

Entered by Board Secretary

## Flood and Cyclone Recovery Update

For decision:  For noting:

Reason for inclusion in closed board meeting session	
1. Please state why this report is being considered in the closed board meeting as opposed to the open board meeting. Please refer to the 'reasons for confidentiality' and provide a direct reference to one of these reasons.	This report contains commercially sensitive information related to contract variations for the RCM contracts.
2. Please provide an estimated date for release of this report.	12 months from this report (June 2024).

### Ngā tūtohunga / Recommendations

1. That the Auckland Transport Board (board):
  - (a) Approve draw down budget allocation as per the updated capital programme to be approved at the June 2023 board meeting, for delivery of emergency response and recovery works related to the recent extreme weather events, noting that works may need to be spread over a number of years to fit within constrained capital budgets.
  - (b) Note that the board approved the award of eight Road Corridor Maintenance (RCM) contracts with a term of 5+5 years at the July 2021 and May 2022 board meetings, and that these contracts include a provision for delivery of emergency response and recovery works. These contracts, supplemented by other physical works contracts established, will be used to deliver the emergency response and recovery works.
  - (c) Delegate authority to the Chief Executive to approve the Flood and Cyclone Recovery Programme Procurement Strategy.
  - (d) Delegate authority to the Chief Executive to approve contract variations up to a total combined value of \$59.6m for 2022/23 and up to \$156m for 2023/24, required to carry out the emergency response and recovery works through the RCM contracts (detailed schedule of variations included in Attachment 1).
  - (e) Note that the Chief Executive retains authority to approve additional contracts and contract variations in accordance with the limits of Delegated Financial Authority (DFA) 2.5, such variations will be over and above the variations approved for the emergency response and recovery works. The cost of all work will continued to be managed within overall capital and operating budget envelopes.
  - (f) Note that in March 2023 an initial emergency works funding application has been made to Waka Kotahi New Zealand Transport Agency (Waka Kotahi) for the response and recovery works for the period up to 30 June 2023 and that further funding applications will be made to cover the work required in future years and changes that have emerged from the time of initial application.

Entered by Board Secretary

## Te whakarāpopototanga matua / Executive summary

2. The extreme weather over Anniversary weekend (27-31 January 2023) and Cyclone Gabrielle on 14 February 2023 caused significant damage to the transport infrastructure across Auckland. Immediately following these weather events there were over 1,300 slips (both overslips and underslips) across the transport network and more than 130 roads were closed.
3. Given the scale of these events, Auckland Transport (AT) has established a dedicated Recovery Team who are coordinating and supporting the delivery of the rebuild works, including working with other equivalent teams established in local and central government. This team is resourced from across the business.
4. An initial emergency works funding claim to Waka Kotahi of \$56.44m comprising \$30.97m for immediate response and \$25.47m for permanent reinstatement has been submitted and approved. An additional, updated claim will be submitted for the period to 30 June 2023.
5. Waka Kotahi has advised a special financial assistance rate (FAR) of 91% will apply for the immediate response works completed before 30 June 2023. The FAR for the permanent reinstatement works has not been confirmed but can be assumed to be at the base rate (51%). A further emergency works funding application will be submitted to Waka Kotahi before the end of June 2023 for costs estimated to be incurred in the 2023/24 year.
6. AT is progressing the delivery of the majority of the permanent reinstatement works through its existing road maintenance contracts. These will be supplemented by additional procurement and contractual arrangements where required.
7. The intention is to complete a substantial portion of the permanent reinstatement works in the 2023/24 year with the balance completed in 2024/25, noting that work could extend into 2025/26.

## Ngā tuinga ō Mua / Previous deliberations

Date	Report Title	Key Outcomes
July 2021 and May 2022 Board	Road Corridor Maintenance Contracts	The board approved eight new NZS 3917 Road Corridor Maintenance contracts with a term of 5+5 years. These contracts include a provision for delivery of emergency response and recovery works.
31 January 2023 Board	Temporary Increase of Delegated Authority to Chief Executive	Circular resolution that approved the granting of emergency DFA to the Chief Executive of up to \$10 m in relation to AT's initial flood response. This expired on 31 March 2023 at which time it reverted to \$3m.
30 May 2023 Board	Chief Executive's Closed Report	An update was provided covering current recovery cost estimates and approach to funding costs in the current 2022 / 23 financial year.

