

REPORT 3
 (1215/53/IM)

GRANTING OF A FRESH LEASE TO MARANUI SURF LIFESAVING CLUB

1. Purpose of Report

To seek the Committee's approval for the granting of a fresh lease over fee simple land at Lyall Bay Parade in Lyall Bay to the Maranui Surf Lifesaving Club and café.

2. Executive Summary

This report provides a description of the Club requesting a Lease and officers' recommendations to grant the lease.

The land the Club is situated on is fee simple, however officers have recommended the land is classified as Local Purpose Reserve (Community) as part of the South Coast Management Plan. In addition, the Council's Policy for Community & Recreation Groups 2001 (Leases Policy) treats the land as if was subject to the Reserves Act 1977.

The Leases Policy provides guidance for assessing lease renewals, and this process includes assessing the Club's strategic fit and level of sustainability. Officers have outlined how the proposed Lease fits the Council's strategies and priorities.

3. Recommendations

It is recommended that the Committee:

1. *Receives the information.*
2. *Approves subject to the conditions below, the granting of a fresh Lease to the Maranui Surf Lifesaving Club under the Local Government Act 2002:*

Location	Term	Annual Rental	Annual Maintenance Fee	Annual Compliance Fee
Lyall Bay Parade	10 years and one renewal of 10 years	\$8,000 + GST	\$2393 + GST	\$1593 + GST

Any approval to grant fresh leases is conditional upon:

- 1. Appropriate consultation with iwi;*
- 2. The Lease being publicly notified in accordance with sections 119 and 120 of the Act and any approved Management Plan;*
- 3. The Club reimbursing the Council for legal and advertisement costs;*
- 4. There being no objections or sustained objections resulting from the abovementioned consultation or notification.*

4. Background

4.1 Overview of the Community & Recreation Leases

There are 147 sports, recreation and community groups who have current leases or are seeking fresh leases with the Council on reserve or open space land.

The Council provides leases of land and/or buildings to a wide range of groups undertaking various activities. Leases are important to provide certainty for the Council and groups in regard to their property obligations and to provide a framework for asset management.

4.2 Strategic Context and Direction

The lease renewal process provides the Council with an opportunity to evaluate a group's community value and contribution to the various Council strategies and policies relevant to recreation and community groups. These strategies and policies are:

- Social and Recreation Strategy
- Environmental Strategy
- Leases Policy for Community and Recreation Groups
- Reserve Management Plans (such as the Town Belt Management Plan)

Social and Recreational Strategy

Sport, recreation and community group leases fit under the Social and Recreation Strategy. This strategy aims to build strong, safe and healthy communities for a better quality of life. The Council has committed to provide greater leadership to promote a high level of social cohesion and participation.

The Social and Recreational strategy encourages collaborative partnerships with our recreation and sports groups to ensure the best delivery of services and programmes and maximise use of amenities and resources.

Environment Strategy

Sport, recreation and community group leases also fit within the context of the Environment Strategy, which emphasises sustainable development and the protection and enhancement of our natural environment. The Strategy recognises the inter-relationship between social and cultural well being and the environment. It aims to make Wellington more liveable, where our natural

environment is more accessible to all for a wide range of social and recreation opportunities while not compromising our environmental values.

Recreation Policy

The Recreation Policy identifies quality recreation and leisure opportunities enhance the city as a place to live and visit, and contributes to community well-being. It aims to offer a diverse range of accessible and affordable recreation activities, enhance the contribution of recreation events to the city's economy, and encourage an increase in participation.

The Council understands that recreation is provided to a wide section of the population via organisations like sports, recreation, and community groups. The Council plays a pivotal leadership role and aims to establish strong partnerships with these organisations and groups to provide recreation opportunities for the city's people.

Leases Policy for Community and Recreation Groups

The Leases Policy also reinforces Council's significant role in fostering the well-being and strength of communities by facilitating networks, providing recreation opportunities and supporting community facilities. The objectives of the Leases Policy are to:

- strengthen communities through leasing land and buildings to groups.
- ensure that the provision of leases is fair, equitable and responsive to community needs.
- formally standardise the requirements of the lease.

The Leases Policy outlines the process for a new lease and lease renewal. It calls renewing a lease a fresh lease. The process is outlined in Section 4.4.

Reserve Management Plans (eg: Town Belt Management Plan)

The Town Belt Management Plan supports leasing land to groups provided their activity is primarily concerned with public outdoor recreation, is open to public participation, does not restrict public access, and is not detrimental to any other Town Belt values. The term of the lease shall be no more than 10 years, with no automatic right of renewal.

