

## 1.1 NOVEMBER 2021 - ACCESS TO ADVERSE EVENTS / CATASTROPHIC EVENTS FUND

**File Number:** COU1-1400

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**Attachments:** Nil

The Council is satisfied that, pursuant to s48(1)(a)(i) of the *Local Government Official Information and Meetings Act 2002*, the information to be received, discussed or considered in relation to this agenda item is:

- s7(2)(d) the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public
- s7(2)(h) the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities
- s7(2)(i) the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

### PURPOSE

The matters for consideration by Council are;

- The approval to use the Adverse Events to support Council's contribution to the costs of replacing a section of Kairakau Road that was lost in the November weather event; and
- The procurement of a skilled and qualified contractor to complete the works.

### RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report:

- a) That Council approve the use of the Adverse Events fund to provide Council's share of the costs of replacing the non-usable section of the road, up to a value of \$550,200.
- b) That Council delegate authority to the Chief Executive to execute a direct engagement procurement of Higgins Contracting Ltd to carry out the physical works to replace the non-usable section of the road up to a total value of \$1,700,000.
- c) That this report be released as publicly available information on Friday 19<sup>th</sup> November 2021, or after such time that Council have notified Higgins of the chosen procurement approach (whatever comes sooner).
- d) That the minute relating to this item be released as publicly available information on Friday 19<sup>th</sup> November 2021, or after such time that Council have notified Higgins of the chosen procurement approach (whatever comes sooner).

### EXECUTIVE SUMMARY

#### 1. Use of Adverse Events Fund

In early November (4<sup>th</sup> and 5<sup>th</sup>) the east coast of New Zealand was issued a Severe Thunderstorm Watch with projected heavy rains and flooding likely to cause landslips. The rain continued as forecast into the weekend and overnight on Saturday the 6<sup>th</sup> November, a section of Kairakau Road at the 7.1km mark slumped about .3 of a metre. The movement of the slope continued well into the next week before starting to slow. The slumping immediately made the

road impassable by motor vehicle and it was subsequently closed quickly following the first on site inspection. The road has remained closed to all traffic since with efforts made by our team and contractors to support local residents via detour routes and foot access for school children.

Waka Kotahi will fund 61% of the first \$1.136m required to repair the road, Council will be required to fund the remaining 39% (up to \$1.136m). As there is no allowance for funding for events of this size within the current approved Land Transport Budget, the option is to fund the repairs from the Adverse Events Fund which currently has a balance of \$1,059,685.

## 2. Procurement of Services

Councils current contracting arrangements, approved by Waka Kotahi as a co-funder of works, mean that a procurement of a suitably skilled contractor is required to complete any substantive repair works to the damaged section of road.

Council wish to directly engage Higgins Contracting Ltd to complete the works without an open competitive procurement process. Higgins have proven ability to complete the works are already contracted to complete a range of Council works, have recently completed similar work and have signalled capacity to deliver. Directly engaging Higgins will avoid lengthy and costly procurement exercises which would push out the physical delivery of works and put additional Waka Kotahi funding at risk.

Councils engineering teams and expert technical support have worked to determine with the best accuracy possible the state of the site as it stands to fully understand the issue and the preferred solution/remediation. Detail of the preferred approach is included in the report which constitutes of a small road retreat with an estimated value of \$1,700,000. This sum is developed on the best information available but may change as more detailed engineering design is progressed.

## BACKGROUND

### *Nature of landslip event:*

Kairakau Rd slipped at the 7.1km mark on the night of Saturday 6<sup>th</sup> November or early morning of Sunday 7<sup>th</sup> November. Council became aware following notification from the public early on the 7<sup>th</sup> November. Following a site visit by Council's maintenance contractor, a decision was made to immediately close the road. The road has remained closed since the event with our teams and contractors focussing on managing the impacts to affected residents/stakeholders via the mgmt. of a defined detour route and special access granted over private land for some foot traffic (school children).

