


7. USE OF THE COUNCIL'S SERVICE DUCTS AND DISPOSAL



General Manager responsible:	General Manager City Environment, DDI 941-8608
Officer responsible:	Transport and Greenspace Manager
Author:	Weng Kei Chen

PURPOSE OF REPORT

1. The purpose of this report is to seek Councils approval to:
 - (a) Permit Christchurch City Networks Ltd to use the Council's service ducts along the tram route.
 - (b) Dispose of 14 km of the Council's service ducts in the City to Christchurch City Networks Ltd.

EXECUTIVE SUMMARY

2. A request has been received from Christchurch City Networks Ltd. (CCNL), a subsidiary of Christchurch City Holdings Ltd., to use the Council's service ducts for its fibre-networks. The request includes the use of 2.2 km of service ducts along the tram route which currently house the electric cable for the tram's operation.
3. The service ducts commonly known as "blue-ducts" were laid as part of the Council's roading projects in the mid 1990s and their main purpose was to house any future underground networks and thus lessen the need to trench through newly constructed road surfaces, reduce the impact to traffic flow and inconvenience to communities in any future network installations.
4. This is the first request from a network operator to use the blue-ducts and the company is offering a one-off payment to the Council for the use of the service ducts along the tram-line route and is prepared to acquire the remaining 14 km of blue ducts.

FINANCIAL IMPLICATIONS

5. The Council will receive additional revenue from the company.

Do the Recommendations of this Report Align with 2006-16 LTCCP budgets?

6. N/A.

LEGAL CONSIDERATIONS

7. The use and disposal of service ducts require the Council's decision.
8. The company, being a network operator has rights of access to install its networks on and in roads. These rights are stated in the Telecommunication Act 2001.

Have you considered the legal implications of the issue under consideration?

9. Yes.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

10. Yes. The use of the service ducts for network installation will lessen the damages on roads and lessen the inconvenience and traffic disruption to road users.

Do the recommendations of this report support a level of service or project in the 2006-16 LTCCP?

11. Yes, as above.

ALIGNMENT WITH STRATEGIES

12. Yes. The use of service ducts aligns with the purpose of which the ducts were installed.

Do the recommendations align with the Council's strategies?

13. Yes.

CONSULTATION FULFILMENT

14. N/A.

STAFF RECOMMENDATION

It is recommended that the Council:

- (a) Accept the offer of a one-off payment of \$10,000 for the use of service ducts along the tram's route subject to the company entering into a Deed of Licence to occupy service ducts in road with the Council.
- (b) Agree to dispose of the 14 km of service ducts in the City to Christchurch City Networks Ltd.
- (c) Authorise the Corporate Support Manager to set reasonable conditions in the Deed of Licence to occupy the service ducts along the tram's route and to negotiate with the company on the disposal of the service ducts.

BACKGROUND (THE ISSUES)

15. In the 1990s as part of the Council's roading projects service ducts commonly known as "blue ducts" were laid alongside the new kerb and channel. The purpose of their installation was to minimise future network service trenching on newly constructed roads and reduce the inconveniences and traffic disruption to the community in any future service installation.
16. The blue duct installation practice resulted in the Council laying a total of 14 km of various section lengths in city streets and in addition 2.2 km of ducts along the tram's route which housed the cable that operates the trams.
17. There are only 12 streets that have the blue ducts length of greater than 250m and these 12 streets account for 6 km of the 14 km. These blue ducts are in the main roads and may be of benefit to network operators.
18. CCNL is the first network operator that has approached the Council for the use of blue ducts and is offering a one-off payment of \$10,000 for the use of the blue ducts along the 2.2 km tram route and it has also requested the option of owning other blue ducts in the city.
- 19.. Drilling and trusting of networks is a common network installation method and the average cost of their installation is \$50/m.
20. The Council has incurred approximately \$300,000 of costs for the laying of the 14 km of blue ducts and at the time it was the intention of the Council not to recover this investment.
21. The blue ducts are not continuous and there is evidence that some sections have been damaged and the accuracy of their locations on the Council's plan are also in question. These issues will require network operators to determine their suitability for their networks.
22. The request from CCNL creates an opportunity for Council to review the blue ducts ownership and it is timely that the disposal option be pursued.

THE OPTIONS

23. The disposal options of the blue-ducts.

Option 1 Gifting the blue-ducts to CCNL.

This option may be considered as favouring CCNL, and staff are not recommending it as an option.

Option 2 To dispose sections of blue ducts as required by networks.

This option will require staff resource to arrange the process. It is unwise for Council to make piece meal decisions with little financial gain.

Option 3 Permit CCNL to use the blue ducts by way of Council issuing a Deed of Licence to occupy.

This option like Option 2 will require staff resource to administer and continue to maintain the blue duct records in the Council's system with little financial gain.

Option 4 To dispose of the entire 14 km of blue ducts to CCNL.

This option will enable CCNL to plan its network installation with certainty and at the same time relieve the Council from managing the resource which has an uncertain benefit to community. A fair assessment for the value of the disposal could be assessed by predicting that only the 6 km of ducts identified in Clause 18 are likely to be utilised. Given also the other issues raised in the report it is likely that a financial return to Council could be between \$120,000 to \$180,000. (This range is derived from the rate per meter of ducts valuing between \$20 to \$30 and assuming only 6km in the main roads will be of value to the company.)

THE PREFERRED OPTION

24. The preferred option is Option 4. This gives certainty to the network company CCNL.