4.3 Assessment of fresh leases

Fresh leases are those where the current lessee is seeking to renew the existing lease. The Council recognises that most groups have made investments in assets and this is a key consideration in the evaluation of a fresh lease. The process for a fresh lease is as follows:

1. Applicant provides Council officers with relevant information including financial information, historical patterns of use, and future prospects.
2. Officers evaluate information and assess whether the group will be sustainable (membership numbers and financially), their activities are

consistent with the Council's strategic direction and objectives, and consider their previous lease performance. Unless there is breach of the lease or the criteria are not met, a fresh lease is offered.

3. Communicate officers' decision to the applicant. If a fresh lease is recommended then the officer negotiates lease tenure, rental and terms and conditions.
4. Seek approval in principle from Regulatory Committee.
5. Public notification following the Reserves Act process.
6. If all approvals are granted and no objections are sustained, lease documents will be prepared.

4.4 Lease Agreement and Documentation

The Lease Policy provides guidance and a framework for the lease agreement process and documentation. This includes lease rental and tenure, procedural matters, and the responsibilities and requirements of the lessee and the Council.

The Council offers ground leases and premises leases to community groups. Some groups own their own building and are responsible for its maintenance and insurance. In these cases the Council can offer a ground lease, which is a lease for the land only. Groups that lease Council owned buildings are granted a premises lease. These groups lease both the land and the Council owned buildings on the land. They pay a maintenance fee to the Council for their share of the external maintenance costs.

Leases offered to community groups are a standard format in accordance with Leases Policy and Committee's resolution of 7 February 2007. The standard leases cover the following terms and conditions:

- reporting requirements
- allocation of responsibilities between lessee and lessor
- payment of rates, water and other utilities
- maintenance of buildings, structures, vegetation and land
- insurance
- subleasing
- granting security against a lease
- termination of leases
- external signs
- external commercial advertising within leased areas.

4.5 Term of Lease

In accordance with the Leases Policy the standard tenure for leases is ten years and one further term of ten years (the renewal). The standard term for a lease on Town Belt is 10 years with no automatic right of renewal.

However, there are occasions where it is appropriate to use a degree of flexibility in the term of a lease. This flexibility is at the Council's discretion and is designed to allow Council to respond to changing community needs and expectations. The reasons a shorter or longer term may be offered are limited to the following circumstances:

Table 1: Reasons for a shorter or longer term may be offered.

Shorter Tenure	Longer Tenure
Declining trends in an activity	Recognition of past asset investment
Evolution of activities that will compete for assets	Proposed asset investment
Alternative uses are planned by the Council for the lease asset (for example, demolition of the buildings in a number of years)	To provide certainty for external funding purposes
Life expectancy of facility/ assets is less than lease tenure	Dependence by community or membership on continuity of a key activity
Group asks for a different tenure	

4.6 Monitoring and Reporting Requirements

The Council is interested in the ongoing performance of sports, community and recreation groups so it can monitor the achievement of strategic objectives for the city. The reporting requirements in the lease are not intended to be a control mechanism, rather a means of communication between the groups Council. Reporting generally includes the requirement for:

- Membership numbers and usage rates
- Community events run through the leases
- Financial information

4.7 Relevant Demographic Trends

This section outlines some of the demographic changes and relevant trends that have occurred or are projected city-wide. This information assists in portraying what is happening at the community, regional and national level and can be used to make informed decisions.

The proportion of young people who live in Wellington and are sedentary has increased significantly. In 1997 seven percent of young people living in this region were sedentary, but by 2001 this figure had risen to 31% (SPARC Physical Activity Survey¹).

It is predicted that by 2026 there will be:

¹ More recent data not available. Youth2007 is a nationwide survey currently underway that examines the 'health and wellbeing of the next generation of Kiwi adults' (Ministry of Health/Ministry of Youth Development). Results will be available mid-2008.

- 2,000 fewer children aged 0-14
- 20,000 more people aged 40-64
- 14,000 more people aged 65 plus.

Wellington City Council works closely with surf life saving clubs in the city such as the Maranui Surf Life Saving Club. These clubs, through the Wellington Surf Life Saving Association, provide event support and assistance at a number of key events and recreation programmes such as the Beach Ambassadors programme, Oceania Triathlon Series, Capital Ocean Swim race, Thunder cat racing, Dragon Boat Festival, Homegrown Music Festival, Sky show and many other events.

