

**Wanaka Community Board
11 May 2017**

Report for Agenda Item: 2

Department: Property & Infrastructure

New lease for Wanaka Arts Centre Trust

Purpose

The purpose of this report is to consider recommending to Council that a new lease be granted to Wanaka Arts Centre Trust for the Council owned building they occupy at Lot 1 DP 25900, Block XII, Town of Wanaka.

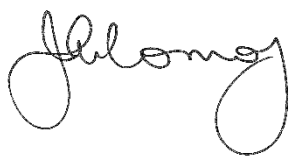
Recommendation

That the Wanaka Community Board:

1. **Note** the contents of this report; and
2. **Recommend to Council** that a new lease be granted to Wanaka Art Centre Trust for the building they occupy on Lot 1 DP 25900, Block XII Town of Wanaka subject to the following terms and conditions:

Commencement	1 July 2017
Term	3 Years
Renewals	A further 3 years at Council's absolute discretion.
Rent	Pursuant to Community Facility Funding Policy
Reviews	At renewal or if the Funding Policy is reviewed
Termination	With 12 months' notice
Use	Visual and performing arts, craft, education, community groups and associated activities
Subleases	With Lessor's approval
Assignment	Not permitted

Prepared by:



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26/04/2017

Reviewed and Authorised by:



Peter Hansby
General Manager, Property
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26/04/2017

Background

- 1 The Wanaka Art Centre Trust have occupied the Council owned building located at 17-19 Brownston Street (also known as Bullock Creek Lane) being Lot 1 DP 25900 Block XII Town of Wanaka since 2000 with several licences having been granted. The most recent licence commenced 1 July 2013 and is due to expire 30 June 2017.
- 2 The Arts Centre Trust is a non-profit organisation. They sub-lease individual rooms in the building to a range of artists, clubs and tutors, and there is also a meeting room available for community groups, lessons and the like. The issue of whether or not the sub-lessees are community or commercially based is a complex one which is discussed in the Community Facility Funding Policy. By requiring subleases to have Lessor's approval, Council will have a better understanding of the type of sub-lessees and an ability to veto them if they are not fulfilling any community, educational or arts function.
- 3 A new lease would be subject to the Community Facility Funding Policy. The commencement rent would be \$1885 plus GST per annum. They have been paying this amount of rent since 2010.
- 6 It should be noted that the land upon which the Art Centre Building is located is freehold land that Council purchased a number of years ago, and could be used for a wide variety of purposes if the site was redeveloped.

Comment

- 7 The proposal is to lease the building to the Wanaka Arts Centre Trust for a relatively short term, with a renewal at Council's discretion for a further three years. It should be noted that the building is quite old and will have a limited useful life, or potentially require significant costs for upgrade in the medium term.
- 8 There is no known alternative use for the building at this stage and while not granting a lease is an option, it would leave the Arts Centre Trust with no facility. The land upon which the building is located is part of a site including the Library and Lake Wanaka Centre.
- 9 The proposed terms of a new lease are as follows:

Commencement	1 July 2017
Term	3 Years
Renewals	A further 3 years at Council's absolute discretion.
Rent	Pursuant to Community Facility Funding Policy
Reviews	At renewal or if the Funding Policy is reviewed
Termination	With 12 months' notice
Use	Visual and performing arts, craft, education, community groups and associated activities
Subleases	With Lessor's approval
Assignment	Not permitted

- 10 Given that the building is reaching the end of its economic life and because of the freehold status of the land, Council should give consideration to the future of the land and building. However, this will take time and granting a relatively short-term lease in the meantime will not affect Council's ability to plan for a different use in the future.

Options

- 11 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
- 12 Option 1 To recommend to Council that a new lease is granted to the Wanaka Arts Centre Trust for the building they occupy on Lot 1 DP 25900 Block XII Town of Wanaka subject to the terms and conditions recommended above.

Advantages:

- 13 Will enable the Wanaka Arts Centre Trust to continue for some years and have the opportunity to plan for a future relocation.
- 14 Is for a relatively short period and includes a termination provision giving Council some flexibility.

Disadvantages:

- 15 May delay Council's ability to do something else with the site.
- 16 Does not give any long term certainty to the Trust.
- 17 Option 2 To recommend to Council that a new lease is granted to the Wanaka Arts Centre Trust for the building they occupy on Lot 1 DP 25900 Block XII Town of Wanaka subject to different terms and conditions from those recommended above.

Advantages:

18 As above.

Disadvantages:

19 As above.

- 20 Option 3 To recommend to Council that a new lease to the Wanaka Arts Centre Trust is declined and other uses for the land and/or building be investigated.

Advantages:

21 May result in a more beneficial use of the land and/or building.

Disadvantages:

22 The Wanaka Arts Centre Trust will not have a facility from which to operate.

- 23 This report recommends **Option1** for addressing the matter because there is no immediate alternative use for the site and it will give the Trust sufficient time to seek an alternative site when this lease expires. It also allows Council an opportunity to terminate the lease with twelve months' notice if circumstances change during the lease term.

Significance and Engagement

- 24 This matter is of medium significance, as determined by reference to the Council's Significance and Engagement Policy because it relates to a public asset but the asset is not significant, it does not affect the level of services or impact on Council's ability to achieve its strategic objectives.

Risk

- 25 This matter related to the operational risk OR11, "Decision Making" as documented in the Council's risk register. The risk is classed as low. This matter relates to this risk because the recommendation will result in a timely and legitimate process.

Financial Implications

- 26 The lease provides income that covers the building costs. There is a risk that maintenance costs will increase over the term of the lease, but if these costs are significant, Council can opt to terminate the lease.

Council Policies, Strategies and Bylaws

- 27 The following Council policies, strategies and bylaws were considered:

- Community Facility Funding Policy.

- 28 The recommended option is consistent with the principles set out in the named policy/policies.

29 This matter is not included in the 10-Year Plan/Annual Plan but will not have any effect on it.

Local Government Act 2002 Purpose Provisions

30 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by enabling a community group to occupy a Council building at a reasonable cost;
- Can be implemented through current funding under the 10-Year Plan and Annual Plan;
- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

31 The persons who are affected by or interested in this matter are residents of the district.

32 No consultation is anticipated as the land is not reserve, and because the Trust already occupy the building and therefore the impact on any group or individual is minimal.

Attachments

- A Aerial photograph of the building
- B Photographs of the building

Attachment A: Aerial photograph of the building



The map is an approximate representation only and must not be used to determine the location or size of items shown, or to identify legal boundaries. To the extent permitted by law, the Queenstown Lakes District Council, their employees, agents and contractors will not be liable for any costs, damages or loss suffered as a result of the data or plan, and no warranty of any kind is given as to the accuracy or completeness of the information represented by the GIS data. While reasonable use is permitted and encouraged, all data is copyright reserved by Queenstown Lakes District Council. Cadastral information derived from Land Information New Zealand. CROWN COPYRIGHT RESERVED

Attachment B - Wanaka Arts Centre



Wanaka Art Centre (above and below)





Kitchen in common room