Entered by Board Secretary

13 June 2023 Design and Delivery Committee (committee)	Flood and Cyclone Recovery Update	The committee considered the report and supported its submission to the board.
---	-----------------------------------	--

**Te horopaki me te tīaroaro rautaki / Context and strategic alignment**

8. During the Auckland Anniversary weekend from 27 to 31 January 2023, Auckland was hit with a severe storm resulting in extensive flooding and wide-spread damage across the region. While Auckland was still trying to recover from this event, Cyclone Gabrielle hit the North Island from 11-16 February 2023 causing further damage across the North Island (including Auckland). A further significant weather event was experienced on 9 May 2023.
9. As a consequence, Auckland experienced widespread damage across the region, including to the transport network roads, bridges, lights and signage. Over 1,300 slips (both overslips and underslips) were recorded across AT network, and the closure of over 130 roads. Most of the slips were cleared within one month and the majority of the affected roads have been reopened with at least single lane access. To date 8 road sites remain blocked by slips, although all residents can now access their properties from either side of the road closure.
10. The flooding caused significant damage to a number of bridges, including the total destruction of Mill Flat Road bridge (since replaced with a temporary Bailey Bridge) and washed out abutments at Sherwood Drive bridge. The temporary reinstatement of both bridges has been completed and further inspections are underway to address all impacted bridges across the region.
11. Initial damage assessment has been completed at all sites and initial remediation cost estimates are well advanced. The focus is now on geotechnical investigation, design and construction to reinstate the damaged assets as quickly as possible. Resilience and adaptation is being considered in all designs.
12. Public transport assets including Rolling Stock were damaged to a varying degree, but relatively minor compared to the roading network. Where applicable and subject to excess limits this, damage will be included in Auckland Council (AC) Group Insurance claims.
13. Given the scale of the damage, AT has established a dedicated Recovery Team led by the Chief Engineer, who are responsible for coordinating and supporting the delivery of the recovery works. This team has been resourced from across the business. This team works closely with equivalent AC group resources.

Entered by Board Secretary

## Ngā matapakinga me ngā tātaritanga / Discussion and analysis

14. Now that the National State of Emergency has ended, AT has transitioned from Emergency Response to Recovery. Auckland Council has appointed a Recovery Manager who holds delegated powers in accordance with the Civil Defence Emergency Management Act. The AT Recovery Team is working in close liaison with the AC Recovery Manager, the wider Council Group (Watercare, Healthy Waters, etc), Kiwirail, Waka Kotahi and relevant utility companies (Vector, Chorus, etc).
15. The combined costs of both events are forecast to be between \$300m - \$400m over a three year period, with these estimates based on work which was being undertaken and assessments being made by our RCM teams and our suppliers in ATs eight regional contract areas.
16. Recovery costs for 2023/24 onwards, as forecast, represent new unfunded costs, which AT started incurring immediately at the time of the flood event and which increased in scope and scale with the subsequent cyclone and storm events. AT proceeded with emergency works and repairs (including investigation and design) through existing RCM contracts on the basis that the costs of the emergency response and permanent reinstatement would be close to being fully funded. Waka Kotahi has now confirmed a 91% FAR rate for Opex costs.
17. An internal capital reprioritisation process has been undertaken to allow for the unplanned capital costs associated with the recovery works over the three year period. Details of the capital reprioritisation will be confirmed by the board at the June 2023 meeting.
18. Eight RCM contracts were established with a Year 1 total contract value of ~\$280m with the value of the respective contracts in future years to be set on the basis of the ongoing approved funding over the remaining 10 year contract period. These contracts make provision for carrying out of emergency response and permanent reinstatement works (should major events arise) with the ability to add these works into the contracts. Therefore it is proposed to vary into these contracts as much of the work as possible to expedite the recovery capital works.

