

REPORT 1
(1215/53/IM)

GRANTING OF A FRESH LEASE TO KARORI PARK SPORTS CLUB INCORPORATED

1. Purpose of Report

To seek the Committee's approval for the granting of a fresh lease over recreation reserve land at Karori Park to the Karori Park Sports Club Incorporated.

2. Executive Summary

The Karori Park Sports Association currently has a lease, from 2002 for a term of 10 years with a right of renewal for a further 10 years. However the group has requested an increase to the area currently leased for a cricket scoring box, and the use of part of the premises has changed to a commercial café.

Officers recommend that the current lease be surrendered and a fresh lease be granted to reflect the increased footprint and the change of use.

3. Recommendations

Officers recommend that the Committee:

- 1. Receive the information.*
- 2. Approve subject to the conditions below, the granting of a fresh lease to the Karori Park Sports Club Incorporated under the Reserves Act 1977:*

<i>Location</i>	<i>Term</i>	<i>Annual Rental</i>
<i>Karori Park, 400 Karori Road, Karori</i>	<i>10 years and one renewal of 10 years</i>	<i>\$233 + GST per annum, reviewable every 3 years</i>

Any approval to grant a fresh lease is conditional upon:

- (a) Appropriate consultation with iwi;*
- (b) The Lease being publicly notified in accordance with sections 119 and 120 of the Reserves Act 1977 (the Act) and any approved Management Plan;*

- (c) *There being no objections or sustained objections resulting from the abovementioned consultation or notification.*
- (d) *The lessee covering the cost of preparing the fresh lease.*
- (e) *The Minister of Conservation granting approval for the lease.*

4. Background

4.1 Overview of the Community & Recreation Leases

The Council leases 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 assessment 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 Plan(s) (if appropriate).

Social and Recreational Strategy

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

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 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 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 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 fresh lease and lease renewal. It calls renewing a lease a fresh lease. The process is outlined in Section 4.4.

4.3 *Assessment of fresh leases*

Fresh leases are those where a current tenant wishes to renew, or in this case, materially alter, their lease with the Council. In this case, the existing lease will be surrendered and the fresh lease will supersede it. The process for a fresh lease is as follows:

1. Tenant provides Council officers with relevant information including financial information, historical patterns of use, membership numbers, and future prospects and aspirations (if not already held by the Council).
2. Officers evaluate information and assess the group's existing and likely future sustainability, ensure their activities are consistent with the Council's strategic direction and objectives, and consider their previous lease performance.
3. Officers communicate the decision to the applicant. If a fresh lease is recommended then an officer negotiates lease tenure, rental and terms and conditions.
4. Officers seek approval in principle from the Regulatory Processes Committee.

5. Officers publicly notify Council's intention to grant a fresh lease as required by the Act.
6. Officers prepare lease documents and obtain a solicitor's certificate if all approvals are granted and no objections are sustained.

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.

Most groups own the building on the land 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 building(s) on the land, and they pay a maintenance fee to the Council for a proportion 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 lease 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

A standard term under the Leases Policy is ten years and one further term of ten years (the renewal).

However, there are occasions where it may be appropriate to deviate from the standard term. 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

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 groups Council. Reporting generally includes the requirement for:

- Membership numbers and usage rates
- Community events run on the land and in the building(s)
- Financial information.

5. Discussion

Karori Park Sports Club Incorporated

The Karori Park Sports Association (the club) has an existing lease, executed in 2003, which allows them to carry on its function as a sports club. Early in 2007, the club approached the Council as land owner with a proposal to open a café to the public, in conjunction with the almost completed Karori Park upgrade. This included extending a section of the building to be used for café business. Following discussion with the Department of Conservation, a survey of park users was undertaken through interviewing park users and by way of a mail drop to surrounding residents.

