

**REPORT 5
(1215/53/IM)**

**GRANTING OF A GROUND LEASE TO WESTERN SUBURBS
RUGBY FOOTBALL CLUB INCORPORATED TO OCCUPY
COUNCIL-OWNED LAND**

1. Purpose of report

This report recommends that the Committee approves the granting of a ground lease to the Western Suburbs Rugby Football Club Incorporated over part of the land at 81 Curtis Street, Karori and known as “Ian Galloway Park” (hatched red on Appendix 1).

2. Executive summary

The Western Suburbs Rugby Football Club Incorporated has held a ground lease with the Council since 1988 over part of Council-owned land at 81 Curtis Street, Karori. The lease expired on 30 November 2009 and the Western Suburbs Rugby Football Club Incorporated is currently occupying the land on a month-by-month basis.

The leased land accommodates the Western Suburbs Rugby Football Club Incorporated’s clubrooms and a gymnasium, which are used for rugby-related activities and also rented to other groups for community purposes.

This report recommends the Committee grants a ground lease to the Western Suburbs Rugby Football Club Incorporated for a ten year term, with a ten year right of renewal.

The land is classified as recreation reserve and is therefore subject to the Reserves Act 1977. A ground lease would be granted under section 54(1)(b) of the Reserves Act 1977.

3. Recommendations

Officers recommend that the Regulatory Processes Committee:

- 1. Receive the information.*
- 2. Agree subject to the terms and conditions noted below, the granting of a ground lease to the Western Suburbs Rugby Football Club in accordance with the Reserves Act 1977.*

3. Note that the terms of the lease are as follows:

Location: Part of the land at 81 Curtis Street, Karori known as Ian Galloway Park, Karori (hatched red on Appendix 1).

Term: Ten years plus ten year right of renewal.

Annual Rental: \$1,000.60 per annum plus GST. Triennial rent reviews will be undertaken in accordance with the percentage change in the Consumer Price Index and a market based review will be undertaken every nine years by an independent registered valuer.
4. Note that any approval to grant the lease is conditional on:

 - (i) appropriate consultation with Iwi being completed;
 - (ii) the lease being publicly notified in accordance with section 119 and 120 of the Reserves Act 1977;
 - (iii) there being no sustained objections resulting from the abovementioned consultation or notification; and
 - (iv) legal and advertising costs associated with preparing the lease is met by the Lessee.
5. Agree that Council officers will finalise and negotiate the lease details.

4. Background

4.1 History

In 1957, the Karori Rugby Football Club erected a gymnasium on land adjacent to Seaforth Terrace, within Ian Galloway Park, with funding assistance from the Council. In March 1975, the gymnasium was relocated to its current position, which is a part of Ian Galloway Park known as Western Park.

In 1983, the Onslow, Karori and Athletic Football clubs merged to form the Western Suburbs Rugby Football Club Incorporated (Club). In 1988, the Club agreed to sell its premises at Nairnville Park to the Council on the condition that the proceeds from this sale would be used to fund the construction of new clubrooms alongside the gymnasium. The lease over Western Park was then transferred to the Club, who constructed new clubrooms adjacent to the gymnasium. The lease was for a term of 21 years, expiring on 30 November 2009. Since its expiry, the Club has remained in occupation of the premises on a month-by-month basis pending formalisation of a new lease.

4.2 Property details

The land is held by the Council as recreation reserve and is subject to the Reserves Act 1977. The proposed leased area is hatched in green on Appendix 1. The area of land to be leased is approximately 1000m² and is legally described as part Lot 1 on Deposited Plan 59984 and contained in Computer Freehold Register WN33C/807.

4.3 Club membership and usage information

Currently the Club has approximately 800 members. These members are made up of 455 Junior Members, 174 Senior Members, 75 coaches and approximately 100 life and non-playing members. The total number of teams at the Club is 49, with 43 junior and 6 senior teams.

The clubrooms and gymnasium are used approximately 30 hours a week for rugby training and playing, and Gymbaroo, who is the Club's main tenant, rent the clubrooms from Wednesday to Saturday lunchtime. In addition, Kelly Sports rents the clubrooms during the school holidays to run its holiday programmes.

Parks, Sport and Recreation is in support of this proposal.

