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 Our Reference: rm20-b39-bgc

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5 June 2008

Dave Benham
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FILE REF:	
N	103/18/01
Doc. No. 54/457	
Referred to	Int
D. Benham	16/6
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GAC	

Dear Dave

PROPOSAL TO PURCHASE A PORTION OF BOULCOTT GOLF CLUB FOR THE BOULCOTT/HUTT STOPBANK WORKS

I refer to your letter dated 11 April 2008.

Please find attached the resolutions of our recent Strategy and Policy meeting at which the above was discussed. You will perhaps be aware of the outcome from your Councillors and Officers who attended.

This is to confirm that the proposal for Hutt City Council to contribute \$1.8M to facilitate the Boulcott alignment was declined.

Thank you for providing us with the opportunity to consider this option.

Yours sincerely

Tony Stallinger
 CHIEF EXECUTIVE

Proposal to Purchase a Portion of Boulcott Golf Club for the
Boulcott/Hutt Stopbank Works (RM20-B39-BGC)

RESOLVED:

Minute No.S&P 080201(2)

"That the Committee:

- (i) notes the officer's report regarding the funding proposal put forward by Councillor Glensor; and*
- (ii) declines to support the funding proposal put forward by Councillor Glensor."*

File No: N/03/18/01
11 April 2008

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Dear Tony

Proposal to purchase a portion of Boulcott Golf Club for the Boulcott/Hutt stopbank works

Thank you for meeting with us on Friday, 4 April 2008 to discuss the proposal for Hutt City to purchase a portion of the Boulcott Golf Club as part of the Boulcott Hutt Stopbank project currently being undertaken by Greater Wellington. I have included as **Attachment 1** the proposal put forward by Cr Glensor to the Catchment Management Committee and the officer development of that proposal including a plan showing the land in question as **Attachment 3**. We would appreciate it if you would put the "purchase" proposal to your Council for their consideration and advise whether firstly there is support in the concept and secondly for the sums proposed.

The proposal as developed in Attachment 3 is consistent with recent land exchanges that have been made between the two Councils with Greater Wellington (GW) retaining land under the stopbanks and in the floodway and Hutt City Council (HCC) retaining land outside the floodway. In the case of this proposal there is significant potential value in the land and GW is asking for a contribution that reflects this value.

Our next Catchment Management Committee (CMC) meeting is on 1 May 2008. At this meeting we would like to be able to advise the members on Hutt City Council's timeframe for considering the proposal, and that that HCC's consideration of the proposal would be available for the Committee's consideration at its 12 June 2008 for its final consideration of the matter.

Background to the Proposal

On 6 September 2007, the Hutt River Advisory subcommittee (HRAS) recommended the Green alignment as the preferred option for the Boulcott/Hutt stopbank. On 19 September 2007, the Landcare Committee considered the HRAS recommendation and a submission from the Boulcott Golf Club (BGC) and requested officers to investigate other options for the Green Alignment. GW officers working with the BGC developed a variation to the Green alignment now called the Boulcott Alternative alignment.

The Green alignment is estimated to cost \$10.4 million and the Boulcott Alternative estimate is \$12.8 million. The \$2.4 million difference between the two alignments is now reduced to \$1.8 million by taking into account the contributions from the Boulcott Golf Club for the Boulcott Alternative and the potential extra costs of the Green alignment due to a contested designation/consent and land purchase process. The current GW budget for the work in its LTCCP is \$6.3 million.

On 13 March 2008, the HRAS considered the Green alignment and the Boulcott Alternative, and resolved to recommend to the Catchment Management Committee that it endorse the Boulcott Alternative for Council approval subject to a number of conditions. A full copy of the report is contained in **Attachment 2** to this letter.

The HRAS recommendation was considered by the Catchment Management Committee on 19 March 2008. CMC members expressed concern about the higher cost of the Boulcott Alternative and in light of this asked officers to consider a funding proposal put forward at the meeting by Councillor Glensor.

Benefits to HCC and BGC of the proposal

The benefits of implementing the Boulcott Alternative alignment and this funding proposal are listed in Councillor Glensor's proposal. They include:

- Retention of the BGC as a separate entity. The BGC has about 425 members and is one of the few low cost membership golf clubs in Hutt Valley. The Green alignment will almost certainly lead to closure of the BGC.
- Speedy completion of the project. The BGC strongly opposes the Green alignment. A contested statutory process for the Green alignment could delay the project completion by two years over the Boulcott Alternative alignment.
- HCC receives about 2.34 ha of flood protected land with a potential value of \$3.5M in return for the investment. While the BGC functions, this land and other GWRC land in the Boulcott golf course will be used by about 425 golfers for recreational golf and other related social activities. If the BGC ceases to exist, HCC takes full control over how the flood protected land could be used.

