

**GRANTING OF A GROUND LEASE TO LYALL BAY SURF LIFE
SAVING CLUB INCORPORATED OVER PART OF 5 LYALL
PARADE, LYALL BAY**

1. Purpose of report

To recommend the Committee approves the granting of a ground lease to the Lyall Bay Surf Life Saving Club Incorporated over part of the Council owned land known as 5 Lyall Parade, Lyall Bay (hatched in yellow on Appendix 1).

2. Executive summary

The Lyall Bay Surf Life Saving Club Incorporated has held a ground lease with Council over part of the land known as 5 Lyall Parade, Lyall Bay since 1910 (shaded in red on Appendix 1).

The Club is intending on constructing a new purpose built facility on the land which was approved by Council on 17 March 2010.

The land is classified as fee simple land but is treated by Council as local purpose reserve. The land is currently in the process of being classified accordingly.

A ground lease would be granted in accordance with section 61(2)(a) of the Reserves Act 1977.

This report recommends the Committee grants a ground lease for a ten year term with a ten year right of renewal.

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 Lyall Bay Surf Life Saving Club Incorporated in accordance with the Reserves Act 1977.*
3. *Note that the terms of the lease are as follows:*
 - Location: Part of 5 Lyall Parade, Lyall Bay (hatched in yellow on Appendix 1)*
 - Term: Ten years with a ten year right of renewal*
 - Annual Rental: \$658.00 per annum plus GST*

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) the 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

The Lyall Bay Surf Life Saving Club Incorporated (Club) was formed in 1910 by members of the Wellington Swimming Club. The Wellington Swimming Club were regular swimmers at Lyall Bay Beach who performed many rescues there and saw the need for an organised lifeguard service.

The Club has held a ground lease over part of the land at 5 Lyall Parade, Lyall Bay (shaded in red on Appendix 1) since 1910. The building on this land is owned by the Club. The Club also currently leases the top floor of the Council owned building shaded in blue on Appendix 1.

The existing Club owned building is inadequate and does not provide for modern lifeguarding needs. It has suffered from the harsh south coast environmental factors, is in a poor condition and is beyond repair. Furthermore, the building does not have sufficient storage space for modern day rescue equipment. The Club's activities are also currently spread between two buildings. The construction of the new building will enable the Club to operate from one building and will enhance the surf life saving services it provides across the wider Wellington region.

On 17 March 2010, Council approved the Club's proposal to construct a new building on the land hatched in yellow on Appendix 1 which is estimated to cost approximately \$2.2 million. It was agreed that the proposed new building would include public toilets. These new public toilets will replace the existing ones located in the building shaded in blue on Appendix 1. Following construction of the new surf club building, the building shaded in blue on Appendix 1 will be demolished. Given that the public toilets will be physically included within the new building, the Club and Council will enter into a sublease of the public toilets so that they can be managed by Council and made available to the public at all times.

Council agreed to grant the Club \$350,000 as a contribution towards the Club providing surf lifesaving services at Lyall Bay and other Wellington beaches and \$300,000 towards the construction of the public toilets. The Club is responsible for raising the remaining funds required.

4.1 The Site

The land is classified as fee simple but is treated by Council as local purpose reserve and managed under the South Coast Management Plan and the Reserves Act 1977 (Reserves Act). The land is currently in the process of being classified as local purpose reserve.

The leased area is 465m² and is legally described as Part Lot 3, Deposited Plan 2456 and is contained in Computer Freehold Register WN428/268.

4.2 The Lessee

The Club has raised \$270,000 towards the construction of the building to date. A large proportion of these funds will go towards obtaining consents and detailed design plans. Resource consent for the construction of the new building has been obtained. The Club will apply for external funding through grants and sponsorships once approval to grant a lease and all regulatory consents has been obtained.

It is anticipated that construction of the building will commence no later than 30 June 2014 and the building is expected to be completed within one year.

