

## 9. DISPOSAL OF PROPERTY – 87 ENSORS ROAD, OPAWA



<b>General Manager responsible:</b>	General Manager of City Environment, DDI 941-8608
<b>Officer responsible:</b>	Water Environmental Engineer
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### PURPOSE OF REPORT

1. The purpose of this report is to advise the Community Board of the options for the property at 87 Ensors Road, and to seek the Board's recommendation to the Council to declare the property surplus for disposal to the adjoining landowner. (**Attachment 1**).

### EXECUTIVE SUMMARY

2. Authority is sought to sell a majority of the Council property at 87 Ensors Road ("the Property") to the adjoining landowner and Orion New Zealand. This proposal involves the Council retaining a portion of the property for road, a segregation strip and putting in place easements protecting the existing infrastructure (refer **Attachment 2**).
3. At its meeting on 15 May 2007 the Spreydon/Heathcote Community Board requested staff to investigate use options for the Property including possible roading improvements and reserve/waterway enhancements.
4. Given the limitations of the Property, Council could either retain the land with no determined use or purpose, or sell to the adjoining owner. From a practical perspective and based on independent valuation advice received, a sale of the land to the adjoining landowner would ensure that the site use is maximised along with Council's financial return. The adjoining landowner has expressed a desire to acquire the balance of the property not required for road, or the segregation strip, to facilitate a possible future expansion of existing business operations.

### FINANCIAL IMPLICATIONS

5. The cost of the demolition of the main pump station building and small pump shed was \$23,810 plus GST funded from the City Water and Waste Operational Budget.
6. Independent valuation advice has been received on Option 2.

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

7. Yes.

### LEGAL CONSIDERATIONS

8. The Community Board does not have delegated authority to declare land surplus for disposal, such decisions can only be made by the Council. The Community Board does however have recommendatory powers.
9. Section 40 (4) Public Works Act 1981 – Disposal to former owner of land not required for public work.  
  
"Where any land is held for a public work and is no longer required for that work and the local authority believes on reasonable grounds that, because of the size, shape, or situation that it could not expect to sell the land to the original owner, the land may be sold to the owner of adjacent land at a price negotiated between the parties."
10. This is such an instance as the land in question effectively becomes land locked through the segregation strip which prevents access and egress out on to Ensors Road. In addition the easements and sale of a portion to Orion significantly change the nature of the original site.

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

11. Yes, as above.

**ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS**

12. In alignment page 59 of the current LTCCP (and page 39 of the draft Annual Plan 2008/2009), level of service for maintaining the highest Ministry of Health water supply grade possible without treatment, under water supply.

**Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?**

13. Yes, as above.

**ALIGNMENT WITH STRATEGIES**

14. In alignment with the Water Supply Asset Management Plan.

**Do the recommendations align with the Council's strategies?**

15. Yes, as above.

**CONSULTATION FULFILMENT**

16. No additional consultation is required outside of the reporting process to the Community Board, and Council.

**STAFF RECOMMENDATION**

It is recommended that the Spreydon/Heathcote Community Board recommend to the Council that it adopt the following resolutions:

- (a) That Lot 3 and 4 DP 11717, located at 87 Ensors Road as indicated on the plan attached at **Attachment 2** be declared surplus to Council's requirements.
- (b) It is accepted that due to the nature of the sites and circumstances there are no obligations under section 40 of the Public Works Act or Council's policy to sell property by public tender.
- (c) That the Corporate Support Unit Manager be delegated authority to sell Lot 3 and 4 DP 11717 to the adjoining landowner, Devon Street Holdings Limited and Orion New Zealand respectively. The sale price to be not less than 90 per cent of an independent registered valuation commissioned by the Council and on such terms and conditions as generally outlined in this report and/or considered market related.
- (d) That an area of the land comprising 47metres<sup>2</sup>, subject to survey, more particularly shown as Lot 1 on Drawing Number 500317-07, be retained by the Council for the purpose of legal road pursuant to Section 114 of the Public Works Act 1981.
- (e) That an area of land comprising seven metres<sup>2</sup>, subject to survey, more particularly shown as Lot 2 on Drawing Number 500317-07, be retained by the Council for the purpose of a segregation strip to prevent legal access to the property off of Ensors Road.
- (f) That an easement creating a right to drain water in gross, more particularly shown as Areas A on Drawing Number 500317-07, is registered in favour of the Council.
- (g) That an easement creating a right of way in favour of the Council, more particularly shown as Areas B, and C for access to the existing waterway, is registered in favour of the Council.

- (h) That easements creating a right of way in favour of Environment Canterbury are registered, more particularly shown as Areas B, C, D on Drawing Number 500317-07, for the protection of the wells and access to them. All costs associated with the creation of this easements to be met by Environment Canterbury.

#### CHAIRPERSONS RECOMMENDATION

For discussion.

