
BROOKLYN WIND TURBINE LEASE

1. Purpose of report

This report recommends that the Committee approves granting a ground lease to Meridian Energy Limited over part of the Council-owned land at Hawkins Hill, Brooklyn held in CFR WN20C/470 (the “**Land**”), as outlined in red at Appendix 1.

2. Executive summary

Meridian Energy Limited (“**Meridian**”) currently operates the Brooklyn Wind Turbine and visitor facilities on the Land. Meridian’s ground lease formally expired in 2008, but Meridian remains in occupation of the Land by mutual agreement of the parties. Meridian delayed entering into a new lease over uncertainty of whether it wished to continue with a wind turbine in this location, or whether to exit the site altogether.

Meridian now proposes to upgrade its equipment on the Land. The parties have therefore agreed to enter into a new lease. This will formalise the current arrangements and provide Meridian with sufficient security of tenure before carrying out its improvements. This report proposes the Council grant a new lease of the Land to Meridian for a term of 20 years, plus three five-year rights of renewal, with rent reviews every five years. Any upgrade to the turbine will be subject to a separate resource consent process.

As the Land is not held under the Reserves Act 1977, no public consultation requirements apply to entering into a new lease.

3. Recommendations

Officers recommend that the Strategy and Policy Committee:

- 1. Receive the information.*
- 2. Agree to grant a new ground lease to Meridian Energy Limited.*
- 3. Note the terms of the lease:*

Location: Part of Part Section 5, Upper Kaiwharawhara District
Term: 20 years plus three five-year rights of renewal
Rent: \$8,545 + GST per annum

Reviews: *Five yearly (next rent review due 01/04/13) to current market rent.*

Use: *Wind turbine generator, visitor facilities, access, parking, landscaping.*

4. *Agree that Officers will negotiate and finalise all matters relating to the lease.*
5. *Note that public consultation on a new lease is not required as the land is not held subject to the Reserves Act 1977.*

4. Background

4.1 Previous lease

In 1995, the Council entered into a five-year lease with what was then the Electricity Corporation of New Zealand Ltd (“**ECNZ**”) for \$4,000 plus GST per annum for use of the Land.

Along with the usual terms and conditions, the lease permitted the construction and operation of a wind turbine generator, visitor facilities, and radio receiving and transmitting equipment (the “**Assets**”).

On 1 April 1999, ECNZ’s operating assets were transferred to the three newly established generator state-owned enterprises, Mighty River Power Ltd, Meridian and Genesis Power Ltd. In this instance, Meridian inherited the Assets.

The lease provided two five-year rights of renewal and rent reviews. Meridian exercised both rights. Following the second of these renewals, the rent was fixed at \$7,500 plus GST per annum, with subsequent rental uplifts agreed at \$7,500 plus GST per annum.

In 2008, the lease expired. However, Meridian has remained in occupation by agreement between the parties on the same terms and conditions as the lease provided immediately prior to expiry, although the rent has been fixed at \$8,545.00 plus GST per annum since 2008.

The Assets and their use are governed by the terms of resource consent 164932.

4.2 Proposal to grant new lease

Officers have reached an agreement with Meridian, subject to Council approval, to grant a new lease over the Land to Meridian for a term of 20 years, with three rights of renewal of five years each. The agreement proposes rent reviews every five years during the term of the lease. The rental under the new lease would start at \$8,545.00 plus GST per annum.

5. Discussion

The proposed lease seeks to regularise the existing occupancy arrangement. In addition, Meridian has plans to upgrade the equipment onsite in keeping with technological advances that have taken place since the original turbine was built.

The upgrade of the Wind Turbine will require resource consent. This lease will provide land owner approval for the turbine upgrade. Any other work relating to the visitor centre and interpretation upgrade will require further approvals that will not be unreasonably withheld or delayed.

The wind turbine has become a landmark and tourist attraction because of its visibility and accessibility from the City. The ongoing role the turbine plays in promoting and educating the community on wind generation as a sustainable alternative energy source is consistent with Council's Climate Change Action Plan objectives.

5.1 Legislative Framework

As the land is fee simple, not classified under the Reserves Act 1977, and held for a public work, the Council may grant a lease under its power contained in section 45 of the Public Works Act 1981.

The lease further provides for early termination in the event the land is needed for another public work, or deemed surplus to requirements.