## Nag tūraru matua / Key risks and mitigations

Key risk	Mitigation
Shortfall of funding to meet estimated capital costs of recovery and consequential potential to push scheduled capital out to later years.	AT is in regular dialogue with Waka Kotahi detailing the forecast quantum of costs. At present, the capital works are included in the draft Capital Programme. Should the FAR awarded result in a funding shortfall, then capital funding / asset renewals would be deferred / reprioritised and funding would require to be reallocated to reinstatement capital works.
Lack of Contractor capacity to deliver additional recovery work given its size and relative to existing RCM Business As Usual contract values and given national competition for resources.	AT has engaged quickly with its existing road maintenance suppliers under its recently procured NZS 3917 contracts. We have communicated with each contractor in respect of our recovery approach and likely additional work. In turn Contractors have committed resources and teams to deliver the physical work. Where capacity issues exist, we have reallocated work to other RCM providers.

Entered by Board Secretary

Key risk	Mitigation
AT resources to deliver this work as well as BAU RCM work are insufficient.	AT has established dedicated Recovery team resources and programme management that will interface with BAU RCM and asset renewal work. The existing contract approach and processes enables works to be added into an existing cadence and delivery structure

### Ngā ritenga-ā-pūtea me ngā rauemi / Financial and resource impacts

19. As at the beginning of June 2023, AT's forecast cost of recovery works (including initial opex, capital reinstatement, project management and professional services) is in the order of \$380 million as set out in the table below.

ELEMENTAL FORECAST	2022 / 2023 \$m	2023 / 2024 \$m	2024 - 2027 \$m	TOTAL \$m
Emergency response / Ongoing "Opex"	<b>36.0*</b>	<b>13.6</b>	<b>2.4</b>	<b>52.0</b>
<b>Floods</b>				
Rebuild Costs - Event 1 (Floods)	9.8	59.3	61.4	<b>130.5</b>
Additional Contingency	1.2	9.0	6.1	<b>16.3</b>
<i>Sub Total</i>	<b>11.0</b>	<b>68.3</b>	<b>67.5</b>	<b>146.8</b>
<b>Cyclone</b>				
Rebuild Costs - Event 2 (Cyclone)	10.7	55.2	76.7	<b>142.6</b>
Additional Contingency	1.9	11.9	11.2	<b>25.0</b>
<i>Sub Total</i>	<b>12.6</b>	<b>67.1</b>	<b>87.9</b>	<b>167.6</b>
<b>Total Rebuild (capex)</b>	<b>23.6</b>	<b>135.4</b>	<b>155.4</b>	<b>314.4</b>
<b>Combined Opex and Rebuild Cost</b>	<b>59.6</b>	<b>149.0</b>	<b>157.8</b>	<b>366.4</b>
Cost Escalation Allowance	0.0	7.0	10.6	<b>17.6</b>
<b>GRAND TOTAL</b>	<b>59.6</b>	<b>156.0</b>	<b>168.4</b>	<b>384.0</b>
<b>Capital Spend allowed for in future proposed Capital Plans</b>		<b>125.0</b>	<b>175.0</b>	<b>300.0</b>

\*\$31 million currently approved by Waka Kotahi at 91% FAR with balance to be applied for in period to 30 June 2023

20. The cost of reinstatement work will continue to be managed within overall capital and operating budget envelopes. AT is receiving a 91% FAR from Waka Kotahi on immediate response opex costs and is likely to receive around a 70% FAR on capital works, subject to funding confirmation.

Entered by Board Secretary

## Ngā whaiwhakaaro ō te taiao me te panonitanga o te āhuarangi / Environment and climate change considerations

21. *Sustainability and Adaption*: the repair and reinstatement of the damaged transport network is following standard AT environment/sustainability practices where practicable within the existing road maintenance contracts. Elements of resilience and adaptation are being incorporated into the designs where appropriate, such as design of bridges, major culverts and drainage improvements to meet current standards and cope with increased intensity design storms. Sea level rise is also being taken into account with coastal protection works.
22. The Recovery team are taking a case-by-case approach to the remaining network closures when determining whether the repair/reinstatement work requires the reinstated road to be reinforced (to provide greater resilience in the future) or realigned (unable to repair or protect route from future hazards). A framework is being developed to support decision making, taking into account road user safety, opportunities to provide greater resilience and environmental impacts.

## Ngā whakaaweawe me ngā whakaaro / Impacts and perspectives

23. A critical component of the recovery work is regular two-way communication with all customers and stakeholders. Community and elected member engagement has been proactive and responsive, and undertaken in close coordination with our counterparts at AC, Watercare, Healthy Waters, Waka Kotahi, and various utilities providers.
24. There has been ongoing engagement with residents and communities in affected areas. We have attended community meetings to provide updates on progress, both in person and online. We are providing regular (weekly) updates that are posted on community Facebook pages that address specific issues, such as opening of roads and explaining the repair process.

