



PUBLIC EXCLUDED

Report PE 03.420
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Committee Policy, Finance and Strategy
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Flood Protection depot, Lower Hutt

1. Purpose

To advise of the outcome of investigations into options for a Hutt valley Flood Protection depot and to recommend a strategy for the Mabey Road site, Lower Hutt.

2. Exclusion of the public

Grounds of 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 preserve commercial confidentiality and to enable the Council to carry on negotiations), including commercial negotiations, without prejudice or disadvantage.

Interests protected:

The Greater Wellington Regional Council.

3. Background

On 19 March 2002, the Policy, Finance and Strategy Committee considered report PE 02.154 dealing with the Utility Services purchase of 44 Oxford Terrace and its relocation from the Mabey Road depot.

Council resolved to purchase 44 Oxford Terrace, which was subsequently acquired, refurbished and is now occupied. Utility Services have now vacated Mabey Road.

Council also made the following resolutions after considering report PE 02.154:

- (2) *approve Flood Protection actively pursuing relocation from Mabey Road to an alternative site.*
- (3) *notes that relocation of Flood Protection may take up to two years, and that in the interim there will be a holding cost to Corporate Property.*
- (4) *request officers to report on the future of the Mabey Road site.*

Since March 2002, Flood Protection has actively investigated options for its Hutt valley depot, and accordingly the future of the existing Mabey Road depot site. This report now provides recommendations for consideration by the Committee before the matter is pursued further.

4. **Actions taken**

In accordance with Council's resolutions we have:

1. Confirmed the accommodation requirements for a Flood Protection depot including type and area of buildings, yard requirements, and other features. We have also canvassed other department's ongoing requirements, in particular Resource Investigations.
2. Considered the option of relocating to Council's Upper Hutt depot and subsequently established the best location for the Flood Protection depot in the Hutt valley. Our initial investigations showed that there was a potentially viable option to retain the depot at Mabey Road, which required further investigation.
3. Established the feasible options for a new Flood Protection depot including:
 - relocating to a new Lower Hutt site and disposing of the Mabey Road depot.
 - staying at the existing Mabey Road site and disposing of land surplus to requirements.

As reported to the Landcare Committee in March 2003, Peter O'Brien was commissioned to conduct a feasibility study of the above options. Refer **Attachment 1** – report dated 14 January 2003 from O'Brien Property Consultancy Limited.

4. Followed up, but rejected, an option to purchase the former Telecom depot site at Wingate, Lower Hutt.
5. Searched the history of the Mabey Road depot including its acquisition, title and the feasibility of part or total disposal of the site. Refer **Attachment 2** – report dated 9 April 2003 from consultant surveyors Truebridge Callender Beach Limited.

5. Flood Protection Hutt Valley depot requirements

The Flood Protection depot requirements are summarised as follows:

- land area of about 8,000m²
- building and facility requirements as follows:
 - office and amenities 180m²
 - workshops 450m²
 - vehicle store 280m²
 - sealed yards 4,000m²
 - wash down yard and loading ramp
- lower valley location, preferably around the Belmont/Taita/Wingate area.

The location requirement is based on two main factors – a central valley site to minimise travel requirements and a site down valley of Silverstream to optimise the location of emergency stores and equipment in a major flood emergency.

The Mabey Road team operates mostly in the Hutt valley, but also in Wainuiomata and in Porirua. A new depot site in the Belmont/Taita/Wingate area is desirable as it is in the centre of our main operations area. The current Mabey Road depot site is ideally located.

In a major flood event the Silverstream area will become impassable. The River Road goes under water in about a 30-year return period event, and the Fergusson Drive/Eastern Hutt Road intersection becomes flooded shortly after. Further, in such a major flood event the greatest risk will be to the lower valley. Hence, the lower valley is where we need to locate our emergency base and supplies including fuel, vehicles, equipment, sandbags and communications.

6. Options for Flood Protection Hutt Valley depot

Three broad options for the Flood Protection Hutt valley depot were considered:

Option 1 Relocating to Council's Upper Hutt depot and disposing of the Mabey Road depot

Our initial investigations were directed towards the option of relocating to Council's Upper Hutt depot. On the surface it is an attractive option as the existing building has adequate spare warehouse space, some spare yard space, and costs to develop additional office facilities would be reasonable.