#### BACKGROUND (ISSUES)

17. The subject property is located at the northwest corner of the intersection of Brougham Street, and Ensors Road. Immediately to the North is the Main South Rail Line. To the South and West is a large industrial property owned by Devon Street Holdings Limited ("the adjoining landowner, Lot 1 DP 48505 "). A property location map is shown in **Attachment 1**.
18. The property is zoned Business 3 (Inner City Industrial) and comprises an area of 852 square metres.
19. The site is bisected by quite a deep watercourse, and is also occupied by three water supply wells and an electrical kiosk owned by Orion New Zealand Limited. (**Attachment 2**).
20. The property was once occupied by the Ensors Pump Station that was decommissioned in 2004. The pump station building has recently been demolished and the area levelled. The Property is no longer required to be held by the Council for the purposes of a pump station, and this has prompted a review of the Property in compliance with the Council's decision making process.
21. At its meeting on 15 May 2007 the Community Board was advised that options for the future use of the site were being identified and investigated. The Board requested staff to investigate the following two options:
  - (a) possible roading improvements with the nearby Ensors Road intersection and rail corridor; and
  - (b) reserve/waterway enhancements.
22. The property was circulated to all Council Business Units according to the Council's decision making process, and arising from that the Transport and Greenspace Unit requested approximately 47 metres<sup>2</sup> of the site be taken for road to provide a more consistent road boundary alignment and to undertake some planting. Furthermore the Unit requested that a segregation strip be put in place to prevent future legal access to the Property from Ensors Road. In reference to **Attachment 2** the land for road is shown as Lot 1 and the segregation strip is shown as Lot 2.
23. The Network Planning Team for Greenspace considered the Property for stormwater treatment, and concluded that the site was not a suitable place for stormwater treatment or a retention area as there does not appear to be any stormwater discharge into the waterway other than a small amount from the edge of the rail tracks. The adjacent land has piping heading out to other outfalls.
24. Given the Property's location and access limitations, the Greenspace Team did not identify any strategic reasons to retain the Property for reserve or waterway enhancement.

25. The Council owns three wells located within Area D on **Attachment 2**. Two of the wells are monitored by Environment Canterbury, and ECan has emphasised the importance of maintaining both wells as part of the network which monitors the health of the Christchurch aquifer system and water supply.
26. The first well is a shallow water quality monitoring well (33.5 metres deep). Samples have been collected annually from this well since 1981, and some results date back to 1958.
27. The second well is a deep monitoring well (154.2 metres deep), screened across what is known as “the third aquifer.” This well has recorder equipment installed, enabling ECan to have water level data captured at 15 minute intervals. This well is considered to be highly valuable because of its long-term monitoring record – dating back to the 1970’s. This means that ECan has benchmark data about the aquifer water levels before the City began to take water from this depth for the City’s water supply. ECan can monitor the changes in water levels due to the extraction and, to a lesser extent, monitor for any threat of saltwater intrusion into the aquifer system.
28. This kind of data – repeated, regular measurements over a long period of time from the same well – is critical to ECan for understanding seasonal cycles in aquifer conditions, and for evaluating long-term trends. ECan’s well monitoring data from across the city is used by Council for management of their existing wells and planning and installing new wells. For this reason it is recommended that ownership of the wells is transferred to ECan, with the wells, and access to them, being protected by way of easements in favour of ECan in the event that the property is declared surplus and disposed of by the Council.
29. The third well has been decommissioned as ECan does not want to take it over.
30. Orion New Zealand Limited owns the electrical kiosk situated on the North East corner of the property that was installed in 1984. Orion has agreed to meet the purchase price and all survey and legal fees associated with the transfer of the easement to Orion.
31. The adjoining land is a large industrial property owned by Devon Street Holdings Limited (“the owner”). The owner has indicated a desire to acquire as much of the Property as is possible to facilitate the possible future expansion of the existing warehouse and carparking. Whilst the location of the existing wells and the waterway may limit how any future development may occur, the owner does have opportunity to gain further utility from the land e.g. fund the piping of the waterway and negotiate a reduced easement area with the Council.

#### THE OBJECTIVES

32. The objective of the decision proposed is to maximise the Council’s return through a sale whilst recognising the Property’s limitations and protecting existing pertinent infrastructure.

#### THE OPTIONS

33. Two options have been considered as outlined in the Table below, and they should be read in reference to the plan in **Attachment 2**. In all options 47 metres<sup>2</sup> of the land will be retained by the Council for road, and seven metres<sup>2</sup> as a segregation strip to prevent legal access to the Property from Ensors Road.

Option	Description
Option 1	<ul style="list-style-type: none"> <li>▪ Council retain the land.</li> </ul>
Option 2	<ul style="list-style-type: none"> <li>▪ Sell the entire site to the adjoining landowner who will grant easements</li> </ul>

Option	Advantages	Disadvantages
Option 1	<ul style="list-style-type: none"> <li>▪ Council can grant E-Can an easement over the land to access the wells.</li> <li>▪ As per the attached plan (<b>attachment 2</b>) Council can sell Lot 4 to Orion.</li> <li>▪ A partial segregation strip along Ensors Road will give access to the site.</li> <li>▪ As the buildings that were originally on the site have been removed the site could be enhanced into a Reserve /Waterway</li> </ul>	<ul style="list-style-type: none"> <li>▪ As this site is in close proximity to the intersection of Ensors Road and Brougham Street giving access and egress to and from this site would potentially increase the risk of accidents.</li> <li>▪ The cost of developing the site into a reserve/waterway could cost between \$15-\$30,000 depending on the enhancements. On top of this would be the annual cost of maintaining the fence and grounds. Estimates for this are between \$10,000 to \$15,000 depending on the work that has to be carried out on an annual basis.</li> </ul>
Option 2	<ul style="list-style-type: none"> <li>▪ Before implementing this option Council would sell a small portion containing the electricity kiosk to Orion. (<b>attachment 2</b>).</li> <li>▪ Overcome the potential of causing accidents at this intersection by extending the segregation strip around the boundary facing Ensors Road.</li> <li>▪ The costs associated with the enhancement and the associated costs won't have to be met by Council.</li> <li>▪ With a sale the existing rights and access to the site will be preserved by agreement with the adjoining owner.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Council misses out on an opportunity to develop a Reserve/ waterway enhancement.</li> </ul>

**THE PREFERRED OPTION**

34. The preferred option is Option 2 on the basis that the Council does not have a strategic use or purpose for the site, and that there is a financial benefit to sell the Property to the adjoining owner while maintaining existing use rights and access to the Property.