



caring about you & your environment

Report 00.840

20 November 2000

File: CFO/22/1/1

Report to the Policy and Finance Committee
from Greg Schollum, Chief Financial Officer

Proposed Land Exchange – Hutt City Council

1. Purpose

To obtain approval in principle to an exchange of land between the Council and the Hutt City Council (HCC) which minimises the net consideration between the two Councils.

2. Background

The purpose of the exchange proposal is to rationalise land assets so that they reside with the appropriate Council. This will ensure that each Council owns the land which will enable it to undertake its core functions.

For some time it has been recognised by officers of both the HCC and Wellington Regional Council that each Council owns land that the other either does use, or would be best suited to own and utilise.

The matter came into focus with the advent of the Hutt Valley Waste Water project with HCC proposing the use of the Council's Wainuiomata tunnel as a way of pragmatically creating a pipeline connection between Gracefield and Wainuiomata.

In assessing the worth of that facility to HCC, officers recognised an opportunity to promote a wide ranging land exchange proposal. The proposal, when tabled with HCC officers, received a favourable response.

Preliminary schedules of land assets to be included in the exchange discussions have been compiled.

3. Nature of Assets under Consideration

3.1 HCC assets of particular interest to the Council are:

For Parks and Forests:

- The Pencarrow Coast Road for access to East Harbour Regional Park
- The esplanade reserves to lakes Kohangapiripiri and Kohangatera for East Harbour Regional Park
- The Sweetacres, Korokoro and Kilmister blocks and part Rahui reservoir site for Belmont Regional Park.

For Water:

- Complete long outstanding contracts for transfer of Wainuiomata tunnel and pipeline land which relate to the tunnel construction in the 1980's.
- Complete long outstanding contract to grant easements and leases to provide secure tenure for the Randwick pump and valve chamber together with its associated pipes.

For Flood Protection:

- 19 parcels of land within the Hutt River flood plain.

3.2 Council assets of particular interest to the HCC are:

From Water:

- An easement for wastewater pipeline, Gracefield to Wainuiomata.
- Halford place as a Recreation reserve catering for the clubrooms.

From Parks and Forests:

- Northern portion of East Harbour Regional Park off Waitohu Road.
- Northern portion of East Harbour Regional Park off Wainuiomata Coast Road.
- Part of East Harbour Regional Park near Burdens Gate to rationalise the HCC bus barn holding.

[N.B These sites are indicative only at this stage and should be revisited once the East Harbour Regional Park Management Plan has been reviewed]

From Flood Protection:

- That part of Memorial Park outside the stopbank for Recreation Reserve, which is already under lease to HCC.
- Land off Taita Drive as recreation reserve, which is already under lease to HCC.
- Part of Waione Street at the west end of the bridge to legalise as Road.
- Any Council land outside the stopbank, yet to be identified, which is used by HCC.
- An easement to regularise the wastewater pipeline which lies within the Hutt River corridor.

4. **The Process Proposed**

The majority of land which will comprise part of the exchange proposal has already been identified.

The property managers of both Councils will continue to liaise with the relevant departmental managers to identify further assets to form part of the exchange and to ensure that any asset defined by the other Council is surplus to requirements and available for exchange. Some assets will be disposed of subject to the granting of easements in favour of the disposing Council. An example will be the need for HCC to retain an easement to place a wastewater pipeline down the full length of the Pencarrow Coast Road. The Council may also retain the right to enter what would become HCC land for the purpose of flood control and stopbank construction.

Once a final schedule has been agreed, each land parcel or interest in the land will be valued. This process is necessary both for assessment of equity between the two Councils and for the preservation of equity between the divisions and departments within the Councils. The valuation process agreed by officers is as follows:

- a) Two valuers will be appointed. One recommended by the Council and one recommended by HCC.
- b) Between them, those two valuers will appoint a third valuer. The third valuer will be required to act as a mediator in the event of any unresolved matters between the valuers.
- c) The valuers will be tasked with jointly valuing all of the interests nominated. Neither valuer will represent the interests of one or the other council. The intention is to achieve optimum objectivity.
- d) The valuers will report to the property managers of both councils with an agreed schedule of values.
- e) The property managers will convene to review the recommended assessments and endeavour to achieve an agreed position for recommendation to the joint councils.
- f) The property managers will submit recommendations to the respective General Managers and, with their endorsement, submit recommendations to the appropriate council committees and full councils for approval.

N.B: The process for the Wainuiomata Tunnel easement is slightly different because a significant part of the easement value is contained in the right to use the tunnel which is an engineered structure as opposed to a piece of land.

