

QLDC Council
18 December 2014

Report for Agenda Item: 03

Department:

Operations

3: Reclassify Reserve and New Ground Lease – Riverbank Road

Purpose




- 1 To consider the reclassification of a local purpose reserve and a new ground lease of that land to Wanaka Firewood Limited at Riverbank Road.

Recommendation

2 That the Council

- a. **Agree** to notify the reclassification of section 37 Block III Lower Wanaka SD to Local Purpose Depot Reserve.
- b. **Appoint** three Councillors, any two of whom can hear any objections received and make a recommendation to the Council about the reclassification of section 37 Block III Lower Wanaka SD to Local Purpose Depot Reserve.
- c. **Agree** to grant a lease over part of Section 37 Block III Lower Wanaka SD to Wanaka Firewood Limited subject to the following terms:
- d. **Agree** to grant a lease over part of Section 37 Block III Lower Wanaka SD to Wanaka Firewood Limited subject to the following terms:

Commencement:	Tbc, once resource consent is obtained (but no later than 30 June 2015
Rent	\$5,200 per annum plus GST
Term	5 years, with a right of renewal of another 5 years on the agreement of both parties
Rent reviews	Every 18 months
Use	Loading and unloading firewood, sale of firewood;
Limitations	Firewood not to be processed on site;
Insurance	Lessee to provide public liability insurance and approved health and safety plan prior to occupying the site.

Advice Prepared by:	Report Advice Reviewed and Recommended by:	Reviewed and Authorised by:
		
Joanne Conroy, Property Manager, APL Property 25/11/2014	Mike Weaver Manager, Parks & Operations 1/12/2014	Ruth Stokes General Manager, Operations 1/12/2014

Background

1. There is an area of around 5000m² on Riverbank Road that is essentially vacant land. It is known as section 37 Block III Lower Wanaka survey district. An abandoned car lot is located in the south west corner of the site and Wanaka Landfill Limited owns the rear part of the section and uses it for hardfill. The land to the southwest is occupied by the transfer station and recycling depot and Otago Regional Council occupies the land to the north. It has been vacant for many years since the old Wanaka landfill closed.
2. The land was vested from the Crown in 1957 as gravel reserve and was the access to the old Wanaka landfill. There are no services to the site but it is fenced to Riverbank Road with screen planting on that boundary.
3. The land is across Riverbank Road from the Three Parks site and is part of the land on the Riverbank Road / Ballantyne Road intersection that the Council owns.

Comment

4. The site was advertised for lease by tender in August 2014 and two responses were received. A summary of the responses is attached.
5. The recommended tenderer is Wanaka Firewood Limited (WFL), seeking to use the site as a firewood yard and willing to pay \$5,200 per annum. WFL will sell firewood from the site, but not undertake any processing. The only improvements proposed are a portaloo for staff and clients, a 10m x 10m barn type building and fencing the full site. The proposed operating hours are 8.00am until 5.00pm Monday to Friday and 8.00am to 12.00noon on Saturday.
6. The applicant requires resource consent as retail is non-complying in a rural zone. Any consent would consider visual effects of the proposal, vehicle ingress and egress, dust, noise etc.
7. To support the proposal, it is recommended to reclassify the reserve pursuant to section 24 of the Reserves Act 1977, which will require public notification. The new classification would be Local Purpose depot reserve, which would adequately cover the storage of abandoned cars and the proposed new lease. If objections are received, a hearing would be required and a resolution of Council

approving the new classification and exercising the delegation of the Minister of Conservation, after which the new classification would be gazetted.

8. The Wanaka Community board considered this matter at the meeting of 18 November 2014 and passed the following resolution:

On the motion of Councillors Lawton and MacLeod, the Wanaka Community Board resolved to recommend to the Queenstown Lakes District Council that the intention to grant a new licence to Wanaka Firewood Limited over approximately 5000 square metres of section 37 Block III Lower Wanaka SD, to operate a firewood yard be notified subject to the following conditions:

Commencement: TBC, once resource consent is obtained (but no later than 30 June 2015)

Rent \$5,200 per annum plus GST

Term 5 years, with a right of renewal of another 5 years on the agreement of both parties

Rent reviews 1 and 1/2 yearly;

Use Loading and unloading firewood, sale of firewood;

Limitations Firewood not to be processed on site;

Insurance Lessee to provide public liability insurance and approved health and safety plan prior to occupying the site.

9. Since that time, advice has been received that it is more appropriate to reclassify the reserve. Once this is done, there would be no need to notify the intention to grant the lease.

Options

10. Council has the following options:
 - a) To approve notification of the intention to reclassify the reserve to Local Purpose Depot Reserve or not; and
 - b) To approve the lease as proposed, to approve the lease with other terms and conditions or to decline the lease and/or re-advertise the site for lease.

Assessment

11. The advantages of reclassifying the land are that the classified purpose would more closely align with the current and proposed use.
12. The advantages of the lease are that it would enable a local operator to sell firewood at a site reasonably close to town, therefore providing an effective heating solution for residents. It would generate funds for the Council and ensure that a vacant site is maintained at no cost to the Council.
13. Possible disadvantages are that the lease will tie up a Council-owned vacant site for a period of five years, and then five further years if the parties agree to a renewal. Any issues around traffic, noise, dust or visual effects will be dealt with by the resource consent process.
14. As the site is not required at present and the Council does have the option to take it back in 2020, the advantages appear to outweigh the disadvantages.

15. While re-advertising the site might result in other parties expressing interest, it would delay the lease further and WFL may withdraw its proposal and it is uncertain whether a better proposal would be received.

Financial Implications

16. All costs relating to the reclassification of the reserve will be met by the current property budget and the cost of lease preparation will be met by the applicant.
17. The Council conducted a tendering process to ascertain the current market rate of the block for leasing purposes. The applicant lodged the highest tender, offering \$5,200+GST per annum.

Local Government Act 2002 Purpose Provisions

18. The intention to grant a lease to a commercial entity over disused land is consistent with ss10 of the Local Government Act as it supports local involvement in decisions on the administration of local public services and is an effective use of land.

Council Policies

19. The following Council Policies were considered:
 - Policy on Significance 2014 – notifying a new lease is not deemed significant as it does not impact Council strategic assets, or affect a large number of residents and ratepayers to a moderate extent.
 - Property Sale & Acquisition Policy 2014 – principles 5, 7 and 10.

Consultation

20. Will be undertaken in accordance with section 119 of the Reserves Act 1977, requiring public notification of the reclassification of the reserve, which will also address the consultation requirements of section 74 of the Local Government Act.

Attachments

1. Aerial photograph showing the site to be leased.
2. Summary of tenders received.