station Road, Wiri Station Road, Roscommon Road from Redoubt Road to SH20 Realignment)	5.75
Brigham Creek Road is the link between SH16 and SH18. Since the opening of SH18- Hobsonville Deviation, due to the heavy traffic using this link route, the road has been rapidly deteriorated. Pavement reconstruction would be an option.			
Capital Projects			
SH17	SH17 / Riverhead - Coatesville Road Intersection	Riverhead / Coatesville Road Intersection	
SH17	SH17 / The Avenue Intersection, Albany	Albany	
Forward Program			
The 20 Year Forward Program provided includes significant quantity of works concentrated in 2012/13 - AT may face significant issues in ensuring the necessary budget.			
Bridges & Structures			
The bridges and structure inspection reports have not been provided yet. Therefore, at this stage, AT is not able to make any comments in regard to these assets. Further discussions will be initiated between AT and NZTA based on the reports' outcome.			