

REPORT 2
(1215/53/IM)

GRANTING OF TWO LEASES TO WELLINGTON MARINE EDUCATION TRUST BOARD

1. Purpose of Report

To seek the Committee's approval for the granting of two premises leases to the Marine Education Trust Board; firstly for a new lease over recreation reserve and road reserve land for a section of the building known as the Island Bay Surf Club, and secondly for a fresh lease over recreation reserve land for the building known as the Bait House at Shorland Foreshore in Island Bay to the Wellington Marine Education Trust Board.

2. Executive Summary

This report provides a description of the organisation requesting two leases and officers' recommendations to grant the leases.

The Island Bay Surf Club building is located on recreation reserve and road reserve and the Bait House is on is fee simple land; therefore the leases are subject to Council's Leases Policy for Community & Recreation Groups 2001 and the Reserves Act 1977.

3. Recommendations

Officers recommend that the Committee:

- 1. Receives the information.*
- 2. Approves subject to the conditions below, the granting of a new premises lease to the Wellington Marine Conservation Trust Board under the Reserves Act 1977:*

Location	Term	Annual Rental
<i>Island Bay beach</i>	<i>5 years and one renewal of 5 years</i>	<i>\$247 + GST per annum</i>

Location	Term	Annual Rental
<i>Bait House</i>	<i>5 years and one renewal of 5 years</i>	<i>\$124 + GST per annum</i>

Any approval to grant a new 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 pays for the legal and advertising costs associated with preparing the leases.*

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 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 new lease. The process is outlined in Section 4.4.

South Coast Management Plan

The South Coast Management Plan (**the SCMP**) sets out the Council's long-term vision for use of the area and considers what uses the existing buildings on the foreshore might be given. The SCMP actively encourages passive and active types of recreation and leisure activities on the land, especially those that relate directly to the marine environment¹. The SCMP considered that a potential use for the bait house was for a marine interpretation centre².

1 South Coast Management Plan, section 4.2.1

2 South Coast Management Plan, section 6.8.5

4.3 Assessment of new leases

New leases are those where there is no current lease in place, and the group or the Council seeks to formalise this relationship. The Council recognises that groups may have made investments in assets and this is a key consideration in the evaluation of any lease. The process for a new 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.
3. Communicate officers' decision to the applicant. If a new lease is recommended then the officer negotiates lease tenure, rental and conditions of the lease.
4. Seek approval in principle from the Regulatory Processes 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 Assessment of fresh leases

Fresh leases are those where the existing tenant has applied for a renewal of an existing lease. The process for a fresh lease is the same as above, however the tenant is known to the Council and it is easier to assess their viability, membership levels etc.

4.5 Lease agreement and documentation

The Leases 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.

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.

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.

4.6 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 use a degree of flexibility and deviate from the policy in some cases. 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	

4.7 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 through the leases
- Financial information.

4.8 Marine education development

New Zealand has one of the most extraordinary and unspoilt marine ecosystems in the world. Education and knowledge about the marine environment is becoming increasingly popular and, arguably, more relevant, as

understanding of global systems and how marine environments interact with other systems expands.

5. Discussion

Wellington Marine Conservation Trust Board (MEC)

The MEC's key objectives are to promote interest in, increase understanding of, and encourage protection, enhancement, and enjoyment of local, national and global marine environments. They do this through public education programmes, live displays, and community initiated research and service projects.

In 2004 the MEC was granted a lease for a total term of 3 years, to provide temporary accommodation for the organisation until long term decisions on the future of the operation could be made. This lease has expired and the tenant continues to occupy the building on a periodic tenancy. During the last few years the MEC have pursued alternative sites for developing a marine education centre including Te Raekaihau Point. However, a decision of the Environment Court determined that the proposed use of this land was not consistent with the National Coastal Policy Statement, the Wellington Regional Coastal Policy Statement or the District Plan. The MEC continues to work with the Council to identify alternative sites which may meet its requirements.

The Bait House was upgraded by the MEC in 2005 from a run-down shed to a vibrant exploration centre with dozens of live marine creatures that can be viewed and touched. Children's education programmes are based in the bait house with interactive activities.

The Island Bay Surf Club building was occupied by the Island Bay Surf Lifesaving Club Inc (IBSC) since 1959 and has recently gone into recess and relinquished occupation. The MEC has been working in partnership with the IBSC since 2005 and has used part of the building during this time.

The MEC has a relationship with other regular users of the main hall and will take on the co-ordination of the bookings that relate to the hall. The main hall, kitchen and toilets are not included in the MEC's leased area, which remain a bookable community space, and will be available for hire by recreational and community users. The revenue generated by the hall bookings will be applied to the cleaning and maintenance of the building, and any surplus revenue will be shared between the Council and the MEC.

The buildings are on recreation reserve land and the Island Bay Surf Club building is partially on road reserve. The Council may grant a lease over road reserve if it can be shown that the lease will not impede or diminish the road. Officers believe the lease does not impede or diminish the road given:

- The road is 12 metres wide, constituting a full-width road for the level of residential density in the area
- The sea wall between the building and the road has historic status, Council has no intention of removing the wall
- The building has been in place for 60 years without issue to the road.

The Roothing Unit has been consulted and the lease over road reserve has been approved by roading officers.

Bait House

History:	The bait house was built around 1949 by the Council and was used for storing bait and refuelling marine vehicles. The building remained vacant for many years until 2004 when the MEC upgraded the building.	
Background	The MEC was granted a three-year lease from the Council in 2004 which has now expired.	
Term	5 year lease, with one right of renewal of five years.	
Rental	\$124 + GST per annum.	
Strategic Fit	Contributes to More Liveable and Better Connected Outcomes.	
Club Sustainability	Visitor numbers	2000 per annum
	Financially viable	Yes

Island Bay Surf Club Building

History:	The Island Bay Surf Club building was built in 1959 by the Council with significant contribution from the IBSC. MEC developed a relationship with the surf club in 2005 when they obtained a lease for the bait house, and have worked collaboratively together since this time.	
Background	The lease will cover a portion of the building including the office area, and downstairs which is mostly used for storage and access to the beach.	
Term	5 year lease, with one right of renewal of five years. This term is consistent with the Leases Policy.	
Rental	\$247 + GST per annum.	
Strategic Fit	Contributes to More Liveable, Better Connected, and More Actively Engaged Outcomes.	
Club Sustainability	Visitor numbers	3000 per annum
	Financially viable	Yes

6. Conclusion

The MEC who has requested a fresh lease for the Bait House and a new lease for a portion of the ex-surf club building has provided sufficient evidence to demonstrate their strategic fit and are sustainable for the term of the lease. This lease enables the MEC to continue their activities while they investigate opportunities for other sites to develop a marine education centre.

Officers propose that the Committee exercise its delegated authority to approve the granting of two leases to the MEC, subject to the conditions identified in section 3, (Recommendations) of this report.

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 new leases with the MEC which is consistent with the Council's LTCCP strategic vision in regard to Strategy 6: Social and Recreation.

Directly related to:

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

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

This report recommends new leases with the MEC 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 not levied against the lessee as the building is owned by the Council and is in recognition of the MEC managing the building.

3) Treaty of Waitangi considerations

Iwi will be consulted.

4) Decision-Making

Decisions regarding Leases over the land are delegated to the Council as Local Authority.

5) Consultation

a) General Consultation

The Council will call for submissions as required by the Reserves Act 1977.

b) Consultation with Maori

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

6) Legal Implications

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

7) Consistency with existing policy

- *The provision of a new lease to the MEC 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.*