Alternatively the Green alignment saves "ratepayers" \$1.8million.

There is a significant amount of work done on this project to date and it is time to bring that work to a conclusion. Councillors accompanied by GWRC officers, would be happy to attend a meeting to ensure your Councillors are fully informed on the two options available for the new stopbank, the Cr Glensor proposal and answer any questions that may arise.

Yours sincerely

Dave Benham
Chief Executive
Greater Wellington Regional Council

- Attachments:
1. Land Purchase Proposal
 2. Hutt River Advisory Subcommittee Resolution and Report
 3. Councillor Glensor's proposal

Catchment Management Committee

The Boulcott alignment costs an extra 1.5 to 1.8 million. The justification for it is that it enables the continuation of the Boulcott Golf Club. The quid pro quo is two fold. It will mean that the flood protection works will proceed without major delay – with the Golf Club not challenging the resource consent and designation processes. Also, the regional council holds title to the land – especially the land which will be flood protected. This means that, if the BGC ceases to operate, the council has the chance to develop that flood protected land – worth probably somewhere between \$5 mill and \$6 mill.

As you all know, a number of the Regional Councillors at the Hutt River Advisory Committee meeting last Thursday stated clearly that the extra spending could not be justified – citing arguments of private versus public good. Mayor David Ogden's reminder that the asset of the land would be sitting on their balance sheet did not persuade them.

A couple of people suggested that HCC might make up the difference between the two alternatives. This is a very dangerous suggestion, as it would break the long-held pattern of a 50:50 split in costs for agreed regional river works. It would also mean a big impost on Hutt City ratepayers to stump up so much money from rates income.

I am concerned that members of this committee will move to overturn the close-run decision of the Hutt River Advisory Committee to support the Boulcott alignment.

I have a new suggestion:

1. Regional Council agrees to build the Boulcott alignment at the extra cost.
2. Regional Council assumes ownership of the BGC land, as per the discussion last week.
3. Towards the end of the process – when the Boulcott end of the work is underway - Hutt City purchases the flood protected land from GWRC at a costs approx equivalent to the difference in cost between the 2 options
4. Hutt City has a lease agreement with BGC which exactly mirrors the lease agreement with Regional Council – ie – if BGC ceases to operate, Hutt City has the ability to dispose of the flood protected land
5. The asset of the flood protected land is sitting on the balance sheet of Hutt City Council

The advantages of this are:

1. It means the Boulcott alignment is built, enabling BGC to continue in business
2. It will include a guarantee of the speedy completion of that section of stopbank – since BGC will ensure they support the compliance and consenting process
3. While Hutt City ratepayers are spending more – a capital sum of less than \$2 million is actually quite small – it is the strong belief of most of us that this spending is justified, given the alternative of the certain collapse of the BGC
4. It enables Hutt City to use loan funding, rather than just rating money – a huge decrease in the annual impost to ratepayers – because there is now a specific asset attached to the spending. The money can be paid off over a 25 or 30 year period.
5. If the club goes under in the future, it means that Hutt City has the option of opening up another area of land for development – if it wishes – and the whole Lower Hutt community, not a Golf Club, would be the beneficiary of any capital gain from the sale of that land
6. It means that the principle of a 50:50 split in river works funding is maintained – I see this as a key feature – once that convention is breached it will mean every item of river spending will be up for challenge – and the largest beneficiary by far is Hutt City, given our huge flood protection programmes
7. It provides an option which is a genuine compromise – the region spends \$10.4 million on the stopbank (\$3 or \$4 million more than it had planned for), Hutt City has a valuable asset, and the BGC is enabled to continue.
8. It means that we will not be in the position (and we have been there before) of a kind of “warfare” between the Regional Council and Hutt City Council. As those who lived through it before know well, such a situation is hugely unproductive and will mean real losses for both the Lower Hutt and the wider regional communities.

I urge the Committee to ask our officers to take some time to consult further with the Hutt City councillors and officers, and the Boulcott Golf Club – and to bring back a further report on the way ahead.

Peter Glensor
March 19, 2008