The area where the road slipped has historical slips and is a very large landslip of several hectares. The 'toe' of the slope extends far down into the valley and has had minor movement on a regular basis, the worst of which was in 2011 when a section of the road to the east of the current location slumped and was repaired. Part of the repair extended into the existing slump site which is shown diagrammatically below.



#### *Historic damage and repairs to date:*

The 2011 slip was rebuilt using geo-grid fabric and new gravel materials and constituted a full rebuilding of the road from the base course up. No retaining was used at this time as it was considered that due to the likely further movement of ground and loose soil structures that a wall would be difficult to build, costly and not guaranteed to be successful. The work completed has held until recently when the road began to slump in the east bound lane in mid-2021. As the extent of the size of the land slide was unknown at this time a localised investigation due to a minor under-slip developing on the east bound lane was undertaken, and a solution was developed and was ready to be implemented in the 2021/22 summer season.

## **DISCUSSION**

#### *Assessment of current damage:*

Council staff, existing contractors and specialist technical experts have been used to fully assess and understand the nature of the recent landslip event, the cause and extent of it and possible solutions for repair. The use of specialist geotechnical drilling equipment is crucial to determining the depth of the slip below ground and at what depth (if any) suitable soils for road rebuild exist. This assessment work is partly completed at the time of writing this report and has determined the size of the slip is far greater than originally anticipated (up to 20ha total). The work has confirmed that 'good' ground does exist below the slip site at a depth of approximately 12m meaning that a road rebuild option to significantly reduce the risk of future similar failures does exist.

Initial investigations have indicated that it may be uneconomical in the long term to re-build the road in its existing location as the slip extends outside of the road area and any solution in the same place would be a high risk of collapsing.

Drone surveys and site visits have confirmed that the road is still moving although the movement has slowed. WSP has been engaged to carry out property boundary locations and topographic surveys of the area to assist in property negotiations and road alignment and geometry.



#### *Options for repair:*

The work completed by engineering teams has determined that a repair/rebuild of the failed section of road on the same site is unlikely to be effective. Instead, a 'retreat' of the road to the South to avoid the failed section of land and find better ground is preferred. Both short and long term options for repair are being further investigated by technical teams with greater clarity to be landed in the coming days.

At this stage, teams are confident that significant investment is needed to restore the road. An estimated investment of \$1.7M is needed to retreat the road to the south which is the preferred option. There is possibility that finalised geotechnical work being completed this week will mean a lesser investment is required for a simpler solution requiring a smaller retreat, but this is considered unlikely based on geotechnical work completed to date. It is also possible that during more detailed design phases of the preferred solution that additional costs are identified and further funding is therefore required.

#### *Funding the repairs:*

A Waka Kotahi Financial Advisor visited the site on Friday the 12<sup>th</sup> November to do a walkover in order to understand the event and determine the best way forward from a funding perspective. The advisor has agreed that Waka Kotahi will provide funding according to the Work Category 141 – Emergency Works. A formal application is being prepared this week and a second site visit is being arranged for next week so we can review the application to ensure we get maximum value from Waka Kotahi. The Emergency Works classification means that Waka Kotahi will fund at the normal Funding Assistance Rate of 61% for repair works up to 10% of Councils total annual subsidised transport expenditure and at an increased rate of 81% for investment beyond this point. For us this means that Waka Kotahi will pay 61% of the first \$1,136,000 and 81% of any investment in the repairs beyond that point so long as work is completed prior to the financial year end.

Waka Kotahi has signalled that they are more likely to fund only a single project to repair the road rather than a short term solution and a longer term solution. This means that Council in its planning efforts must find a solution that attracts Waka Kotahi funding and is 'long term' but also meets the immediate needs of road users / community.

Council do not have provision in existing Land Transport budgets to pay for its share of the necessary repair works, without significantly drawing from existing programmes of work. Instead, Council wish to access an existing contingency fund (the Adverse Events Fund).

