



SPICER FOREST – PARTNERSHIP WITH GWRC

PURPOSE

Spicer Forest is a joint venture between Porirua City Council and Wellington City Council who are the landowners, and Greater Wellington Regional Council who manage the forest. The forest is scheduled to be clear-felled in 2016 with financial, environmental and land use implications for both landowners. This report recommends that PCC and WCC exit the joint venture agreement for logging the forest and pay compensation to Greater Wellington for loss of cutting rights. The land is to be retained for future recreational purposes.

SIGNIFICANCE OF DECISION

Porirua City Council's Significance Policy is not triggered by the matters considered in this report.

RECOMMENDATIONS

That the Wastewater Treatment Plant and Landfill Joint Committee (the JV Committee) agree to recommend to Porirua City Council and Wellington City Council (the Councils) that:

1. the Councils agree to exit the joint management agreement for forestry with Greater Wellington Regional Council as of 30th June 2012 through a Deed of Dissolution
2. compensation of \$393,689 be paid to Greater Wellington as full and final settlement for their loss of logging rights under the joint management agreement
3. the compensation payment be paid by the Councils is based on their respective land areas covered by the joint management agreement: Wellington City Council pay \$220,336 and Porirua City Council pay \$173,353 and that this payment will come from the respective dividends received by each Council from the Joint Venture in the 2011/12 financial year.
4. any income received from logging as part of the Meridian Access Road be used to investigate and develop recreational activities and facilities within Spicer Forest.

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GENERAL MANAGER ASSET MANAGEMENT AND OPERATIONS

1 CONTRIBUTION TO COUNCIL'S STRATEGIES

Relationship to Council's Strategic Focus Areas

Investing in infrastructure for the future	Protecting our landscapes and harbour	A vibrant city centre for residents, business and visitors	Active and connected communities
✓	✓	✓	✓

1.1 The management and future of Spicer Forest contributes to all four of Porirua City Council's Strategic Focus Areas, as identified in their 2009-2019 Long Term Council Community Plan (LTCCP). It also contributes towards four of Wellington City Council's long term outcomes in their 2009-2019 LTCCP.

2 ASSOCIATED PORTFOLIOS

Relationship to Council's Portfolios of Responsibility

Sport, Leisure and Recreation	Community and Social Development	Infrastructure and Environment	Economy and Arts	Planning and Regulatory	Finance and Audit
✓		✓			

3 BACKGROUND

3.1 Spicer Forest is a joint venture between Wellington City Council (WCC) and Porirua City Council (PCC) who are the landowners; and Greater Wellington Regional Council (GW) who manage the forest. The forest is scheduled to be clear felled in 2016 under a joint venture agreement.

3.2 On 21 March 2011 the Wastewater Treatment Plant and Landfill Joint Committee (JV Committee) delegated WCC and PCC officers to negotiate an exit from the agreement and report back on settlement issues with GWRC. This would enable both parties to work together on the development of an active recreational park comprising Spicer Botanical Park and Forest, Colonial Knob, DoC land and Porirua Scenic Reserve. It would also avoid clear felling of the pine forests in 2016 and enable staged logging over several decades with a gradual change to native forest.

- 3.3 Officers have obtained a valuation for the forest and reached agreement with Greater Wellington on the overall compensation package. The Total forest value as of June 30 2012¹ is \$596,236.
- 3.4 The starting point for all parties to exit the agreement is for WCC and PCC to pay GWRC \$393,689, as the net revenue for each party through the current joint management agreement based on the valuation is as follows:

<i>Shareholder</i>	<i>Revenue Appointment</i>	<i>Estimated revenue</i>
<i>Greater Wellington Regional Council</i>	<i>66.029%</i>	<i>\$393,689</i>
<i>Porirua City Council</i>	<i>26.187%</i>	<i>\$156,136</i>
<i>Wellington City Council</i>	<i>7.784%</i>	<i>\$46,411</i>
<i>Totals</i>	<i>100%</i>	<i>\$596,236</i>

4 DISCUSSION AND OPTIONS CONSIDERED

If PCC and WCC exit the agreement, and pay compensation to GW there are four issues to consider;

Council Revenue Proportions

- 4.1 The current agreement between the three parties would have provided a logging revenue apportionment of GWRC claiming 66%, and the two landowners splitting the remaining 34% (26.187% PCC, 7.784% WCC, based on the historical population of the original partners Tawa and Porirua at the time of the Agreement) as part of the 3 way split with GW. This apportionment did not account for the current land holding of each, being PCC 32.1 ha and WCC 40.8 ha.
- 4.2 The large revenue payment to GWRC recognised the costs GWRC incurred to initially set up and plant and the forest, as well as future ongoing maintenance and management.

Compensation Payments

- 4.3 Greater Wellington valued the forest as of 30th June 2012 (\$596,236). The value increases as the trees age, so a revaluation would occur if settlement was not achieved by 30th June 2012.

¹ Net revenue once costs of logging have been taken into account discounted from potential logging date in 2016. GW valuation June 2012.

