

REPORT 4
 (1215/53/IM)

GRANTING OF A FRESH LEASE TO THE KAPI MANA BRIDGE CLUB

1. Purpose of Report

To seek the Committee's approval for the granting of a fresh lease over fee simple and recreation reserve to the Kapi Mana Bridge Club.

2. Executive Summary

This report provides a description of the Kapi Mana Bridge Club (the Club) and officers' recommendations to grant the lease.

The premises are owned by the Council, and the land that it is situated on is mostly fee simple, and a small amount of it is on recreation reserve.

The Lease 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. *Receive the information.*
2. *Approve subject to the conditions noted below, the granting of fresh leases to the following groups under the Reserves Act 1977:*

| Type of Lease | Location | Term (years) | Annual Rent (GST exclusive) | Annual Maintenance Fee (GST exclusive) |
|----------------------|------------------------------|---------------------|------------------------------------|---|
| <i>Premises</i> | <i>8 Linden Avenue, Tawa</i> | <i>10 + 10</i> | <i>\$215</i> | <i>\$1018</i> |

Any approval to grant fresh leases will be conditional on:

- a) *appropriate consultation with iwi being completed;*
- b) *each proposed lease being publicly notified in accordance with sections 119 and 120 of the Reserves Act 1977 together with any conditions set out in any approved Management Plans (e.g. Town Belt Management Plan);*

- c) *each Group reimbursing Council for any costs incurred in advertising;*
- d) *there being no objections or sustained objections resulting from the required 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.

4.2 Strategic Context and Direction

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

- Social and Recreation Strategy
- Environment Strategy
- Leases Policy for Community and Recreation Groups
- Reserve Management Plans such as the Town Belt Management Plan.

Social and Recreation Strategy

Sport, recreation and community group leases fits under the Social and Recreation Strategy. This Strategy aims to build strong, safe and healthy communities for a better quality of life. The Council will provide greater leadership to promote a high level of social cohesion and participation. High levels of participation in the community including sports and recreation groups are critical to resilient communities.

The Social and Recreation Strategy encourages collaborative partnerships with our sports and recreation groups to ensure the best delivery of services and programmes and the maximum 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 (2003)

The Recreation Policy identifies that 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 the provision of recreation is provided to a wide variety of organisations including sports and recreation groups. The Council plays a pivotal leadership role and aims to establish strong partnerships with these organisation and groups to achieve and sustainable recreation opportunities for the city.

Leases Policy for Community and Recreation Groups (Leases Policy)

The Leases Policy 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.
- To ensure that the provision of leases is fair, equitable and responsive to community needs.
- To 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 (For example the 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 of the other values of the Town Belt. 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:

Applicant provides Council officers with relevant information including, financial information, historical patterns of use and future prospects.

1. Officers evaluate information, including assessing whether the group will be sustainable (membership and financial), their activities are consistent with

2. Council's strategic direction and objectives, and consider their previous lease performance. Unless there is evidence that these criteria are not met to a significant extent a fresh lease will be available to the lessee.
3. Communicate officers' decision to the applicant. If a fresh lease is recommended then negotiate draft 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, then 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 plus one further term of ten years. (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 the 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 X 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 shorter tenure | |

4.6 Monitoring and Reporting Requirements

The Council is interested in the ongoing performance of 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 Council and the groups.

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).

¹ No recent data is available. Youth2007 is a nationwide survey currently underway that will examine the “*health and wellbeing of the next generation of Kiwi adults*” (Ministry of Health/Ministry of Youth Development). Results will be available in mid 2008.

It is predicted that by 2026 there will be:

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

5. Discussion

5.1 Club Information

The following information briefly describes the Club, and includes their strategic fit and level of sustainability.

| | | |
|---|---|-----|
| History | <p>The Club had its beginnings early 1968 and was established with the help of then mayor of Porirua, Frances Brown in the Hartham Women's Centre. The Club has been in residence in the building on Duncan Park since 1987, where they host a number of tournaments during the year.</p> <p>The previous lease expired on 1 April 2008. This lease allowed for a right of renewal of 21 years. This term is no longer consistent with current policy, therefore officers have negotiated a new lease reflecting the current standard terms .</p> | |
| Background | The club operates all year round and has a current membership of 127. The aim of the club is to encourage and develop bridge as a recreation for people of all ages. | |
| Term | 10 + 10 year lease. This term is in accordance with the standard term outlined in the Leases Policy | |
| Strategic Fit | Contributes to More Liveable, More Eventful, and Better Connected Outcomes. | |
| Club Sustainability | Membership | 127 |
| | Financially viable | Yes |
| Terms & Conditions of Previous Lease Met? | | Yes |

6. Conclusion

The Club has requested a fresh lease on fee simple and reserve land, and they have provided sufficient evidence to demonstrate their strategic fit and are sustainable for the proposed term of their lease. The club is in agreement with the proposed terms and conditions.

Officers propose 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 Advisor, Community Purpose Property*

Supporting information

a) Strategic fit

- 7.1 Recreation Opportunities – Wellington offers a diverse range and an abundance of quality recreation and leisure activities that are easily accessed and affordable.
- 7.2 Participation and Health – Increased participation in recreation and leisure activities enhances overall health and well-being
- 7.3 Events and Identity – Year-round recreation activities and event contribute to the economic prosperity and identity of Wellington.

b) Annual Plan reference

This is a Corporate Services activity as opposed to an Annual Plan activity.

c) Annual Plan and Long Term Financial Strategy implications

There is no Annual Plan measure for this activity.

d) Treaty of Waitangi implications

The recommendations in this report are subject to consultation with appropriate Iwi being completed.

e) Consultation

Public Consultation will take place by way of two public notices in The Dominion Post and two in a local newspaper relevant to the location of the lease.

For leases over Town Belt land, a copy of the public notification will be sent to the Friends of the Town Belt, and leases will be publicly advertised in accordance with the Town Belt Management Plan 1995.

f) Legal implications

Each lease is referred to Council solicitors to confirm that documentation is in order prior to either party signing the final lease documents. Council solicitors to provide certification to support this.