

EXTRAORDINARY MEETING

OF

WELLINGTON CITY COUNCIL

AGENDA

Time: 2:00 pm
Date: Thursday, 23 April 2020
Venue: Virtual meeting

MEMBERSHIP

Mayor Foster
Councillor Calvert
Councillor Condie
Councillor Day
Councillor Fitzsimons
Councillor Foon
Councillor Free (Deputy Mayor)
Councillor Matthews
Councillor O'Neill
Councillor Pannett
Councillor Paul
Councillor Rush
Councillor Sparrow
Councillor Woolf
Councillor Young

Have your say!

You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 04-803-8334, emailing public.participation@wcc.govt.nz or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about. All Council and committee meetings are livestreamed on our YouTube page. This includes any public participation at the meeting.

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1. Meeting Conduct

1.1 Karakia

The Chairperson will open the meeting with a karakia.

Whakataka te hau ki te uru,	Cease oh winds of the west
Whakataka te hau ki te tonga.	and of the south
Kia mākinakina ki uta,	Let the bracing breezes flow,
Kia mātaratara ki tai.	over the land and the sea.
E hī ake ana te atākura.	Let the red-tipped dawn come
He tio, he huka, he hauhū.	with a sharpened edge, a touch of frost,
Tihei Mauri Ora!	a promise of a glorious day

At the appropriate time, the following karakia will be read to close the meeting.

Unuhia, unuhia, unuhia ki te uru tapu nui	Draw on, draw on
Kia wātea, kia māmā, te ngākau, te tinana,	Draw on the supreme sacredness
te wairua	To clear, to free the heart, the body
I te ara takatū	and the spirit of mankind
Koia rā e Rongo, whakairia ake ki runga	Oh Rongo, above (symbol of peace)
Kia wātea, kia wātea	Let this all be done in unity
Āe rā, kua wātea!	

1.2 Apologies

The Chairperson invites notice from members of:

1. Leave of absence for future meetings of the Wellington City Council; or
2. Apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

1.3 Announcements by the Mayor

1.4 Conflict of Interest Declarations

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

1. 5 Confirmation of minutes

The minutes of the meeting held on 16 April 2020 will be put to the Council for confirmation.

1. 6 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows:

Matters Requiring Urgent Attention as Determined by Resolution of the Wellington City Council

The Chairperson shall state to the meeting.

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

The item may be allowed onto the agenda by resolution of the Wellington City Council.

Minor Matters relating to the General Business of the Wellington City Council

The Chairperson shall state to the meeting that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Wellington City Council for further discussion.

1. 7 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 3.23.3 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

2. General Business

FUTURE OF KARORI EVENTS CENTRE

Purpose

1. This report asks the Council to accept the gift of the Karori Event Centre from the Karori Community Hall Trust and to approve funds for its completion and ongoing operation allowing it to function as a community hall and a new base for Footnote New Zealand Dance.

Recommendation/s

That the Council:

1. Receive the information.
2. Agree to accept the gift of the Karori Event Centre Building from the Karori Community Hall Trust on the condition it is available for a reasonable amount of community use.
3. Note that this gift will be the subject of a Deed of Gift detailing the terms and conditions required by both Council and the Trust. This will include appropriate recognition for the generosity of the various funders and supporters who enabled this building to be built.
4. Agree to bring to an end the ground lease previously granted by Council to the Karori Community Hall Trust that permitted the building to occupy Council land.
5. Note that a previous resolution of Council required that the proceeds from the sale of the St Johns Hall site offset \$610k of advance funding provided by Council to the Trust towards the build of the Karori Events Centre.
6. Note that as the advance to the Karori Community Hall Trust has been utilised for the construction of the building, Council does not expect this amount to be returned as the value is reflected in the building asset gifted to Council.
7. Note that the Karori Community Hall Trust will be repurposed so that it can be an ongoing supporter of the Karori Event Centre including completing the fundraising to allow installation of the retractable seating.
8. Note that officers intend to offer Footnote NZ Dance a lease to occupy the building with a requirement to make the unused spaces available to the community.
9. Agree to a capital expenditure budget increase of \$1.22m (GST excluded) for the building fit-out, noting that this will be offset by any proceeds from the sale of the St Johns site, over and above the initial \$610k already committed
10. Agree to increase Council's operating budget by \$95,000 (GST excluded) to fund the ongoing operational costs for this building, to be partly offset by rent from the lease(s)

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11. Note that officers will work with the Karori Community Hall Trust to project manage the completion of the building before it is formally gifted to Council.