5. Discussion

Maranui Surf Lifesaving Club Information

History	<p>The beach at Lyall Bay was a popular attraction from the early 1900s and, in 1909, members of the Wellington Swimming Club began using it to practise surf rescues.</p> <p>A new club was formed in early 1911 as the Lyall Bay Surf and Lifesaving Club, the second such club in New Zealand and the first to patrol. The club was officially formed on 3 October 1911 with a total of 96 members.</p> <p>The Maranui Surf and Lifesaving Club (the Club) has been incorporated since 1912.</p> <p>The Club has occupied the building at Lyall Bay since the 1940s, and the first lease with the Wellington City Council was executed in 1973. This Lease expired in 1992 after which time they remained bound by the terms and conditions of the prior Lease on a month by month basis.</p>
Background	<p>The Club's key objective is to encourage the activity of surf lifesaving through providing life saving services and the training of administrators, coaches, team managers and supporters.</p> <p>The Club operates all year round; patrols Oriental Bay during the summer weekends; and has a current membership of 237. The upgrade to the interior of the building was funded by the Club.</p> <p>Maranui Café (the café) started trading in 2005 in the Club building and operates year-round.</p>
Term	10 + 10 year lease. This term is in accordance with the standard term outlined in the Leases Policy.
Rental	Council officers recommend an annual rental of \$8,000 to reflect the commercial nature of the café. The café represents

	<p>approximately 30% of the total building area. The Leases Policy provides that rentals can be assessed on a market value where groups are conducting a commercial activity on the site.</p> <p>The annual rental is reviewable every two years. The rental is based on market value but is discounted to allow the Club to generate income and channel it into the Club's activities.</p>	
Strategic Fit	Contributes to More Liveable, More Eventful, and Better Connected Outcomes.	
Club Sustainability	Membership	237
	Financially viable	Yes
Terms & Conditions of Previous Lease met?		Yes

The land the Club is situated on is fee simple; however officers have recommended the land be classified as Local Purpose Reserve (Community) as part of the South Coast Management Plan. As the land in question is covered by the South Coast Management Plan, decisions regarding new Leases are delegated to the Council as Local Authority. The use of the land for recreational activities is consistent with the proposed classification.

The Club has a management agreement with the café operator (Maranui Café Limited) and no sublease is in place.

Income generated from the café has enabled the Club to engage a paid Patrol Captain / Manager who is a qualified lifeguard. The café has been well received and is frequented by Wellingtonians from far and wide, and thus the Club itself has prospered. The Club reports that in the last year their paid membership has doubled to 237 and the number of qualified lifesavers has increased by 6.

Officers' view is that the café supports the recreational use of the area.

6. Conclusion

Officers recommend that the Committee exercise its delegated authority to approve the granting of leases to the Club, subject to the conditions identified in section 3, (Recommendations).

Contact Officer: *Heather Cotton – Property Adviser*

Supporting Information

1) Strategic Fit / Strategic Outcome

The policy supports Council's overall vision of Creative Wellington – Innovation Capital. The policy supports Council activities as a facilitator of recreation partnerships and provider of recreation services. Agreement to the policy will contribute to Council meeting the outcome of offering a diverse range of quality recreation and leisure activities (see outcomes 6.1-6.5 Social and Recreation Strategy).

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

This report recommends a fresh lease with Maranui Surf Lifesaving Club (and café) which is consistent with the Council's LTCCP in regard to Strategy 6: Social and Recreation.

All costs associated with preparing the new Lease are met by the Lessee. Maintenance and compliance fees are levied against the Lessee in order to mitigate the ongoing costs of maintaining the building.

3) Treaty of Waitangi considerations

Iwi have been consulted and have no concerns with the granting of a new lease to the Maranui Surf Lifesaving Club.

4) Decision-Making

As the land in question is covered by the South Coast Management Plan (and proposed to be classified Local Purpose [Community]), decisions regarding Leases over the land are delegated to the Council as Local Authority.

5) Consultation

a) General Consultation

Is the Council required under legislation to consult on this matter?

b) Consultation with Maori

Iwi have been consulted and have no concerns with the granting of a new lease to the Maranui Surf Lifesaving Club.

6) Legal Implications

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

7) Consistency with existing policy

This report recommends a fresh lease with Maranui Surf Lifesaving Club (and café) which is consistent with the Council's LTCCP in regard to Strategy 6: Social and Recreation.

Directly related to:

- More liveable
- More actively engaged
- Better connected
- Healthier.