5.2 Wellington's Outer Green Management Plan

The land is managed within the Council's "Outer Green Belt Management Plan 2004". As the turbine was already in place at that time, it is mentioned in the Plan:

"The Brooklyn Wind Turbine Lookout is the second of two vehicle-accessible high points in the Outer Green Belt and certainly the most visited. It offers outstanding views of the city and the hills across the harbour.

The ridge from the turbine to Hawkins Hill and beyond is a spectacular walk or ride, which does not lose significant height until it is quite close to the South Coast.

Hawkins Hill and the wind turbine are important landmarks, which, like the tower on Kaukau, are visible from many parts of the city. The Brooklyn Wind Turbine itself has become an icon and an attraction for visitors to the city."

5.3 Public access under the Local Government Act 2002

The proposed leased land could arguably be considered a park under section 138 of the Local Government Act 2002 ie land acquired for or principally used for community, recreational, environmental, cultural or spiritual purposes (but which is not a reserve under the Reserves Act 1977).

However, in general terms, the proposed lease will not interfere with the public's access to the park, as it will not alter the existing level of public access. The proposed lease will simply maintain the status quo.

In addition, clause 6.5 of the proposed lease specifically allows public access (subject to prudent safety measures).

The site is subject to easements for right of way which affect parts of the Land proposed to be leased.

5.4 Financial Considerations

Current rent (set in 2008) is \$8,545 plus GST per annum, with provision for five-yearly rent reviews. The lease also provides for cost recovery and a reasonable contribution towards the car park and access road maintenance.

5.5 Climate Change Considerations

The proposed lease for the Brooklyn Turbine is consistent with the 2010 Climate Change Action Plan in that "...We are encouraging new renewable energy initiatives..." and "...reducing total emissions from electricity supply through greater use of renewable energy. The turbine also features on the front cover of the Plan.

5.6 Long-term plan considerations

The financial considerations of the proposed new lease are not considered material.

6. Conclusion

Meridian's wind turbine is a good fit with the Council's strategic direction and existing policies on climate change and renewable energy. Since taking over the leased area from ECNZ in 1999, Meridian has been a considerate tenant and worked with Council to improve the area.

Meridian is debating an upgrade of the wind turbine. Any future replacement of the existing turbine will be subject to a separate consenting process.

Officers recommend that the Committee agrees to the proposed lease, which will formalise the existing arrangement with Meridian.

Contact Officer: *Tracy Morrah, Principal Property Advisor*

SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

The lease is consistent with the Wellington's Outer Green Belt Management Plan 2004.

It is also consistent with the four pillars of the 2040 strategy:

- 1. Eco-city (wind turbines encourage environmental sustainability)*
- 2. Dynamic City (provide attractions – this landmark is a part of the city)*
- 3. Connected City (build physical and virtual links)*
- 4. People-centred City (provide services to enable a healthy lifestyle)*

2) LTP/Annual Plan reference and long term financial impact

This proposal provides a minimal rental return.

3) Treaty of Waitangi considerations

The lease renewal is, consistent with Wellington's Outer Green Belt Management Plan. The Plan recognised the existing turbine and lease agreement. The formulation of this plan included consultation with our Iwi partners.

4) Decision-making

This is not a significant decision.

5) Consultation

(a) General Consultation

This proposal is to renew an existing, long-standing lease. As the Land is not held under the Reserves Act 1977, no public consultation requirements apply.

(b) Consultation with Maori

Iwi were consulted during the development of the Outer Green Belt Management Plan of which this site forms an integral part.

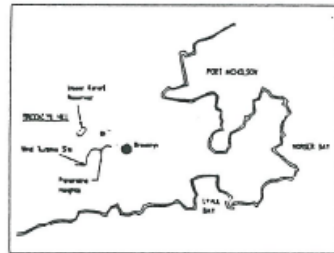
6) Legal implications

Council's lawyers have been consulted during the development of this lease.

7) Consistency with existing policy

The use of the land, outlined in this report, is consistent with Wellington's Outer Green Belt Management Plan 2004 and Climate Change Action Plan 2010.