Background

2. The Karori Community Hall project has a 20-year history. The community hall was wanted by the Karori community and was initially supported by the Council as part of the 2001 Karori Town Centre Upgrade. The St Johns site, (refer to map of Karori Town Centre) was purchased by the Council at a discounted price on the proviso it would be used for community purposes. The cost of relocating the community hall from the St Johns site was expensive and the Councils Community Facilities Review didn't justify more investment in Karori. The St Johns site was later declared surplus and is now part way through an expressions of interest process.
3. The need for a community hall continued to be the subject of debate however in 2009 it became evident to the community that the Council would not fund a new community hall and the community took on the project and formed the Karori Community Hall Trust (the Trust) to raise funds to build a community hall.
4. The Trust raised \$1.985m and the Council agreed to contribute an additional \$920,000 (comprising \$610k-an advance on the St Johns site sale money plus \$310k grant).
5. Despite the fundraising efforts the Trust was unable to raise enough money for the completion of the building and all building activity was stopped and build mothballed.
6. During the 2019 Annual plan, the Trust asked Wellington City Council (WCC) for an additional grant of \$1m. Councillors advised the Trust to work with officers to find a way forward.

Discussion

7. There is a \$2.4m building shell (weathertight but incomplete), funded by grants, the Council, community and other donors. It is on Council land in the middle of the Karori Community Facilities precinct.
8. The building owner, the Trust, is unable to finish it and will be insolvent in around 2 years when it runs out of money to insure the building. At this point the building will revert to Council. Accordingly, a proactive solution needs to be found.
9. A range of options were explored with officers and the Trust. The analysis considered the costs of building completion along with flexibility for changing needs of the community over time, risk and community acceptance. Some of the potential options may have delivered lower operating costs but had significantly higher fit-out costs. Some options were eliminated at an early stage as they failed to meet one or more of the criteria.
10. The Trust and WCC officers agreed that the best option was to complete the building for use as a Community Hall.

11. Officers have been working with Footnote New Zealand Dance (Footnote) to explore accommodation options as their current lease (in Cuba St) will end in December 2020. Footnote would like to lease the building and operate it, which includes making it available for community use – the Trust and officers support Footnote as a lease. This will see the space fully occupied in what is normally a hard to fill time. It also provides a great opportunity for development of more creative stream of community activity.
12. Footnote would pay an annual lease fee and be responsible for the building utilities (power cleaning etc). This provides a more certain income stream for the building thereby reducing the financial risk.
13. The completion of the building as a community hall and with Footnote as a tenant has been confirmed by the Trust as being acceptable to the major funders as the building will still be a community facility and Footnote is a not-for-profit organisation engaged in community activities.
14. The Trust and Footnote (and KCC where appropriate) have agreed on the following elements of the proposal that is now presented to Council for approval:
 1. **The Trust will gift the building to WCC for community purposes.** Any change from that will require community consultation. This will be done by way of a Deed of Gift which will also cover bringing the existing Ground Lease to an end.
 2. **The Trust will repurpose itself as a supporter of the building.** They will apply for grants to add assets to the building; the Council will accept the retractable seating (once the fundraising is completed), subject to a building consent being obtained and confirmation that the floor won't be adversely impacted) and the seats will be gifted to WCC as an addition to the building.
 3. **Fit-out cost of \$1.22m (GST excluded) to be funded by WCC.** The additional capital budget is being sought outside the Annual Plan process as the fit-out project needs to commence as soon as possible as Footnotes lease expires on 31 December 2020, and the fitout is a 6-month project.
 4. **Trust to manage fit-out completion with WCC oversight.** The Trust will manage the fit-out project to complete the building, gain code compliance and deliver the completed building to the Council. The Trust will continue with the existing construction company, design team and project manager. Officers will appoint a project manager to work with the Trust and their project manager to manage the Council's risks .
 5. **Operational costs - deficit of \$95k per annum.** WCC will own the building and be responsible for all building costs. The draft operating budget has a year 1 deficit of \$95k (GST excluded) with the costs based on a 10-year AMP and depreciation expense. The operating cost will in part be offset by the Lease income received from Footnote of approxametly \$23,000 per annum. Footnote curenly receivies a grant from Council to pay the Lease at Cuba Street.
 6. **Lease of the building to Footnote**
Officers will enter into a community lease of the building to Footnote and

