

Report PE-99.268

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Report to the Landcare Committee
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Chrystall's Stopbank Project : Purchase of Additional Land

1. Purpose

To note the potential opportunity to purchase additional land, required for future flood protection purposes, as part of the Chrystall's Stopbank Project. Purchase of the land would be subject to a fiscally neutral, or favourable, debt and rates situation with respect to the current Flood Protection Business Plan.

Subject to achieving a fiscally neutral situation a business plan variation, to purchase the additional land, will be sought from the Council, in due course.

2. Exclusion of the Public and Confidentiality

Grounds for the exclusion of the public under Section 48(1) of the Local Government Official Information and Meetings Act of 1987 are:

That the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists (i.e. to enable the Council to carry on negotiations without prejudice or disadvantage).

Interests protected:

The Wellington Regional Council and Williams Family Farm Limited who are parties to any sale.

3. Background

The 1998/99 Annual Plan, in respect of the Chrystall's Stopbank Project, provides for the purchase of land from Mrs A Ramsbottom and a small portion of land from Williams Family Farm Limited to facilitate the construction of a new length of stopbank in the 1999/2000 financial year. The new stopbank will tie in to the existing structure on the Williams property.

The Chrystall's Stopbank works are part of a full reconstruction of the existing stopbank from the Ramsbottom property to the Rail Bridge, as proposed in the Otaki Floodplain Management Plan (FMP). Figure 1 in **Attachment 1** shows the reconstruction proposed.

This first stage of construction, programmed for the 1999/2000 financial year, improves the level of protection offered by the whole stopbank from a 30 year return period level to a 100 year return period level. The remaining section of stopbank is, however, immediately adjacent to the river and subject to erosion during a flood, as was evidenced in the October 1998 floods at Stresscrete.

A second stage of construction is therefore proposed to move the existing stopbank back from the edge of the river to a position which will provide a greater level of security. This second stage of work is not currently included in the Regional Council's Long-term Financial Strategy.

In approaching Williams Family Farm Limited, to negotiate access for stage 1 of the works, it became apparent that the whole property was on the open market for sale. Williams Family Farm Limited has expressed a willingness to facilitate the Council's need for the small area of land for the immediate work. However, it may be to the Council's advantage to purchase the entire area required to undertake the future planned work, as the Council may then be dealing with another party or parties.

The Williams property has been developed as a race horse stud, and the NZ bloodstock industry is presently not enjoying buoyant times. Williams Family Farm Limited has therefore experienced difficulty in finding a purchaser. The most likely purchaser will now be a subdivider rather than someone interested in continuing the use as a horse stud.

The new stopbank alignment, defined in the Otaki FMP, would take 3.6474 hectares from the Williams Family Farm Limited property. While this represents a significant loss to the property as a horse stud, it will pale in terms of the loss to a potential subdivider. It is therefore considered desirable that the land be acquired now, in advance of any sale of the whole property, so that the Council's future flood protection works can proceed at a reasonable cost and without excessive disruption.

It is recommended that the Landcare Committee support a Business Plan variation, at the appropriate time, to bring forward the purchase of the balance of the Williams Family Farm Limited land.

4. **Issues**

Any acquisition from Williams Family Farm Limited will be based on the value of rural land, at a time when the horse stud is in disuse; the land is currently grazed by cattle. As rural land the area required is the least valuable, back-of-the-block land. If the land were first sold to a subdivider the land will assume rural/residential values and the loss of land with a river outlook could be seen as a loss of the best, most valuable land.

A preliminary discussion with a public valuer familiar with the location, suggests rural land in this location has a value of some \$20,000 per hectare. For an area of 3.6474 hectares this amounts to some \$75,000. In addition will be the costs of disturbance (\$10,000), fencing (\$15,000), survey (\$5,000), legal (\$3,500), consultancy (\$7,000) and registration (\$500). The Public Works Act requires the Council to meet the costs of the vendor. Therefore these additional items may add a further \$40,000 to the cost of acquisition making a total potential cost of some \$115,000.

The potential value of the land, should it be sold and subdivided is expected to be significantly higher. In addition, there would be the cost of dealing with a number of individual parties and the associated fencing, legal, survey, consultancy and registration costs for each lot. In the end, Designation of the land and acquisition through the Public Works Act may be required. The total cost of this action would be substantially higher than \$115,000 indicated above. The long-term savings to Council of acting sooner are therefore considered significant.

The second stage of the stopbank is fourth in the priority list agreed in the Otaki FMP. The priority list of projects will be put forward for consideration as part of Council's Long-term Financial Strategy. The potential savings to the Council however, of dealing with a single willing vendor as opposed to dealing with multiple, and potentially unwilling owners, is considered sufficient to consider this land purchase ahead of the other works proposed. The purchase is also consistent with the objective of bringing private land within the River Corridor into public ownership, as the opportunity arises.

5. **Funding**

The current Chrystall's Stopbank property budget is \$13,050 for negotiations, consultants, survey and legal fees and \$18,000 for asset purchase.

If the Council purchased the total area required from the Williams property, the estimate is \$115,000. The current estimate for the Ramsbottom property is \$25,000. This leaves a shortfall in funding of \$122,000. This can be covered as follows:

5.1 **Otaki Quarry Sale**

Following Report 99.238, the Council resolved on 18 May 1999 to declare the Otaki quarry as surplus to requirements. The sum realised from the sale of the Otaki quarry land is to be "applied to the retirement of debt incurred in the same area of benefit as the Quarry". It is considered that the application of the funds to the Chrystall's project essentially fits within this requirement by reducing future loan requirements.

As part of the disposal process the land has been valued and offered for sale back to the persons from whom it was acquired. The previous owners will purchase the land or it will be sold on the open market. Either way, the Council will receive fair value for the land. The market value of the land has been assessed by independent valuation at \$110,000 gross. There may be real estate agent fees and GST to be deducted from this figure depending on who finally purchases the property.

5.2 Project Savings

Current project estimates for the Chrystall's Stopbank construction are now \$450,000. This is approximately \$30,000 under the budget of \$480,000 included in the 1999/2000 Business Plan. The revised estimate relies on being able to win silt material from the Ramsbottom property and some from the Upper Rahui site. The availability of both of these sites is yet to be confirmed but if they do eventuate the savings could be used to offset the additional property purchase costs.

5.3 Other Savings

There may be savings in other capital projects being carried out in the Otaki area of benefit.

6. Recommendations

That the Landcare Committee:

- (1) *Receive this report and note its contents.*
- (2) *Note the potential opportunity to purchase additional land from Williams Family Farms Limited, as part of the Chrystall's Stopbank Project, in order to protect Council's interests for future flood protection.*

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