#### *Contracting the repair works:*

Council currently hold term contracts with Downer and Higgins to complete Road Maintenance and Reseals (Downer) and Area Wide Pavement Treatments and Structural Works (Higgins). These contracts do not provide for the works needed to repair Kairakau Rd in this instance and mean that some form of procurement exercise is required to engage a contractor to complete the works.

Council are aware of only 1 suitably skilled contractor in the District with proven capability, recently tested pricing and demonstrated capacity to complete the works.

A robust and transparent procurement process is required by Waka Kotahi in order to ensure their funding support in any means. There are various methods of procurement that range from the use of existing contracts/contractors through to open competitive procurement, closed competitive procurement or direct engagement.

Council favour a procurement process that quickly locks in a contractor with both capability and capacity. Council also favour a procurement process that avoids the administrative time and financial costs of procurement. For these reasons, a direct engagement method is preferred in this case.

Officers will work with the contracted party to build a detailed design and plan for the works with an immediate focus on short-term solutions for residents prior to long-term and final repairs being made. Council at this stage remain confident that a temporary solution in some form can be developed in a small number of weeks as part of the overall package of repair works that is estimated to take between 4 and 8 months.

## RISK ASSESSMENT AND MITIGATION

Risks associated with the decisions being sought are outlined below.

| Topic                       | Risk                                     | Description  | Mitigation   |
|-----------------------------|--|--|--|
| Funding                     | Exhausting the Adverse Events Fund       | The adverse events fund has \$1,059,685 balance at present and is replenished via interest gathering and the use of annual surpluses from Land Transport Budget Lines (often at/near zero).          | Council require an approach to the effective ongoing mgmt. and replenishment of this fund and the related Catastrophic Events Fund.  |
| Stakeholder/community mgmt. | Inability to meet community expectations | Whatever repairs are undertaken; the road will continue to impact residents for a number of weeks/months. Ineffective communication or stakeholder mgmt. will result quickly in reputational damage. | Formal stakeholder mgmt. plans are in place with a primary focus on key stakeholders. Council are actively managing conversations within the community and are regularly using various media channels to convey messaging. |
| Repair Works                | Failure of repair works                  | Repair works that do not meet the needs of road users or fail in time are not acceptable and will result in operational, financial and reputational damage   | Council are working with and relying on the expertise of specialists in relevant fields to make decisions about planned repairs. Acknowledging the complexity of the   |

|             |                            |  |  |
|-------------|----------------------------|--|--|
|             |                            | to Council.  | repairs, no 'quick decisions' will be made at the cost of robustness.  |
| Procurement | Competitiveness of process | Perception risk exists with the proposed direct engagement method. Also, cost/quality risk exists by directly engaging a contractor without competitive tension. | Council have ensured the preferred approach is robust and meets the rules of procurement under Council and Waka Kotahi policy direction. Council will manage communications within the market. |

#### FOUR WELLBEINGS

The expenditure of funds meets the well-beings by restoring an efficient and economical access to the communities of Kairakau and Mangakuri and enables residents to have a reasonable connection to the rest of the district and other surrounding areas of interest. Council will ensure environmental impacts are managed through repair works.

#### DELEGATIONS OR AUTHORITY

As the cost of the repairs will be greater than \$1M the delegated financial authority sits with Council and requires a Council decision and endorsement

#### SIGNIFICANCE AND ENGAGEMENT

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as significant if left unaddressed. If addressed the matter can be addressed as insignificant

#### OPTIONS ANALYSIS

NZTAs additional funding mechanism for extreme weather events is triggered when the costs of repair go beyond 10% of the districts subsidised annual land transport budget. That is, repair costs up to a value of 10% of Councils total annual funded land transport budget are subsidised by NZTA at 61%. Costs beyond this are subsidised at 81%. Based on our annual land transport budget of \$11,360,000, costs up to \$1,136,000 are funded at 61% and costs beyond the first \$1,136,000 are funded at 81%.

