

REPORT 3
(1215/53/IM)

GRANTING OF A FRESH GROUND LEASE TO WELLINGTON SCOTTISH ATHLETICS CLUB INCORPORATED

1. Purpose of Report

To seek the Committee's approval to grant a fresh ground lease to Wellington Scottish Athletic Club Incorporated. Their building is on Town Belt land at Prince of Wales Park in Mount Cook, as shown on the attached aerial photograph.

2. Executive Summary

This report provides a description of Wellington Scottish Athletics Club Incorporated, and officers' recommendation to grant a fresh ground lease to the group.

3. Recommendations

Officers recommended that the Committee:

1. *Receives the information.*
2. *Approves subject to the conditions below, the granting of a new ground lease to Wellington Scottish Athletic Club Incorporated, pursuant to the Reserves Act 1977:*

Location	Term	Annual Rental
Prince of Wales Park, Westland Road, Mount Cook	10 years	\$326 + GST

Any approval to grant a lease is conditional upon:

- (a) Appropriate consultation with iwi.*
- (b) The lease being publicly notified in accordance with section 119 of the Reserves Act 1977 and the appropriate 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 lease.*

4. Background

4.1 Overview of 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) (where appropriate).

Social and Recreational Strategy

Leases to community groups are subject to the Social and Recreation Strategy. This strategy aims to build strong, safe and healthy communities for a better quality of life. The Council is committed to providing leadership to promote a high level of social cohesion and participation.

The Social and Recreational Strategy encourages collaborative partnerships with recreation groups to ensure the best delivery of services and programmes and maximise use of amenities and resources. The tenant is a good fit with these requirements, being a popular sport that focuses on discipline and social interaction. The tenant works with other recreation groups regularly, and ad-hoc recreational and community users.

Environment Strategy

This lease also fits within the context of the Environment Strategy, which emphasises sustainable development and the protection and enhancement of our natural environment. The Environment Strategy recognises the inter-relationship between social and cultural well being and the environment.

The Environment Strategy 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. The tenant's building was built in 1970; no further vegetation will be removed or damaged in the use thereof.

Leases Policy for Community and Recreation Groups

The Leases Policy for Community and Recreation Groups 2001 (Leases Policy) reinforces Council's significant role in fostering the well-being and strength of communities by facilitating networks, and providing/supporting recreation opportunities and 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 leases.

The community of Mount Cook will continue to benefit from and be strengthened by the granting of a fresh lease to the tenant, working alongside other recreational groups, and is open to hiring out for casual use.

Town Belt Management Plan

The Town Belt Management Plan (TBMP) supports leasing land to groups provided their activity is primarily concerned with public 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 right of renewal, pursuant to the TBMP.

The TBMP identifies the Prince of Wales Park as an area used for formal and informal recreation, noting that open spaces complement the area where the Club is located.

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 most groups 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 (participant numbers and financially), and if their activities are consistent with the Council's strategic direction and objectives.
3. Officers communicate their decision to the applicant. If a new lease is recommended then officers negotiate lease tenure, rental, terms and conditions.
4. Officers seek approval for the granting of the lease from the Regulatory Processes Committee subject to the appropriate conditions being met.
5. Officers publically notify the new lease and invite submissions upon this decision, pursuant to the Reserves Act 1977 (the Act).

6. Officers prepare lease documents if all approvals are granted and no objections are sustained.

4.4 Assessment of fresh leases

A fresh lease is 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.

The Council may offer ground leases and premises leases to community or commercial recreation 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 a proportion of the external maintenance costs.

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

- reporting requirements
- allocation of responsibilities between lessee and the Council
- payment of rates, water and other utilities
- maintenance of buildings, structures, vegetation and land
- insurance
- subleasing
- granting security against a lease
- termination of the lease
- external signs
- external commercial advertising within leased area(s).

4.6 Term of lease

The standard term under the Leases Policy is ten years and one further term of ten years (the renewal). However this term is restricted by the TBMP to 10 years with no right of renewal.

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 and the Council. Reporting generally includes the requirement for:

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

5. Discussion

Wellington Scottish Athletics Club Incorporated

The building was built in 1970 by the then Scottish Harriers Amateur Athletics Club and has occupied it since this time. Scottish Harriers Amateur Athletics Club became Wellington Scottish Athletics Club Incorporated (the Club) in 1996.

The Club focuses on winter cross country/road running and walking events from 5km up to full marathon for all ages. The Club has been active with summer athletics at Newtown Park for many years; athletics is a sport that focuses on inclusion and fun. The Club also has 2 squash courts available for member use.

The premises are well utilised, currently being used for approximately 60 hours a week for athletics and squash. The premises are used for meetings and coaching seminars on week nights, and are used by the Company of the Dragon on Sundays for recreational activities. The Club is also currently in discussions with a recreation group and is considering sharing the premises with them. The lease will therefore allow for a sub-lease to a recreational group.

With membership currently standing at 297 active members, the Club is able to maintain their building and provide governance and administration for their members. Membership consists of a strong female and youth representation; 35% of members are women, and 26% of members are under 20 years of age. The Club considers retention of existing members very important, and strives to provide differing and interesting services and events to satisfy the demands of a wide group of members.

The Club's financial position is strong, and it intends to invest significantly in the building and services in coming years in preparation of the Club's centennial celebrations in 2015.

History	The previous lease expired in September 2001. The tenant had a right of renewal under the previous lease, but did not exercise it. The building was built in 1970 by the Club and has been used by them since this time.	
Use of the building	The Club, along with other users, use the building 60 hours a week, year-round.	
Term	10 years. This is the maximum term permissible by the Town Belt Management Plan.	
Rental	\$326 + GST per annum.	
Strategic Fit	Contributes to More Liveable, More Actively Engaged, Better Connected and Healthier Outcomes.	
Group Sustainability	Member numbers	297
	Financially viable	Yes

6. Conclusion

Officers recommend that the Committee exercises its delegated authority to approve the granting of a new ground lease to Wellington Scottish Athletics Club Incorporated, as they have demonstrated a good fit with the Council's strategic direction and existing policies, and viability in terms of its financial position and membership.

The granting of this new ground lease will be subject to the conditions identified in section 3 (Recommendations).

Contact Officers: *Heather Cotton, Property Advisor, Property Management, and Paul Andrews, Manager, Parks and Gardens.*

Supporting Information

1) Strategic Fit / Strategic Outcome

This report recommends a lease with Wellington Scottish Athletics Club Incorporated which is consistent with Council policy regarding community groups. Directly related to Wellington being:

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

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

This report recommends a lease with Wellington Scottish Athletics Club Incorporated which is consistent with the Council's LTCCP in regard to Strategy 6: Social and Recreation.

All costs associated with preparing the lease are met by the lessee.

3) Treaty of Waitangi considerations

Iwi will be consulted as an interested party as part of the lease process.

4) Decision-Making

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

5) Consultation

a) General Consultation

Officers will notify the public as required by the Reserves Act 1977, and will call for submissions as part of the lease process.

b) Consultation with Maori

Iwi will be consulted as an interested party as part of the lease process.

6) Legal Implications

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

7) Consistency with existing policy

The provision of a lease to Wellington Scottish Athletics 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.