



Report 07.206
Date 1 May 2007
File J/07/01/08

Committee Policy, Finance and Strategy Committee
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Management

Beacon Hill Communication Station upgrade

1. Purpose

To advise the Committee of the progress around the redevelopment of the Beacon Hill Communications Station, and to seek additional funds to enable the redevelopment plans to be implemented.

2. Background

In February 2006, the outcomes of the *Wellington Harbour Port and Harbour Marine Safety Code Navigational Risk Assessment* report were presented to the Environment Committee (report 06.24). This report represented the conclusions of the recommendation that came from the National Advisory Committee (a group which represents 20 key maritime stakeholders such as regional councils, Maritime New Zealand and the Shipping Federation) that harbour and port authorities to carry out a complete risk assessment of their respective harbours. Greater Wellington, together with CentrePort and Marico Marine NZ Limited undertook to:

- Complete a risk assessment of marine operations within Pilotage areas of Wellington port and harbour; and
- Develop a Safety Management System based on the outcomes of the completed risk assessment.

The Risk Assessment identified the greatest risk to the management of Wellington harbour comes from the inter-island ferries which provide a passenger and freight roll-on roll-off service. Such vessel movements dominate the harbour's activities. The Risk Assessment also identified that the Beacon Hill Communications station is a critical part of the harbour management and safety regime for vessel navigation. The report noted that the capacity of the Beacon Hill facility needed to be enhanced, and consequently recommended that the Beacon Hill facility be upgraded as a matter of priority, with further investment in equipment, staff and training.

A detailed report on the Beacon Hill facility was provided to the Environment Committee in May 2006 (report 06.179).

Currently, \$200,000 has been budgeted for the physical upgrades to the Beacon Hill station, and a further \$400,000 for the purchase of navigational and technical equipment to be housed in the upgraded facility. The funds set aside for the purchase of equipment is considered adequate. However, the \$200,000 allocated for the upgrade of the building is not sufficient. Councillors have been advised of this shortfall a number of times, most recently during the draft 2007-08 Annual Planning round.

It was also noted during deliberations on the draft Annual Plan that once final design and construction costs had been estimated more precisely, a paper would be prepared seeking additional funds to ensure that recommended upgrades to the Beacon Hill facility were appropriately resourced.

3. Comment

3.1 Construction options

A commitment has existed from Council for some time in relation to the acting on the recommendations found in the Risk Assessment report in relation to Beacon Hill. As noted above, funding has already been set aside.

In relation to the proposed upgrade, a project team was established and comprises harbours staff, the project architect, the Environment Division Divisional and Environmental Support Managers, and John Morrison assisting as Project Manager. A significant amount of work has been undertaken exploring possible options, both in terms of design and location, to maximize the operational benefits of the upgrade, and minimise costs. Essentially, two options were explored: either to refurbish the existing building, or to build a new purpose built facility (on the same parcel of land).

Initial estimates surrounding the upgrade of the existing facility, compared with building a new facility, suggest that costs associated with both options are similar. These costs were initially estimated to be in the order of \$500,000 - \$550,000. On this basis, it was agreed that the benefits of a purpose built facility outweigh those associated with a refurbishment as it optimises investment and best allows for the 'future proofing' of the site. Detailed design and costings around the development of a new building have now been confirmed at around \$600,000.

While the cost of construction appears high, especially if assessed on a per square metre basis, it is worth emphasizing again that initial estimates associated with both the upgrade and rebuild options were very similar. Additionally, the construction of a specialised facility, designed to house navigational equipment and associated facilities, has a number of peculiarities that increase costs. These include:

- A small floorplate with specific features so economies of scale are not significant.

- Structural glass sheathing with automatic washers required.
- A raised computer floor.
- The need for a generator and fuel storage to ensure that the facility can operate around the clock.
- A complex access ramp requirement to upper level due to the topography of the site (both options require this aspect).
- An increased structural requirement for antenna and radar scanners.
- Requirement for a trafficable roof with the associated need for a balustrade.
- Quality of exterior fitting and claddings must be high because of the exposed nature of the site; and
- The small scale of the project and the need for a large number of specialist sub-trades means that coordinating and installations will be complex and at a cost premium.

4. Construction costs and funding

As noted, total development costs for a new building have been confirmed as being in the vicinity of \$600,000. This cost estimate includes a significant 'contingency' which we hope will not be needed. The estimate is some \$400,000 over and above what is currently budgeted. However, it is proposed that \$100,000 of anticipated savings from the Environment Division's 2006-07 budget applied to this project, which would take the total additional funds required to build a new facility to \$300,000.

In terms of funding this shortfall, it is recommended that we draw down additional loan funds. There will be a financial costs associated with servicing the loan in terms of interest and repayments, however, the actual impact on the rate line will be minimal, with an estimated \$30,000 being required per annum (over a 20 year term) to finance the loan.

5. Communication

There is currently no communication required in relation to this issue. However, should Councillors adopt the recommendations contained in this report, the issue of funding associated with the constructing the Beacon Hill communications station will be contained in the adopted 2007-2008 Annual Plan.

6. Recommendations

That the Committee recommends that Council:

1. **Receives** the report;
2. **Approves** the funding of an additional \$300,000 for the construction of a new Beacon Hill Communications Station as part of the final deliberations associated with the adoption of the 2007-08 Annual Plan; and
3. **Notes** that the additional funds required will be loan funded and that this will result in an approximate \$30,000 impact on the rates line, per annum, over a term of 20 years.

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