The table below sets out the funding as it applies to the November 2021 Kairakau Road weather event:

|  |              |
|--|--------------|
| Total Annual Land Transport Investment   | \$11,360,000 |
|  |              |
| Total costs of September Weather Event (estimated repair costs to Kairakau Rd) | \$1,700,000  |
| Portion of event costs funded at 61% (10% of total annual investment)          | \$1,136,000  |
| Portion of event costs funded at 81%   | \$564,000    |
|  |              |

|  |           |
|--|-----------|
| Total NZTA contribution (61% of 1,136,000 + 81% of 564,000)    | \$987,800 |
| Total Council contribution (39% of 1,136,000 + 19% of 564,000) | \$550,200 |

|  | <u>Option 1</u>  | <u>Option 2</u>  |
|--|--|--|
|  | <p>That Council approve the use of the Adverse Events fund to provide Council's share of the costs of replacing the non-usable section of the road up to a value of \$550,200;</p> <p>and</p> <p>That Council delegate authority to the Chief Executive to execute a direct engagement procurement of Higgins Contracting Ltd to carry out the physical works to replace the non-usable section of the road up to a total value of \$1,700,000</p> | <p>That Council does not approve the use of the Adverse Events fund to provide Council's share of the costs of replacing the non-usable section of the road up to a value of \$550,200;</p> <p>and</p> <p>That Council does not delegate authority to the Chief Executive to execute a direct engagement procurement of Higgins Contracting Ltd to carry out the physical works to replace the non-usable section of the road up to a total value of \$1,700,000</p> |
| <b>Financial and Operational Implications</b>      | <p>This option will require a drawing down of \$550,200 from the Adverse events Fund which will require replenishment overtime to ensure it remains available for such future events.</p> <p>This options avoids significant competitive procurement costs and operationally allows the quick progression of works.</p>  | <p>This option will require officers to further consider how the required works can be funded from within existing programmes and how the works can be procured via an alternate means. This work has not yet been completed and will result in a delay to the programme while this work is carried out.</p> <p>This option will cause an overall increase in the time taken to repair the road and will likely cause increased costs to Council.</p>                |
| <b>Long Term Plan and Annual Plan Implications</b> | NA   | Should funds be taken from existing Land Transport budgets, there is a likelihood this will have an impact on existing planned work programmes to such an extent that committed levels of service for road users are impacted.   |

|   |  |  |
|---|--|--|
| <b>Promotion or Achievement of Community Outcomes</b> | Restores levels of services and reconnects communities providing for economic and social well-being  | Reduces levels of services and reconnects communities providing for economic and social well-being |
| <b>Statutory Requirements</b>                         | This option is consistent with the government rules of sourcing/procurement and in line with the expectations of Waka Kotahi for transparent and fair procurement processes. | NA   |
| <b>Consistency with Policies and Plans</b>            | Consistent with the Asset Management Plan, and the Land Transport Strategic Framework  | To be determined based on further direction needed.  |

### Recommended Option

This report recommends Option 1, That Council approve the use of the Adverse Events fund to provide Council's share of the costs of replacing the non-usable section of the road;

and

That Higgins Contracting be allocated the physical works to replace the non-usable section of the road.

### NEXT STEPS

Should the recommended option be adopted, Officers will;

- Work to confirm the scope and detail of repair works
- Utilise funding from the Adverse Events Fund up to a maximum value of \$550,200 to complete the works
- Continue to work with Waka Kotahi to confirm their funding contribution
- Continue to work with community/stakeholders to keep them informed of progress and plans
- Notify Higgins of the procurement approach
- Complete necessary procurement/contract details to engage Higgins

### RECOMMENDATION



**RECOMMENDATION FOR CONSIDERATION**

That having considered all matters raised in the report:

- a) That Council approve the use of the Adverse Events fund to provide Council's share of the costs of replacing the non-usable section of the road, up to a value of \$550,200.
- b) That Council delegate authority to the Chief Executive to execute a direct engagement procurement of Higgins Contracting Ltd to carry out the physical works to replace the non-usable section of the road up to a total value of \$1,700,000.
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