APPENDIX 1

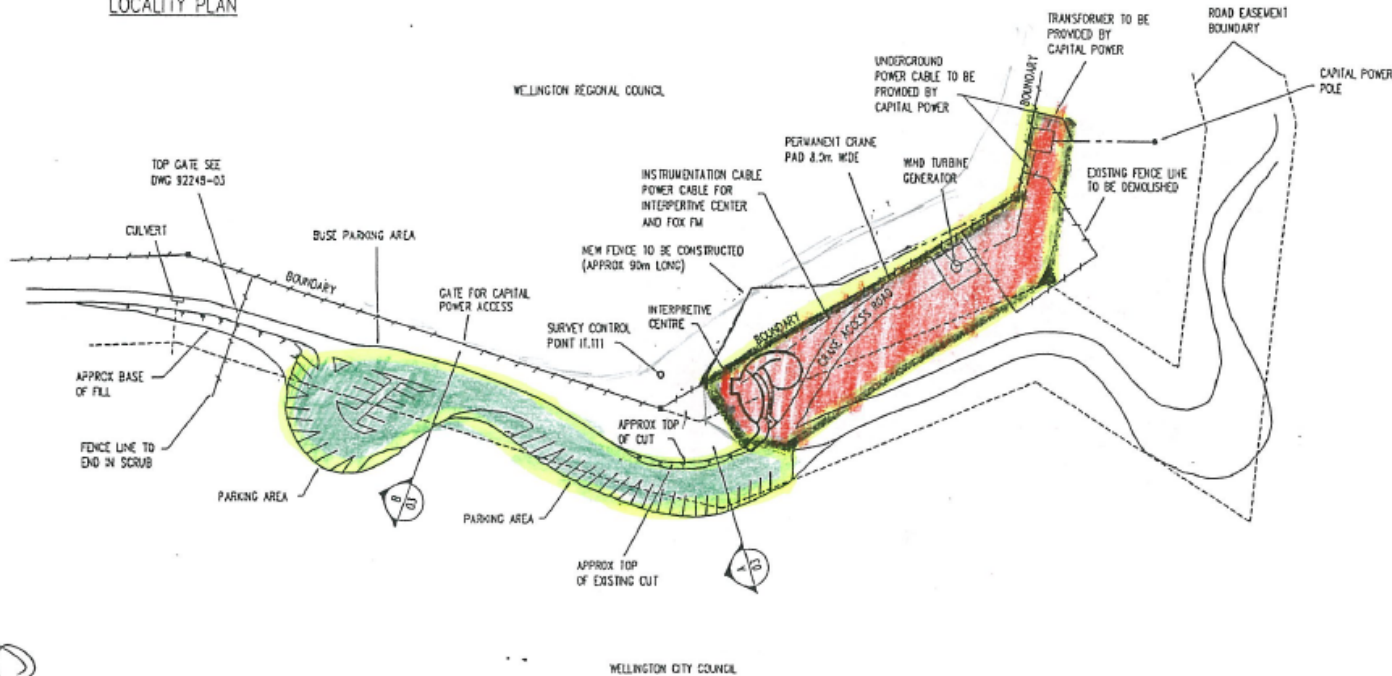


LOCALITY PLAN



REFERENCE DRAWINGS:
 TSE GROUP LTD: HAWKINS HILL TOPOGRAPHICAL PLAN
 ICB LTD: SITE SURVEY, WIND TURBINE, POLE HILL
 DWG No. 92-327-1
 TRAFFIC DESIGN GROUP: ACCESS ROAD & PARKING DETAILS
 DWG No. 1636/5
 JOHN POWELL LANDSCAPE ARCHITECT:
 ACCESS ROAD PLANTING PLAN DWG No. 3892-1
 WIG SITE PLANTING DWG No. 3892-2
 WHEEL STOP DETAIL DWG No. 3892-3

NOTES:
 SECTION No. 03
 DRAWING No. 92248-03



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APPROVED	A.L. KENNEDY		
SHEET TITLE			
ECNZ			
PROJECT			
POLHILL WIND TURBINE GENERATOR			
PREPARED BY			
AC POWER GROUP LTD Consulting Engineers			
211 THOMPSON QUAY P.O. BOX 2008 WELLINGTON TEL: 475 1337 FAX: 475 2433			
DRAWN FILE NO. 92248-01			
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SITE LAYOUT			
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APPENDIX 1



This report is officer advice only. Refer to minutes of the meeting for decision.

APPENDIX 1