Footnote will take full responsibility and control of the building. Footnote will make the building available for community use and is aware that they will need to manage the utilities themselves.

Options

15. The Council has the following options:

Option 1: Agree with officer's recommendations as outlined in this report.

Option 2: Do not agree with the recommendations and keep the status quo, i.e. mothball the unfinished building

Next Actions

16. If recommendations are adopted the following next steps are planned:

- WCC to finalise the project management arrangements with the Trust in May 2020
- The Trust to have the detailed design completed and costed in May and June 2020
- Any building consent amendment to be submitted in June 2020
- Project fit-out commences in July 2020
- Lease and Deed of Gift documents to be finalised in October 2020
- Building completed and opened in December/January 2020/21

Attachments

Attachment 1. Karori Community Precinct [↓](#)

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Author	Jenny Rains, Community Services Manager
Authoriser	Paul Andrews, Chief Operating Officer (Acting)

SUPPORTING INFORMATION

Engagement and Consultation

Not applicable

Treaty of Waitangi considerations

Not applicable

Financial implications

Not applicable

Policy and legislative implications

Not applicable

Risks / legal

Not applicable

Climate Change impact and considerations

Not applicable

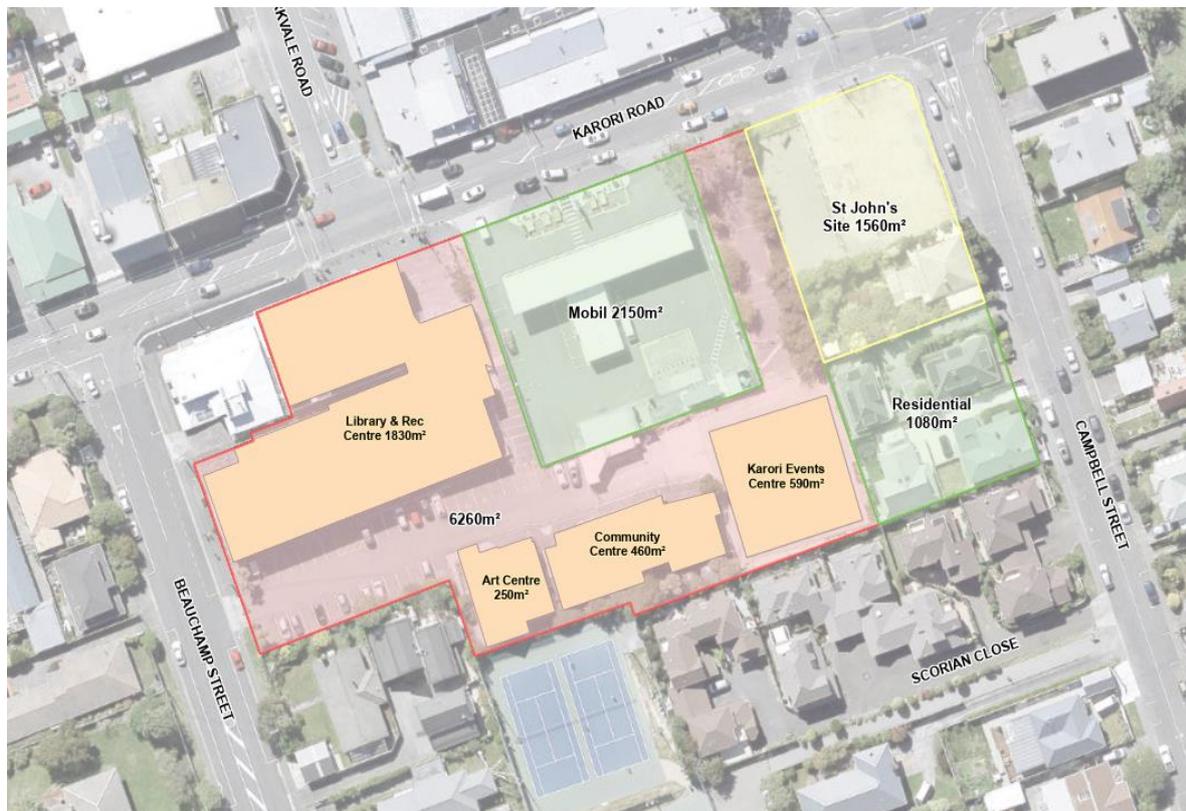
Communications Plan

Not applicable

Health and Safety Impact considered

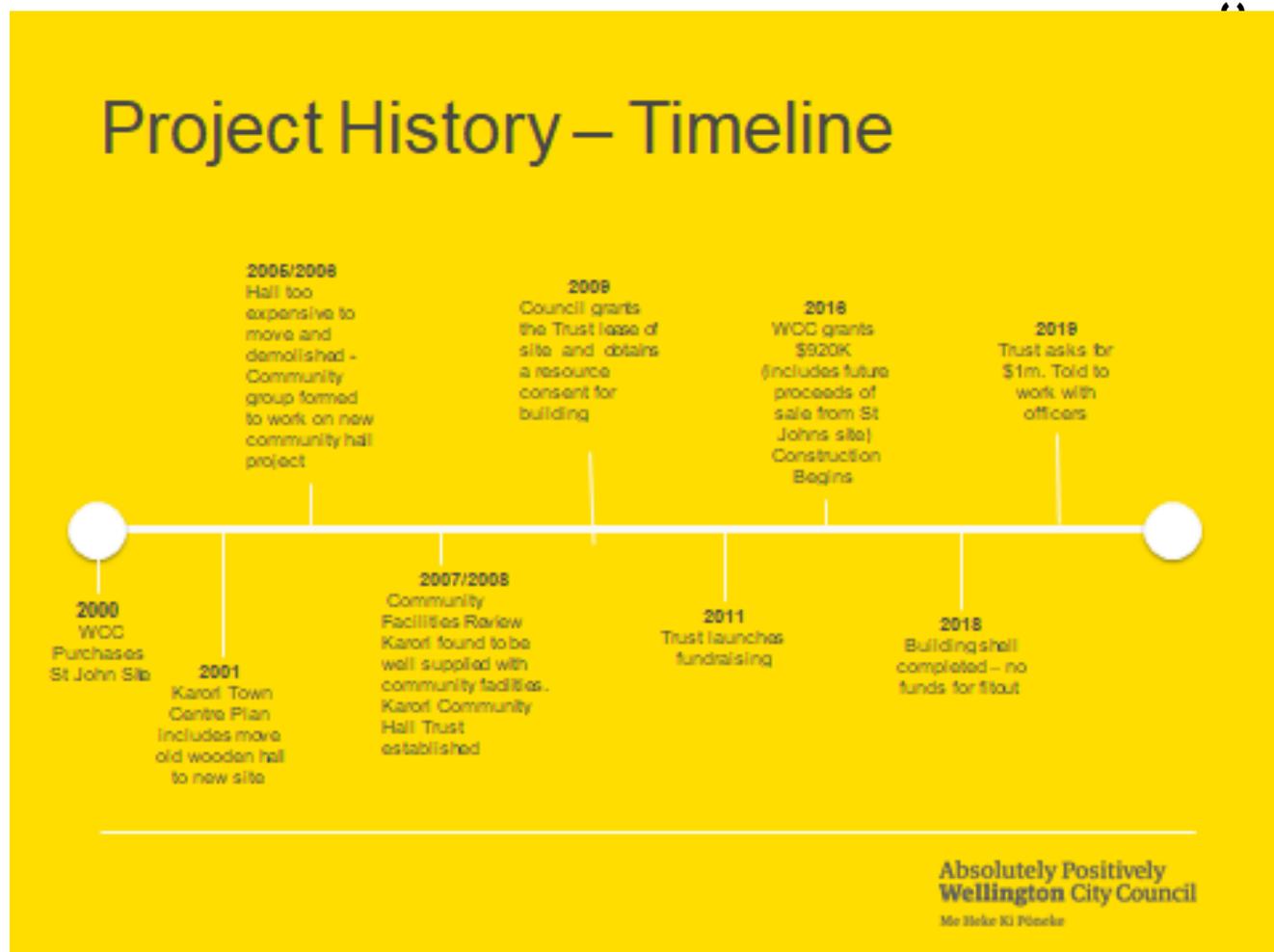
Not applicable

Karori Community Precinct



Karori Event Centre





Council Decisions

2000 Council purchases St Johns site

2001/02 Annual plan allocates \$188k to move community hall

2005 Council decides Community Hall too expensive to move

2007 SPC noted results of community facilities work and community hall provision being led by newly formed Trust.

2007 Agreement to lease the site

2009 Grants lease of site to Trust

2015 Agreed the St Johns Hall is surplus to requirements and instructed officers to proceed with the sale – delegated to the CE

2016 Agreed \$310,000 grant funding

\$50k in 2016/17

260k in 2017/18

2016 Agreed to grant the proceeds of the sale of the St Johns Hall to the Trust- \$610K (the estimated net proceeds for the building factoring in paying transaction costs and repaying debt).

Any release of funds was contingent on the group raising \$1.3 million from non- council sources

Note- post Kaikoura Earthquake the St Johns Hall was demolished – the site has not been sold

May 2016 - The trust requested the release of the Council's funding.

June 2016 The Chief Executive agreed to release the funds through a grant of \$920,000 plus GST

Late 2016 - Construction started