However, **Option 1** was rejected, primarily because of location. The Upper Hutt depot is located at the edge of the Flood Protection operating area and additional travel and staff time costs in the order of \$50,000 per annum were estimated. More crucially the depot is located at the wrong end of the valley in a major emergency when Silverstream becomes impassable.

Option 2 Relocating to a new Lower Hutt depot and disposing of the Mabey Road depot

The costs of relocating to a new lower valley site in the Belmont/Taita/Wingate have been estimated. Costs estimates vary significantly depending on whether a bare land site is purchased, or whether a site can be found with some office and workshop space already developed.

Under **Option 2** (and the Upper Hutt depot option) the Mabey Road site would be sold including the existing buildings and the house at 63 Mabey Road. The surplus yard would be subdivided off from the land underlying the river and eastern stopbank and the 63 Mabey Road house.

During the study we followed up one site that had potential, the former Telecom depot at Wingate. The total area was substantially larger than we required but had considerable subdivision potential. The main two-story office building was also substantially larger than required and in poor condition. The office building would have either required refurbishment or demolition and replacement with a smaller purpose built office space.

The Telecom site had an excellent high stud workshop facility, good sealed yards and a shed that could have been used as a vehicle store. In the end a decision was made not to proceed with a recommendation to purchase, as likely sale prices were higher than could be justified for a Flood Protection depot. Further, development of the site and disposal of surplus land had relatively high risks more suitable of a property developer.

Option 3 Staying at the existing Mabey Road site and disposing of land surplus to requirements

Under **Option 3**, Flood Protection would remain in the existing depot site and facilities, and we would simply sell the land surplus to requirements – see **Attachment 4**.

Option 3 has a number of attractions including:

- the site location is ideal.
- all office/workshop/yard and storage requirements are already met. We continue to use the existing high grade facilities that have been developed for this very purpose.
- the transaction involves the least risk. The required subdivision is straightforward and leaves an attractive site suitable for a high standard residential development. A good residential style fence and planted buffer zone should be all that is required to ensure any residential development remains compatible with the depot use.
- we can retain the existing District Plan designation that protects our use of the site.

7. Options investigations summary

The outcomes of our investigation into options for the Flood Protection Hutt valley depot are summarised in Table 1 (page 6).

The preferred option (**Option 3**) is staying at the existing depot site and subdividing off and selling land surplus to requirements. A detailed summary of the benefits of staying at Mabey Road is provided in section 7 of **Attachment 1**.

Option 3 was previously never fully considered. For example, report PE 02.154 dealing with the Utility Services purchase of 44 Oxford Terrace assumes that the vacation of the Mabey Road site by Utility Services would automatically trigger the sale of the whole Mabey Road site.

The investigations into the option of staying at Mabey Road have highlighted a number of issues that have changed former assumptions. These assumptions were:

- staying at Mabey Road is incompatible with the existing residential underlying zoning.

We now do not believe this is the case. Firstly, the transfer of the designation that protects the use of the site for depot purposes onto the smaller site is a straightforward planning process. Secondly, while residential development would become substantially closer to the yard, the intensity of use of the site is also substantially reduced. Except for emergencies the Flood Protection use is largely a five-day, 7.00am to 5.00pm operation. We do not see conflict with future residents provided a minimum buffer zone is retained.

- the value of the land for residential development would outway the development costs of more suitably zoned industrial or commercial sites.

The feasibility study has shown this not to be the case, and the option of staying at Mabey Road is economically at least as good as the other options. On reflection this should come as no surprise. The existing facilities at Mabey Road are very valuable and would be expensive to replicate, unless by good fortune a new site can be located with similar facilities.