The Club has agreed to provide the following services throughout the tenure of their lease:

- Patrolling Lyall Bay beach during weekends from mid-November to 31 March each year.
- Facilitating the creation of a first response squad and providing a base for a search and rescue service for the Wellington city area.
- Providing facilities for Surf Life Saving New Zealand to run a beach education programme at the building for primary schools. The Club will also organise lifeguard, surf awareness and resuscitation programmes for local secondary schools and other various groups.
- Providing a junior surf section for children aged 5 – 13 years which will teach surf safety awareness, confidence in the surf and equipment use to increase children's skills and ability in the surf.
- Providing facilities for a coordinated and centralised lifeguard training programme to be run at the building for all surf life saving clubs in Wellington city, where those other clubs agree to participate.
- Providing qualified lifeguards for community events. This will include events at Scorching Bay, Oriental Bay, Island Bay, the harbour and the waterfront. Lifeguards will also be available for school outdoor education days and other festivals and concerts.
- The building will be available for event planning and equipment storage for event safety equipment.

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 for Community and Recreation Groups (Leases Policy) and is subject to assessment under its criteria.

Appendix one of 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 the Club and how it 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 at 5 Lyall Parade, Lyall Bay is classified as fee simple but is treated by Council as local purpose reserve and is managed in accordance with the South Coast Management Plan and the Reserves Act.

A lease is appropriate as the Club will have exclusive use of the land. That part of the land that will have the public toilets situated on it will be subleased to the Council.

Sections 119 and 120 of the Reserves Act set out the requirement for public notification of any lease on reserve land. The granting of the lease 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 & Recreation Strategy	The Club's activities are consistent with other permitted activities on local purpose reserve land and satisfy the criteria of recreational/community use.
Activity Sustainability	Membership	<p>The Club has held a lease over the land at 5 Lyall Parade, Lyall Bay since 1910. The Club has 310 active members which are made up of both juniors and seniors and 80 active lifeguards.</p> <p>The Club currently has the highest membership numbers out of all three surf life saving clubs in the City.</p>
	Financial Position	The Club has raised \$270,000 which will go towards obtaining building consent and detailed design plans. The Club are planning to apply for grants once building consent has been obtained.
Use of Resources	Land Utilisation	Officers believe the land will be fully utilised taking into consideration the services the Club intend on providing once the building is constructed.
Environmental Impact	Location	The activity does not have the potential to adversely affect open space values.
Demonstrated Need & Support from the Community	People	<p>Various Wellington beaches do not have adequate surf lifesaving services to cover the risk beaches present to the public. The Club's proposed building will go some way to meeting this need. Currently no existing surf lifesaving facilities in Wellington are fit for purpose.</p> <p>The new building will allow the Club to have a central site which will enable the Club to provide enhanced surf life saving services across the wider Wellington region.</p> <p>Surf Life Saving New Zealand has identified Lyall Bay as having the highest need for a surf life saving service in Wellington.</p>
Need for a Lease	Capability	A lease is appropriate as the Club will have exclusive use of the land as hatched in yellow on Appendix 1.

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 \$658.00 per annum plus GST.

6.3 Lease Tenure

The Leases Policy allows for a lease to be granted for a 10 year term with a 10 year right of renewal.

Taking into consideration the strong history of the Club and the significant investment they intend on making by constructing a new building on the land, Officers recommend granting an initial term of ten years with a ten year right of renewal.

7. Conclusion

The Lyall Bay Surf Life Saving Club Incorporated has a strong history of providing good lifesaving services at Lyall Bay. The proposed new building will create a surf life saving facility from which a better service will be delivered and co-ordinated.

The Club has demonstrated that it is a good fit with the Council's strategic direction and existing policies. The land is currently utilised sufficiently by the Club and it is anticipated that utilisation levels will increase once the new facility is built. The Club is in a good financial position which will enable it to fulfil its lease obligations.

Council officers recommend that the Regulatory Processes Committee approves the granting of a ground lease to the Lyall Bay Surf Life Saving Club Incorporated.

Contact Officer: Hanita Shantilal, Senior Property Advisor, Property Management and Glenn McGovern, Recreation Projects Manager.

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 Lyall Bay Surf Life Saving Club Incorporated will contribute to the outcome of 'offering a diverse range of quality recreation and leisure activities' (see outcome 7.1 Recreation Opportunities).

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

There is no 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 in accordance with the Reserves Act 1977.

b) Consultation with Maori

Iwi will be consulted.

6) Legal implications

The lease will be drafted in accordance with the provisions of the Reserves Act 1977.

7) Consistency with existing policy

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