The survey was undertaken over a number of months, mostly in the summer of 2007-08. A total of 260 completed surveys were returned with the following results:

- 76% of respondents said they would use the café at least twice a week;
- 65% of respondents indicated that they would use the park more if the café were available to them;
- 88% of respondents believed that the café would enhance their experience at Karori Park; and

- 92% of respondents felt that a café on the park was either very appropriate, or somewhat appropriate.

The club obtained resource consent for the café and club buildings for functions (maximum of 13 per annum) in July and opened their doors to the public in late August 2007.

The standard rental has been determined in line with the Leases Policy. It is intended that any income generated by the club from the cafe will be used for the benefit of sports that are hosted within the clubrooms; therefore a commercial rental has not been adopted. This approach will ensure the viability of the club, enabling timely maintenance of the building and developing the codes locally and nationally.

The club will be required to furnish annual financial information so that Council can monitor the levels of income generated; the Council also has the ability to review rental every three years.

The club approached Council in September 2008 with a request to construct a cricket scoring box. This is a two-storied structure adjacent with the existing building. This will be constructed and maintained at the club's cost.

History	<p>The Karori Sports Club Incorporated (the club) was established in the 1960's and is an amalgamation of the Karori Cricket Club and the Waterside Karori AFC Inc.</p> <p>The Karori Cricket Club was established in the early 1880's which makes them one of Wellington's oldest sports clubs. Waterside Karori AFC started life as two groups: the Swifts, formed in 1894, and Waterside in 1929. The Swifts moved to the site in the 1950's, and Waterside in 1987.</p> <p>The Karori Borough Council purchased 22 hectares of land which now forms part of the current site in 1906, which the Karori Cricket Club leased from 1909. The original building was built in the 1950's and significantly upgraded in 2007.</p>	
Background	<p>The most recent lease the Council granted to the club was in 2003. The club approached the Council in April 2007 with a proposal for a café on the park side of the site.</p> <p>In July 2007, the club obtained a Resource Consent for the café and use of the building for social functions.</p>	
Term	10 year lease, with one right of renewal of 10 years. This term is consistent with standard terms outlined in the Leases Policy.	
Rental	\$233 + GST per annum.	
Strategic Fit	Contributes to More Liveable, More Eventful, and Better Connected, More Actively Engaged, and Healthier Outcomes.	
Club Sustainability	Membership	1300
	Financially viable	Yes

6. Conclusion

The organisation requesting a fresh lease has provided sufficient evidence to demonstrate their strategic fit and are sustainable for the term of a fresh lease.

Officers recommend that the Committee exercise its delegated authority to approve the granting of a fresh lease to the Karori Park Sports Club Incorporated, subject to the conditions identified in section 3, (Recommendations).

Contact Officers: *Heather Cotton Property Advisor - Recreation Reserves and Paul Andrews – Manager, Parks and Gardens.*

Supporting Information

1) Strategic Fit / Strategic Outcome

This report recommends a fresh lease with the Karori Park Sports Club Incorporated which is consistent with the Council's LTCCP strategic vision in regard to Strategy 6: Social and Recreation. Directly related to:

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

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

This report recommends a fresh lease with Karori Park Sports Club Incorporated which is consistent with the Council's LTCCP in regard to Strategy 6: Social and Recreation.

All costs associated with preparing the fresh Lease are to be 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 will be consulted.

4) Decision-Making

As the land in question is recreation reserve, decisions regarding Leases over the land are delegated to the Council as Local Authority, however we must consult with the Department of Conservation on the granting of a lease for commercial purposes.

5) Consultation

a) General Consultation

The Council will call for submissions as required by the Reserves Act 1977 and Local Government Act 2004.

b) Consultation with Maori

Iwi will be consulted as required by the Reserves Act 1977.

6) Legal Implications

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

7) Consistency with existing policy

- *The provision of a fresh lease to the Karori Park Sports Club Incorporated supports Council's overall vision of Creative Wellington – Innovation Capital. The Leases Policy supports Council activities as a facilitator of recreation partnerships and provider of recreation and social opportunities.*