

QLDC Council
24 March 2015

Report for Agenda Item: 12

Department:
Operations


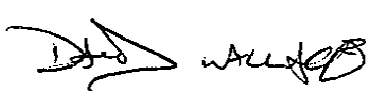

Reclassify Reserve and Grant a New Ground Lease – Riverbank Road, Wanaka

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 Queenstown Lakes District Council*
 - a. **Agree** to reclassify section 37 Block III Lower Wanaka SD to Local Purpose Depot Reserve pursuant to section 24 of the Reserves Act 1977; and
 - b. **Agree** to the exercise of the Minister's prior consent (under delegation from the Minister of Conservation) to reclassifying section 37 Block III Lower Wanaka SD to Local Purpose Depot Reserve pursuant to section 24 of the Reserves Act 1977; and
 - c. **Delegate** final terms and conditions and execution of the proposed lease to the Chief Executive.

Advice Prepared by:	Report reviewed and recommended by:	Reviewed and Authorised by:
 Joanne Conroy	 David Wallace	
Property Manager, APL Property	Senior Parks and Reserves Planner	General Manager Infrastructure
28/02/2015	9/03/2015	9/03/2015

Background

- 3 There is an area of around 5000 square metres on Riverbank road that is essentially vacant land. It is known as section 37 Block III Lower Wanaka survey district. The 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 ORC occupy the land to the north. The site has been vacant for many years since the old Wanaka landfill closed.

- 4 A tender was advertised to lease the site and the best proposal was received from Wanaka Firewood who would use it to sell firewood to the public. A second proposal for storage of fencing equipment may be able to be accommodated on the site in the future but this report only deals with the firewood proposal.
- 5 As the site is a local purpose gravel reserve (and has had that classification since 1957), the most appropriate way of enabling the lease is for the reserve to be reclassified as local purpose depot reserve. Note that with local purpose reserves, leases can only be granted if the activity is in accordance with the purpose.
- 6 This matter was considered by Council On 18 December 2014 and the following resolution passed:

On the motion of Councillors MacLeod and Stammers-Smith it was resolved that the Council:

- a. **Agree to notify the reclassification of section 37 Block III Lower Wanaka SD to Local Purpose Depot Reserve.**
 - b. **Appoint Councillors Ferguson, Forbes and Gilmour to a hearings panel, 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:**
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.
- 7 The intention to reclassify the reserve and grant a lease was notified on 2 January 2015 asking for submissions by 10 February 2015. No submissions were received.

Comment

8. The final process in reclassifying the reserve is for Council to consider the matter pursuant to the section 24 of the Reserves Act 1977, by exercising the delegation of the Minister of Conservation. The classification would then be recorded by a notice in the New Zealand Gazette.
9. The land has been vacant for some years and there is no use proposed in the foreseeable future aside from the abandoned car yard in one corner. The lease is proposed for 5 years with a further five years by agreement of both parties so that if any Council use is identified for the land, Council can terminate it in 2020. At expiry, if no renewal is granted, the Lessee would need to remove any improvements (apart from fences) from the site and reinstate it to the current condition.

Options

10. Council has the following options:
 - a) To approve the reclassification to Local Purpose Depot Reserve
 - b) Not to reclassify the reserve; and
 - c) To approve the lease as proposed; or
 - d) To approve the lease with other terms and conditions; or
 - e) To decline the lease and/or re-advertise the site for lease.

Assessment

Option a

11. The advantage of reclassifying the land is that purpose would more closely align with the current and proposed use.
12. No disadvantages have been identified

Option b

13. No advantages have been identified for not reclassifying the reserve.
14. The disadvantage of not reclassifying is that the land will remain essentially unusable because the current classification for gravel reserve is not feasible on the site.

Option c

- 15 The advantages of granting the lease include it would enabling a local operator to sell fire wood at a site reasonably close to town, therefore providing an effective heating solution for residents. It would generate funds for Council and ensure that a vacant site is maintained at no cost to Council.
- 16 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. As the site is not required at present and Council does have the option to take it back in 2020, the advantages appear to outweigh the disadvantages.

Option d

17 Other terms may be advantageous to Council but given the proposed terms are as the result of a tender process, more restrictive terms may not be acceptable to the proposed Lessee.

18 Disadvantages of other terms are that the Lessee may not accept them and walk away.

Option e

19 The advantages of declining the lease and leaving the site vacant have not been identified. Re-advertising the site might result in other parties expressing interest, it would delay the lease further and Wanaka Firewood might withdraw their proposal and it is uncertain whether a better proposal would be received.

20 The disadvantage of not granting a lease is that the site would remain unused and Council would need to bear the cost of maintaining it.

Financial Implications

21 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.

22 A tendering process was conducted by Council to ascertain the current market rate of the block for leasing purposes. The applicant made the highest tender offering \$5,200+GST per annum to Council.

Local Government Act 2002 Purpose Provisions

23 The intention to grant a lease to a commercial entity over disused land is consistent with Section 10 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. In terms of section 11A the recommendations of this report do not impact the core services provided by Council. It is envisaged that leasing the land on a five year basis will not impact Council's ability to cease the lease and the end of that term and return the land to its present state if a different use is preferable at that time.

Council Policies

24 The following Council Policies were considered:

- Policy on Significance and Engagement 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 and Acquisition Policy 2014 – this proposal aligns with principles 5, 7 and 10.

Consultation

25 Consultation was undertaken in accordance with section 119 of the Reserves Act 1977, which will also address the consultation requirements of section 74 of the Local Government Act.

Publicity

26 There is no requirement for a media statement or public communication to support this decision at this time

Attachments

A. Aerial photograph showing the site to be leased.



Riverbank Road gravel reserve – area to be leased (approximately)