5. **Financial Considerations**

Legal and survey costs will be incurred in investigating and executing this exchange proposal.

Costs to satisfy the statutory requirements of Section 40 of the Public Works Act 1981 and Section 230 of the Local Government Act 1974 will also be incurred.

At this stage it is difficult to estimate the total costs. However, we estimate the costs to the Council should be in the order of \$150,000 spread across the following activities:

Flood Protection	\$115,000
Water	\$ 14,000
Regional Parks	\$ 21,000
	<u>\$150,000</u>

The majority of these costs are expected to be incurred in the 2001/02 year and the 2001/02 budgets need to be adjusted accordingly.

Any balancing settlement between the two Councils will only be known once the process of land identification and valuation are complete.

The issue of equity between the different areas of benefit within the Wellington Regional Council will also need to be kept in mind throughout the process.

6. Legal Considerations

All land identified for inclusion in the exchange process will need to satisfy the requirements imposed by Section 40 of the Public Works Act 1981. The Public Works Act may or may not require offer back to the former owner or their successor.

Section 50 of the Public Works Act 1981 does provide for transfer or exchange of land from one local authority to another if the public interest is being served. However, Section 50 does require Section 40 to be first satisfied.

An exchange of land is regarded as a sale under Section 230 of the Local Government Act 1974. It will therefore be necessary to publicly advertise the proposal prior to Council giving final consideration to the land exchange proposed.

7. Public Consultation

It is proposed that the HCC will, once the full schedule of land to be exchanged is known, liaise and consult with Community Boards and Ward Communities to identify any local issues that may need to be considered.

It is proposed that both Councils will jointly liaise and consult with local Tangata Whenua and with the Department of Conservation.

8. Communications

The principle of an exchange proposal between the Councils may be of some interest to the media but the real interest is assessed to be at the time of approval by each Council of the actual exchange or through any legal processes requiring public notification.

9. Conclusions

This proposed exchange is seen as a long overdue rationalisation of land assets. It is in the interests of both Councils to own the assets which are required to each conduct their core activities. Management of the Hutt River and its adjacent berms for both Councils will be clarified and simplified. At present there is a need for a lot of inter council consultation/negotiation due to each council occupying and using the other's land.

The south portion of the East Harbour Regional Park will be a major beneficiary with acquisition of the Pencarrow Coast Road. Access to this area has been hindered in the past and has deferred the development potential. The land exchanges will prompt a view to be adopted by both Councils on the future of East Harbour Regional Park and which party should be responsible for what portion. It should be noted that the preliminary schedule includes the two northern blocks held by the Council which may be transferred to HCC. This matter needs clarification and both Councils need to have a clear perspective of the future of the Park. The best means of achieving this is likely to be through a review of the Park Management Plan. It is therefore recommended that these areas of land be put on a separate schedule to be addressed once the Park Management Plan has been reviewed.

Potentially Belmont Regional Park will be simplified with the Council becoming a major land owner, meaning less owners to consider and consult.

The exchange proposal has also enabled some very long outstanding contractual undertakings to be honoured by HCC for the benefit of Utility Services.

The exchange proposal is designed to be a flexible process whereby land can be withdrawn from the schedule or added to it. The major reason for additions will be identification of an asset which to date has been overlooked. The major reason for withdrawals may be due to identification of future works currently not known to the property managers where the land is best left in its current ownership. Withdrawal may also occur for reason of pragmatism if the valuation process identifies an unaffordable imbalance between the Councils, or for internal balance adjustments between the departments.

10. Recommendations

- (1) *That the report be received and the contents noted.*
- (2) *That the Committee recommend to Council that:*
 - (a) *it acknowledge that The Hutt City Council and the Wellington Regional Council each own land that the other council needs for undertaking their respective core functions, rationalisation, future projects and use.*
 - (b) *it agree in principle to an exchange of land between the two Councils subject to:*
 - (i) *completion of an asset identification and valuation process,*
 - (ii) *compliance with Section 40 of the Public Works Act 1981,*

- (iii) *compliance with Section 230 of the Local Government Act 1974,*
- (iv) *submission of a further report to the Committee providing full details of the land to be exchanged, the value of the land and the financial implications arising from the proposal and the results of the consultation process.*
- (c) *it note that officers will incorporate the estimated costs associated with the exchange of land between the two Councils within the 2001/02 business plans of the affected departments.*

Prepared by:

A handwritten signature in black ink, appearing to be 'P. O'Brien', written over a light green background.

PETER O'BRIEN
O'Brien Property Consultancy Ltd

Approved by:

GREG SCHOLLUM
Chief Financial Officer