Table 1 – Analysis of Flood Protection Hutt valley depot options

Hutt valley flood protection depot options	Meets depot requirements	Meets location requirements	Transaction risks	Estimated net capital return	Comments
1. Relocate to Upper Hutt depot, sell existing Mabey Road depot site	No Short on yard area	No Depot in Upper valley, therefore risks becoming cut off in a major flood Additional operational costs	Moderate Main risk is building and fit out costs	Approximately \$1.3 million But balanced against additional annual operating costs of \$50,000 per annum	Major concern with Upper Hutt is the likely inability to respond appropriately to a major flood emergency
2. Relocate to new lower valley depot site, sell existing Mabey Road depot site	Yes But the number of suitable sites in Belmont / Taita / Wingate area are likely to be small	Yes Assumes a suitable site can be obtained in Belmont / Taita / Wingate area	High Biggest risk is finding a suitable site. May involve substantial building costs May involve secondary subdivision on new site	\$0.5-\$1.2 million Net capital return depends heavily on how suitably developed a new site is at purchase	This option has a high degree of uncertainty The chances of finding a site with close to the flood protection requirements is low, so likely net capital return is probably the lower end of the estimate
3. Stay at existing Mabey Road depot site, subdivide and sell land (and house) surplus to requirements	Yes Existing building's purpose developed and meets current and future needs. Propose to retain 1 hectare yard	Yes Current location is ideally located	Low Involves a straightforward subdivision and sale Development costs are minor	Up to \$1.3 million	Preferred option

8. Mabey Road depot land

Council holds two titles at Mabey Road, CT 17C/429 (0.4479 hectares) and CT 17C/430 (16.6594 hectares).

The former Hutt River Board acquired the land at Mabey Road in June 1926 as a single title comprising about 20 hectares. We understand that the Hutt River Board established a works depot on the land shortly after acquisition. The original title stretched from the end of Mabey Road to the western side of the Hutt River. In those days there was no stopbank and the land was probably used for farming and gravel extraction.

Since 1926 there have been some significant changes to this land holding. Changes included sale of part of the land to the former Hutt City Corporation for a works depot in 1956 (site now occupied by Ryman Healthcare Limited), construction of the stopbank and Harcourt Werry Drive, and subdivision of the south end of the site in 1976 to establish the Avalon Park lease to Hutt City Council.

The current buildings on site include the main administration and workshop, the former “Rivers sheds” and an open tractor shed. The 63 Mabey Road house was built in the late 1970s as a caretaker’s house and although fenced off from the main depot site, sits on the same title.

In simple terms the proposal is to:

- subdivide off the river berm land including Harcourt Werry Drive, the eastern stopbank (including a 5 metre buffer strip on the landward side) and retain these in perpetuity for flood protection purposes (approximately 12.65 hectares).
- subdivide the existing 3.25 hectare “depot” site into three titles as follows:
 - a 1 hectare site, which includes the existing buildings, sealed yard space and entrance off Mabey Road as the new Flood Protection depot.
 - a 2.25 hectare site with legal road entry off the end of Mabey Road for sale on the open market.
 - the existing 63 Mabey Road house site for sale on the open market.
- transfer the existing area leased to Hutt City Council (part Avalon Park, and part Avalon tennis courts) by way of the approved land exchange agreement with Hutt City Council.

9. Timeframes

Experience dictates that projects involving land transfers are difficult to set timeframes for. Our best estimate is that if approved, this process may take in the order of 8 to 12 months to complete.

10. Independent verification

To ensure that the feasibility study was robust, objectively based, and able to be relied upon, the survey firm Truebridge Callender Beach Limited, was employed to confirm that the subdivision proposal was viable. Property valuers Telfer Young was also employed to confirm the appropriateness of the methodology and base data inputs employed in the financial estimates.

The independent reports are provided as **attachments 2 and 3**.

11. Communication

No external communication is required or appropriate at this stage.

12. Recommendations

That the Committee:

1. *receive the report.*
2. *note the contents of the report.*
3. *recommend to Council that:*
 - i) *as a result of further investigation the Hutt valley Flood Protection depot remain on the current Mabey Road site and a subdivision be undertaken to create a 1 hectare allotment for that purpose, with land surplus to requirements to be sold.*
 - ii) *officers be requested to prepare a detailed project plan for the subdivision of the existing Mabey Road depot site, the development of the new depot site and the proposed sale of surplus land.*
 - iii) *officers be requested to prepare a further report to the Policy, Finance & Strategy Committee to formally initiate the preferred option of creating a new Flood Protection depot site at Mabey Road. The report to include for approval the project plan for the subdivision, the necessary declaration the land is surplus to requirements and the recommended allocation of funds from the sale process.*

Report prepared by:

Report approved by:

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Attachment 1: O'Brien Property Consultancy report, 14 January 2003

Attachment 2: Truebridge Callender Beach Limited report, 9 April 2003

Attachment 3: Telfer Young report - valuation advice on selling, 16 May 2003

Attachment 4: Plan of the land and proposed Mabey Road subdivision