2017 (November) - construction of the Centre was halted due to lack of funds

2018 (Early) - Construction site closed

3. Committee Reports

REPORT OF THE GRANTS SUBCOMMITTEE MEETING OF 18 MARCH 2020

Members: Mayor Foster (not present – apologies accepted), Councillor Day (not present – apologies accepted), Councillor Fitzsimons (Chair), Councillor Foon, Councillor Matthews (Deputy Chair), Councillor Pannett, Councillor Paul (not present – apologies accepted).

The Grants Subcommittee recommends:

BUILT HERITAGE INCENTIVE FUND ROUND 1 OF 1 2019/2020 FINANCIAL YEAR

Recommendation/s

That the Council:

1. Agree to the allocation of two grants for seismic strengthening work as follows:

Project #	Project	Total Project Cost	Amount Requested	Amount eligible for funding	Amount Recommended ex GST if applicable
5	45-55 Courtenay Place	\$749,779 (\$5m total costs)	\$260,000	\$749,779	\$150,000
6	75 Taranaki Street	\$4,092,526	\$350,000	\$4,092,526	\$160,000

Website link to the Grants Subcommittee meeting agenda and minutes:

<https://wellington.govt.nz/your-council/meetings/committees/grants-subcommittee/2020/03/18>

Attachments

Nil

4. Public Excluded

Recommendation

That the Council:

1. Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
4.1 Wellington International Airport Limited shareholder proposal	<p>7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>s48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.</p>