- 4.4 On that basis, the compensation package should reflect the current land ownership and forestry resource of each council.
- WCC portion of compensation as of July 1st 2012 (based on 40.8ha) = \$220,336
 - PCC portion of compensation as of July 1st 2012 (based on 32.1ha) = \$173,353

Compensation Funding Source

- 4.5 The Wastewater Treatment Plant and Landfill Joint Committee (JV Committee) currently administers Spicer Landfill. An annual dividend is paid to both PCC and WCC being a surplus from the landfill operations.
- 4.6 It is proposed that the compensation is paid from the respective dividends received in 2011/2012.

Future Management of Spicer Forest

- 4.7 It is recommended that once the agreement is terminated with GW (by Deed of Dissolution), that PCC and WCC recognise each council's separate land resource and assets, and any revenue from future logging or expenditure becomes the responsibility of the land owner. This makes it easy to administer and only requires an exit agreement between the three councils. It does not preclude PCC and WCC jointly developing an MOU around the future management and development of Spicer Forest and adjacent parklands as a recreation park.

5 OPERATIONAL IMPLICATIONS

- 5.1 The large portion of revenue for GW recognises their role in planting and maintaining the forest to date. The small revenue apportionment for WCC was based on the population ratio difference between Tawa Borough (who originally owned part of the land) and PCC at the time of planting. If any harvest/logging takes place WCC and PCC are responsible for clean up and re-vegetation.
- 5.2 Estimated revenue and subsequent expenditure are as follows based on the option of logging and managing the area into native vegetation²:

	Projected revenue ³	Projected expenditure ⁴	Balance
WCC	\$41,000	\$294,000	-\$253,000
PCC	\$140,663	\$777,000	-\$636,337

² Policy in the Outer Green Belt Management Plan

³ Net costs based on revenue minus costs of harvesting based on June 2011 valuation

⁴ Costs incurred with clean up following logging, replanting part in native and managing reversion in other parts. Based on 2009 costs.

- 5.3 The projected expenditure costs are prohibitive, which is why the option to exit GWRC from the partnership and look at recreational use was investigated.
- 5.4 Officers have commissioned some preliminary work to enable the development of recreation opportunities. There is potential for a significant active recreation park to be developed utilising Spicer Forest and the surrounding Colonial Knob land, DoC land and Porirua Scenic Reserve. There are opportunities for multiple non-motorised recreation opportunities to be developed in the future, such as mountain biking, walking, running, horse riding and other family friendly activities.
- 5.5 In the short term an access road may be constructed (subject to the project proceeding) to provide access for the construction of the proposed Meridian Wind Farm at Mill Creek, with construction proposed to commence in spring 2012. It will run from Broken Hill Road through the landfill to the formed end of Ohariu Valley Road. It will create a central spine for future use and access by walkers, mountain bikers and horses. Meridian have also provided additional funding to build tracks throughout the area. Almost 2 hectares of pines will be harvested to enable construction of the road. The income from the harvesting will be used by both councils to investigate and develop recreational facilities, in particular tracks within Spicer Forest.
- 5.6 It is likely that the area will be closed for two years during the construction of Mill Creek, apart from the Te Araroa walkway route. This will enable both councils to develop detailed plans for the area that can be consulted on and included in a future LTP. Spicer Botanic Park is currently classified internally by PCC as a 'city' scale park, as when the original assessment of PCC parks was undertaken in early 2009 the Spice Parklands concept had not been developed. Given the scale of the lands involved - the Spicer Botanic Park, Colonial Knob Scenic Reserve, the Porirua Scenic Reserve and the balance of Spicer - these reserves could possibly be reassessed as 'Regional Scale'.
- 5.7 The issue of ongoing maintenance costs of the forest (once the joint agreement with GWRC has been dissolved and before it is in active use for recreational purposes) has been discussed. Wellington City Council intend to manage the land as reserve under the Outer Green Belt Management Plan, with any ongoing maintenance to be funded from the Parks and Garden operational budget. Porirua City Council will further discuss this issue internally but in the meantime any maintenance requirements will come from the existing Parks and Reserves operational budget.

6 FINANCIAL IMPLICATIONS

- 6.1 The Wastewater Treatment Plant and Landfill Joint Committee (JV Committee) currently administers Spicer Landfill. An annual dividend is paid to both PCC and WCC being a surplus from the landfill operations.
- 6.2 It is proposed that the compensation is paid from the respective dividends received in 2011/2012.

7 STATUTORY REQUIREMENTS

- 7.1 The termination of the agreement and the payment of compensation will need the approval of both councils. All three councils will then sign a Deed of Dissolution to exit the agreement.

8 CONSULTATION

- 8.1 A mandate is being sought from the Wastewater Treatment Plant and Landfill Joint Committee to exit the agreement. There has been no external consultation at this stage. Officers have briefed the Tawa Community Board.

9 CONCLUSION

- 9.1 PCC and WCC are proposing to exit the forestry agreement with GW to retain control over future management and harvesting of Spicer Forest. This requires compensation of \$393,689 plus GST being paid to GW.