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18 July 2008

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Dear Tony

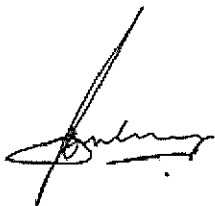
Boulcott/Hutt Stopbank - Funding agreement for Boulcott Alternative

Further to our meeting last Friday, I attach a revised table that sets out how the funding gap between the Boulcott Alternative alignment and the Green alignment could be bridged with the cooperation of the two Councils. If you are happy with the way the table is presented and the costings contained in it, we will proceed to arrange a discussion between the Mayor of Hutt City and the Chair of Greater Wellington to confirm that agreement has been reached, and that they will recommend to their respective Councils to make the necessary financial arrangements.

We will be preparing a report for our Council meeting on 11 August 2008 that will be recommending the Boulcott Alternative alignment as the preferred alignment, subject to confirmation from the Boulcott Golf Club of certain conditions and to your Council agreeing to the funding as outlined in the attached table. Once we have confirmation from your Council, which we understand will be following a meeting on 12 August, GW will proceed to the next stage in the project of detailed design and seeking the necessary planning approvals. It would help us, in the preparation of our committee report, if you could respond to this letter with an indication as to whether your Council will be looking favourably at the proposal as contained in the attached table. We will forward you a copy of the report to our Council once it has been prepared so that you can present it to your Council.

We are pleased to have been able to reach an agreement on this important project for Hutt City and look forward to its speedy implementation following this agreement. We will get our property consultant, Peter O'Brien, to liaise with you over the formalising of the property agreements we have discussed, once the Councils have considered the matter at their meetings on the 11th and 12th of August 2008.

Yours sincerely



David Benham
Chief Executive

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Attachment: Funding agreement table

WGN_DOCS-#552255-V1

Boulcott Stopbank Project

Funding Agreement

The confirmed funding arrangements for the gap between the Boulcott Alternative stopbank alignment and the Green Alignment between Hutt City and Greater Wellington are as set out below.

Item	Cost	Description
Boulcott Alternative	\$12.4m	
Green Alignment	\$10.9m	
	\$1.5m	Difference
Savings		
Design Improvements	-0.2m	Easing the corner of the stopbank on the Hutt/Boulcott boundary saves the cost of relocating a green and other works
Stormwater costs by HCC	-0.5m	Improvements to stormwater over and above the minimum necessary to complete the stopbank are to be funded by HCC from within existing budget allocations.
Roading costs by HCC	-0.2m	Improvements to the roading network over and above the minimum necessary to complete the work are to be funded by HCC by way of subsidy from LTNZ.
	\$0.6m	Deficit
Deficit Funding		
Greater Wellington	\$0.30	<ul style="list-style-type: none"> • Faster implementation of the important flood works • Avoiding the contested consent process • Transfer of land from BGC to Public Ownership • Spirit of Cooperation between the two Councils
Hutt City Council	\$0.30	

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4 August 2008

Mr David Benham
Chief Executive
Greater Wellington Regional Council
PO Box 11646
WELLINGTON

Dear David

BOULCOTT/HUTT STOPBANK - FUNDING AGREEMENT FOR BOULCOTT ALTERNATIVE

Thank you for your letter of 29 July and attached table addressing the funding gap between the Green and Boulcott Alternative alignments.

Bruce Sherlock and I have spoken to the Mayor, and 4 Councillors who have been involved either by way of negotiation with the Boulcott Golf Club or via their membership of the Hutt River Advisory Committee. All have indicated their support in principle for the proposal subject to review of the final agreement and approval by both Councils.

I note also that as agreed between our officers at their meeting on Friday 31 July, GW will retain all contract risks associated with this project and the HCC financial contribution shall be fixed at \$1M plus any inflation factor as applied in HCC's LTCCP financial forecasts.

Thanks to you and your officers for your cooperation in reaching this agreement.

Yours sincerely

Tony Stallinger
CHIEF EXECUTIVE