5. Considerations when assessing a new lease

5.1 Leases Policy for Community and Recreation Groups

An application for a lease is made under the Council's Leases Policy and is subject to assessment under its criteria.

The Leases Policy requires officers to assess new lease applications against the following criteria:

- strategic fit;
- activity sustainability;
- financial sustainability;
- optimal use of resources;
- environmental impact;
- a demonstrated need from the community; and
- the need for a lease.

An assessment of how the Club fits within these criteria is outlined in section 6.

The granting of a lease to the Club is consistent with the provisions of the Council's Leases Policy.

5.2 Legislation

The land is held as recreation reserve and is therefore subject to the Reserves Act 1977.

Sections 119 and 120 of the Reserves Act set out the requirement for public notification. The granting of a lease to the Club is subject to there being no sustained objections from any party.

6. Discussion

6.1 Assessment

The proposed lease for the Club has been assessed against the criteria set out in the Leases Policy. Please see a summary of this assessment below:

Criteria		Assessment
Strategic fit	Social and recreation strategy	The Club's activities are consistent with other permitted activities on recreation reserve land and satisfy the criteria of recreational use by strengthening participation and engagement in community and recreational activities.
Activity sustainability	Membership	The Club has had a lease over the land since the 1980's. It currently has approximately 800 members, comprised of 455 junior, 174 senior, 75 coaches and around 100 non-playing members.
Financial sustainability	Financial position	<p>The Club's financial position is good with assets valued over \$340,000 and liabilities of approximately \$19,000. A substantial amount of cash surpluses are generated each year, which are invested into the Club through improving its facilities.</p> <p>The Club generates funds through various methods including membership fees, sponsorship, grants and fundraisers.</p>
Use of resources	Land utilisation	It is expected that land utilisation levels will be consistent or slightly higher than levels of use under the previous lease (due to increased membership), being in excess of 40 hours per week.
Environmental impact	Location	The activity does not have the potential to adversely affect open space values.
Demonstrated need and support from the community	People	The Club has a long history and is well located. The Club has high membership numbers and the land is utilised all year around. The grounds and clubrooms are also made available to other organisations, such as Gymbaroo, who run early childhood programmes and Kelly Sports, who run school holiday programmes.
Need for a lease	Capability	A lease is appropriate as the Club owns the clubrooms and gymnasium on the land and has sole responsibility for their upkeep.

6.2 Lease Rental

The lease rental has been assessed in accordance with the rental framework outlined in the Leases Policy. The annual rent has been assessed at \$1,000.60 per annum plus GST.

6.3 Lease Tenure

The Leases Policy allows for leases on recreation reserve for a term of 10 years with a 10 year right of renewal.

Given the current strength of the Club, it is recommended that a lease for a term of ten years with one right of renewal for a further ten years be granted, provided the Club continues to meet the assessment criteria as set out in the Leases Policy, including maintaining membership levels. These would be assessed annually in accordance with the Leases Policy.

7. Conclusion

The Western Suburbs Rugby Football Club Incorporated has demonstrated that it is a good fit with Council's strategic direction and existing policies. The proposed lease will enable the continued use of grounds, as well as the clubrooms and gymnasium on the land. The financial position of the Club shows it is in a sustainable position.

Council officers recommend that the Regulatory Processes Committee approves the granting of a ground lease to the Western Suburbs Rugby Football Club.

Contact Officers: *Rosalind Luxford, Property Advisor, Property Projects and Jacqueline Murray, Assets and Projects Manager, Parks and Gardens Assets and Projects*

SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

The Leases Policy for Community and Recreation Groups supports Council's role as a facilitator of recreation partnerships and provider of recreation services. The recreational activities that will be provided by the Western Suburbs Rugby Football Club Incorporated will contribute to the outcome of strengthening participation and engagement in community and recreational activities.

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

The project will have no substantial long term financial impact.

3) Treaty of Waitangi considerations

No Treaty implications have been identified.

4) Decision-making

This is not considered a significant decision.

5) Consultation

a) General consultation

Public consultation will be undertaken as required by the Reserves Act 1977.

b) Consultation with Maori

Iwi will be consulted.

6) Legal implications

The lease will be subject to the provisions of the Reserves Act 1977. Legal advice will be sought in the preparation of the lease.

7) Consistency with existing policy

The provisions of the lease are consistent with the Leases Policy for Community and Recreation Groups.

APPENDIX 1

