

REPORT 1  
(1215/53/IM)

## GRANTING OF A FRESH LEASE TO KILBIRNIE PARK SPORTS ASSOCIATION INCORPORATED

### 1. Purpose of Report

To seek the Committee's approval to grant a fresh ground lease on recreation reserve land to Kilbirnie Park Sports Association Incorporated.

### 2. Executive Summary

This report provides a description of Kilbirnie Park Sports Association Incorporated, and officers' recommendations to grant the fresh lease.

Kilbirnie Park Sports Association Incorporated has occupied the land since an amalgamation of several clubs in 1989. The land is designated Open Space A, however the land is subject to the Reserves Act 1977, and the purpose of the land is for recreation. This means the lease is granted under the authority of the Reserves Act 1977.

### 3. Recommendations

*Officers recommended that the Committee:*

- 1. Receive the information.*
- 2. Approve subject to the conditions below, the granting of a fresh lease to Kilbirnie Park Sports Association under the Reserves Act 1977 (the Act):*

<b>Location</b>	<b>Term</b>	<b>Annual Rental</b>
<i>Kilbirnie Park</i>	<i>10 years, with 1 renewal of 10 years</i>	<i>\$184 + GST per annum</i>

*And that any approval to grant a lease is conditional upon:*

- (i) Appropriate consultation with iwi;*
- (ii) The lease being publicly notified in accordance with sections 119 and 120 of the Act and any approved Management Plan;*
- (iii) There being no objections or sustained objections resulting from the abovementioned consultation or notification.*
- (iv) The lessee pays for the legal and advertising costs associated with preparing the leases.*

## **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) (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 is committed to providing greater leadership to promote a high level of social cohesion and participation.

The Social and Recreational Strategy encourages collaborative partnerships with our recreation and community 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.

#### ***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, 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 lease and lease renewal. The process is outlined in Section 4.3 and 4.4.

### **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 (membership numbers and financially), and if 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 terms and conditions.
4. Seek approval for the granting of the lease from the Regulatory Processes Committee subject to the appropriate conditions being met.
5. Public notification as set out in the Act.
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.

The Council may offer ground leases and premises leases to community 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 their share of the external maintenance costs.

Leases offered to community groups are a standard format in accordance with 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 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 in the term of a lease. 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.*

<b>Shorter Tenure</b>	<b>Longer Tenure</b>
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

#### **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

### Kilbirnie Park Sports Association Incorporated

The Kilbirnie Park Sports Association Incorporated (KPSA) has occupied the building on Kilbirnie Park since 1989. KPSA consists of the Eastern Suburbs Cricket Club (Easts) and Marist AFC (Marist). The clubrooms are used extensively during the week and weekends, Easts using the premises extensively in the summer, and Marist in winter. KPSA is responsible for maintaining their building and in 2001 installed new fittings in the bathrooms, painted the interior of the building, and installed new lighting.

KPSA is a strong representative in both cricket and football. Easts has won the Royal Visit Cup 11 of the past 13 seasons. This cup is awarded for the most championship points in the season. Marist has won both men's and women's championships in various leagues since the early 1930s to present time.

Officers initiated negotiations with KPSA in December 2008 to enter into a fresh lease. The club has consistently met their obligations under the prior lease. Their membership base and financial position is very stable.

Lease history	The prior lease was with Kilbirnie Cricket Club Inc in 1987, was assigned to the KPSA in 1990 and expired in July 2008. KPSA has held over on the terms and conditions of the previous lease since this time.	
Background	<p>Eastern Suburbs Cricket Club was established in 1993, and consists of Midland, dating from 1883, Kilbirnie, dating from 1890, and St Pats Old Boys, dating from 1936. During the summer, Saturdays and Sundays are game days, and practice occurs almost every day during the week.</p> <p>Marist AFC was established 1896. During the winter, Saturdays and Sundays are the main game days and practice occurs 2-3 days a week. During the summer, Marist AFC uses the clubrooms Wednesdays and Thursdays for team practice or tactical training.</p> <p>The two groups amalgamated in 1989.</p>	
Term	10 years + 1 renewal of 10 years.	
Rental	\$184 per annum.	
Strategic Fit	Contributes to More Liveable and Better Connected Outcomes.	
Group Sustainability	Member numbers	680
	Financially viable	Yes

## **6. Conclusion**

Officers recommend that the Committee exercise its delegated authority to approve the granting of a lease to Kilbirnie Park Sports Association Incorporated, subject to the conditions identified in section 3 (Recommendations).

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

## **Supporting Information**

### **1) Strategic Fit / Strategic Outcome**

*This report recommends a lease with the Kilbirnie Park Sports Association Incorporated 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 a lease with the Kilbirnie Park Sports Association 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.*

### **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 lease.*

### **7) Consistency with existing policy**

- *The provision of a lease to the Kilbirnie Park Sports Association 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.*