

**Wanaka Community Board
21 February 2019****Report for Agenda Item: 5****Department: Property & Infrastructure****Hawea Playgroup Incorporated – New Lease****Purpose**

The purpose of this report is to consider a lease to the Hawea Playgroup Incorporated for the site they occupy on the corner of Camp Hill Road and St Ninians Way, Hawea Flat.

Recommendation

That the Wanaka Community Board:

1. **Note** the contents of this report;
2. **Recommend to Council** that a new lease be granted to the Hawea Playgroup Incorporated over Part Section 11 Block V Lower Hawea Survey District subject to the following conditions:

Commencement	TBC
Term	3 Years
Renewal	Two further terms of 3 years by agreement of both parties
Rent	Pursuant to Community Facility Funding Policy (\$1 per annum at commencement)
Reviews	5 yearly or when the Funding Policy is reviewed
Use	Activities associated with a community playgroup and playcentre
Operational costs	All rates and charges associated with the land to be paid for by lessee
Assignment/Sublease	With Council approval
Liability Insurance	\$2 million
Expiry Conditions	Lessee can elect to remove improvements and make good or improvements to revert

to Council ownership with no compensation payable

Break Clause

Council can give 1-year cancellation notice if the land is required for the 'provision of core infrastructure services'

Maintenance

All maintenance of the building and property including gardening to be paid for by lessee

- 3 **Recommend to Council** that they delegate signing authority to the General Manager of Property and Infrastructure.


Prepared by:



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23/01/2019

Reviewed and Authorised by:



Peter Hansby
GM Property and
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12/02/2019

Background

- 1 Council purchased the land and buildings at 554 Camp Hill Road, Hawea Flat from Telecom in 1998. At the time, the Hawea Playgroup has been occupying the house on the site for six years rent free, but Telecom wanted to sell the site. Council paid \$10,000 for the site and then the playgroup paid Council \$2,500 for the improvements. The land is currently freehold without a reserve classification. The land measures 1012 square metres.
- 2 Council granted a lease to the Playgroup for 19 years and 364 days from 30 October 1998 with a final lease expiry due on the 29 October 2018, however they continue to occupy the site under holding over provisions, with the same terms and conditions applying.
- 3 The facility includes an older style house and two sheds. The property is serviced by a septic tank and dispersal field that the Playgroup upgraded in 2017.
- 4 The current lease allows for the improvements to revert to Council ownership on expiry, with no compensation payable.

Comment

- 5 The Playgroup are seeking a new lease when the current one expires in October. They have 124 children enrolled and run three sessions each week. The premises

are used for after school craft and music lessons, and during the weekend for birthday parties and other small events. The Playgroup was certified by the Ministry of Education in 2009.

- 6 The Playgroup is considered a valued community asset. They are part of the “triangle education hub” along with the Hawea Flat Primary School and Kindergarten, providing a great support network for parents with young children.
- 7 The land is not classified as reserve and therefore no notification is required prior to granting a new lease. Only Council is delegated to grant leases and therefore the Board is required to make a recommendation to Council that the lease be granted.
- 8 The Hawea Community Association has been consulted and have given their written support for the Playgroup being provided a new lease.
- 9 An initial term of 3 years is proposed, with two renewals by agreement of both parties, in line with Council’s community lease terms guidance.

Options

- 10 Option 1 To approve a new lease over Part Section 11 Block V Lower Hawea Survey District to the Hawea Playgroup.

Advantages:

- 11 Allows an early childhood education facility to continue to operate at Hawea Flat.
- 12 Ensures that a facility continues to be available to the public for other activities.
- 13 Reduces Council’s operational costs through rates and other maintenance being paid for by the lessee.

Disadvantages:

- 14 The land would not be available for other purposes.

- 15 Option 2 Decline the new lease.

Advantages:

- 16 The land would be available for other purposes.

Disadvantages:

- 18 Would not allow an early childhood education facility to continue to operate at Hawea Flat.
- 19 Would not enable a facility to continue to be available to the public for other activities.
- 20 Would not reduce Council's operational costs through rates and other maintenance being paid for by the lessee.

- 21 This report recommends **Option 1** for addressing the matter because it will allow an early childhood education facility to continue to operate in Hawea Flat.

Significance and Engagement

- 22 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because it relates to Council land.

Risk

- 23 This matter relates to the operational risk OR011A Decision Making, as documented in the Council's risk register. The risk is classed as moderate. This matter relates to this risk because the Board is required to make a considered decision in a timely way.

Financial Implications

- 24 Council will not receive any income from the proposed lease under the current Community Facility Funding Policy, however the Playgroup will pay the costs associated with drafting a new lease document and cover ongoing operational and maintenance costs for the site.

Council Policies, Strategies and Bylaws

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

- Significance and Engagement Policy
- Community Facility Funding Policy

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

- 27 This matter is not included in the 10-Year Plan/Annual Plan but has no impact upon it.

Local Government Act 2002 Purpose Provisions

- 28 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 granting a lease to enable an early childhood education activity to continue;
- 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

- 29 The persons who are affected by or interested in this matter are the residents and ratepayers of the Queenstown Lakes District community.
- 30 The Hawea Community Association has been consulted and provided their endorsement to a further lease, but no further consultation is anticipated or required.

Attachments

- A Plan of lease area