## Ngā whaiwhakaaro haumarū me ngā whaiwhakaaro hauora / Health, safety and wellbeing considerations

25. Flood recovery safety assurance activities were undertaken in February and March in response to weather impacts, providing the opportunity to ensure frontline workers were not sacrificing their safety while under pressure to work quickly. A key theme identified during flood recovery safety assurance activities was frontline management systems for persons conducting a business or undertaking. Interactions with ATs Contractors have assisted with actions to address safety findings. Actions included AT attending Contractor's safety meetings to reinforce client expectations and review of de-escalation training providers. Contractors have taken our concerns seriously and made rapid improvements over the two month period to March 2023.
26. There was a total of four flood recovery incidents that included elements of violence threats and aggression from the public. Safety is heading a real time reflection review and capturing what went well and identifying opportunities for improvement. In parallel the progression of the Safety Health and Wellbeing Strategy continues to produce measurable steps to achieve our strategic objectives against our four pillars of

**Entered by Board Secretary**

leadership, engagement, safety systems and advocacy. Leadership safety walks with board members were conducted and focused on Recovery.

**Ā muri ake nei / Next steps**



27. Next steps are as follows:

- (a) Funding to be confirmed through the approved Capital Programme.
- (b) Contract variations will be progressed under our existing RCM contracts as will additional new procurement and contracts for specific works as identified in ATs Recovery Programme Procurement Strategy.

**Ngā whakapiringa / Attachments**

Attachment number	Description
1	Detailed schedule of variations for the Eight Road Maintenance Contracts

**Te pou whenua tuhinga / Document ownership**

<b>Submitted by</b>	Murray Burt <b>Chief Engineer and Flood Recovery Manager</b>	
<b>Reviewed and Recommended</b>	Mark Lambert <b>Executive General Manager Integrated Networks</b>	
	Mark Laing <b>Executive General Manager Finance</b>	
<b>Approved for submission</b>	Dean Kimpton <b>Chief Executive Officer</b>	

## Attachment 1: Detailed schedule of variations for the Eight Road Maintenance Contracts

ATs, eight RCM contracts, which are of 5 + 5 years duration, are the primary vehicle for delivery of emergency response and recovery works related to the recent extreme weather events. These contracts include a provision for delivery of emergency response and recovery works.

The approved indicative annual contract values for each of the contracts are shown in the table below. All these contracts were awarded on the basis that the value of work in future years would be subject to the approved funding levels for that year.

The forecast value of additional physical works to be performed through these contracts relating to the Auckland Anniversary weekend storms and Cyclone Gabrielle are summarized in the table below.

Each of these contracts will require contract variations to be approved for the forecast value of the storm related work.

Contract	Supplier	Contract Value Yr 1	2022/23 Variation	2023/24 Variation
South Urban	Fulton Hogan	\$55,500,000	\$400,000	-
South Rural	Liveable Streets	\$30,100,000	\$2,300,000	\$10,000,000
Central	Downer	\$53,400,000	\$2,800,000	\$10,800,000
West	Ventia	\$44,000,000	\$9,000,000	\$34,900,000*
North Urban	Fulton Hogan	\$50,000,000	\$9,130,000	\$53,400,000*
North Rural	Downer	\$35,800,000	\$32,200,000*	\$41,800,000*
Waiheke Island.	Downer	\$7,926,000	\$1,550,000	\$2,300,000
Great Barrier Island	Fulton Hogan	\$3,498,000	\$1,820,000	\$2,800,000
<b>Totals</b>		<b>\$280,224,000</b>	<b>\$59,200,000</b>	<b>\$156,000,000</b>

Note:

1. The Central and North Urban contracts include \$14.9 and \$23.8M of work in the West due to existing providers capacity issues..
2. The variations are for emergency response and recovery works related to the recent extreme weather events.
3. Above numbers include an allowance for contingency. Works are delivered on a measure and value basis at competitively tendered rates.
4. Most variations are within the CE's delegated authority (DFA 2.5) but all have been shown for completeness.
5. The variations marked with an "\*"exceed the CE's delegated authority.