

Decision released from confidential session			
Recommendation from (agenda report)	Date of meeting	Recommendation to (decision-making meeting)	Date of meeting
		Council	08 June 2023
Report Title and number			
Stoke Rugby Football Club – Approval for Lease Term Variations (R27663)			
Documents released			
Decision CL/2023/148 and Report (R27663)			
Decision			
<p>That the Council</p> <ol style="list-style-type: none"> 1. Receives the report Stoke Rugby Football Club - Approval Sought for Amended Lease Terms (R27663) and attachment (1655281707-22926); and 2. Approves new lease terms for the Stoke Rugby Football Club at the Pūtangitangi Greenmeadows Centre, giving the Club year-round exclusive use of the Kārearea room, downstairs office and stores with an annual rent set at a community rate of approximately \$16,800 + GST and reviewed three yearly at a community rate thereafter in line with other community leases at the Centre; and 3. Agrees that the decision and the report Stoke Rugby - Request for new lease terms at the Pūtangitangi Greenmeadows Centre (R27663) be made public following the completion of negotiations; and 4. Agrees that the attachment (1655281707-22926) remain confidential at this time. 			

REPORT R27663

Stoke Rugby Football Club - Approval for Lease Term Variations

1. Purpose of Report

- 1.1 To approve new lease terms for the Stoke Rugby Football Club (SRFC) at the Pūtangitangi Greenmeadows Centre (Centre).
- 1.2 To give SRFC exclusive use of the Kārearea room, ground floor office and stores year-round with an annual rent set at a community rate.

2. Recommendation

That the Council

1. ***Receives the report Stoke Rugby Football Club - Approval Sought for Amended Lease Terms (R27663) and attachment (1655281707-22926); and***
2. ***Approves new lease terms for the Stoke Rugby Football Club at the Pūtangitangi Greenmeadows Centre, giving the Club year-round exclusive use of the Kārearea room, downstairs office and stores with an annual rent set at a community rate of approximately \$16,800 + GST and reviewed three yearly at a community rate thereafter in line with other community leases at the Centre; and***
3. ***Agrees that the decision and the report Stoke Rugby - Request for new lease terms at the Pūtangitangi Greenmeadows Centre (R27663) be made public following the completion of negotiations; and***
4. ***Agrees that the attachment (1655281707-22926) remain confidential at this time.***

3. Exclusion of the Public

3.1 This report has been placed in the confidential part of the agenda in accordance with section 48(1)(a) and section 7 of the Local Government Official Information and Meetings Act 1987. The reason for withholding information in this report under this Act is to:

- Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

4. Background

4.1 A report presented to the 9 February 2023 Council meeting sought approval to make changes to the SRFC Deed of Lease. The changes included giving the Club full time access to the Kārearea room between April to September each year with ongoing full-time use of the downstairs office and store year-round, with the annual rent set at a clubroom rather than a commercial rate.

4.2 An annual rent set at a clubroom rate was recommended in the previous report (Attachment 1) as the SRFC had not made significant contributions to the development costs of the Centre. A community rate is usually only applied to an annual rent where the user group have made a significant financial contribution to the development cost of the building to be occupied and are responsible for the majority of repairs, maintenance and renewals going forward.

4.3 SRFC was provided an opportunity to speak at the meeting and advised elected members that the proposed use of the Kārearea room through April to September only would still cause the club issues in regards of their activity going forward. These issues are outlined in the previous report in clauses 6.6.1 – 6.6.4.

4.4 SRFC requested that elected members consider approving the club exclusive use of the room on a year-round basis with the rent set at a community rate, which the club felt was in line with other sports and community groups.

4.5 The report was left to lie on the table and officers were instructed to enter into further negotiations with the club, coming to a mutually beneficial agreement around the lease terms.

4.6 These negotiations are now complete and this report seeks approval to make amendments to the lease as agreed by both parties.

5. Discussion

5.1 The current lease arrangements are summarised in points 6.1 and 6.2 of the previous report.

Proposed Amended Lease Conditions

- 5.2 The SRFC requested that the annual rent be amended to a community rate in line with other not for profit sports codes and community groups.
- 5.3 Officers have negotiated the following conditions to be included in the lease variation should it be approved. These conditions take account of the fact that SRFC did not make a significant financial contribution to the initial development costs of the centre.
- 5.3.1 SRFC will install new floodlights to the sports field within twenty four (24) months of the Deed of Variation to the current lease and all costs associated with the lights will be covered by the club. The ongoing maintenance and repairs of the lights will be the clubs responsibility. The cost to the SRFC for the installation of the lights has been quoted at approximately \$400,000+ GST.
- 5.3.2 Power charges for the lights will be the responsibility of the SRFC and the club will allow for the lights to be used by other community/sports groups when not in use by them.
- 5.3.3 In keeping with Council's policy on having all community facilities available for the public, SRFC agrees to a target of 70 external bookings per year for the Kārearea room. External bookings will be reported annually and all income earned from the external bookings will be paid to the SRFC.
- 5.3.4 SRFC will keep fees and charges in line with Council's Community Facility Charges and the room will not be hired out for 18th or 21st birthday parties.
- 5.3.5 Should the SRFC wish to cook on the premises they will develop an outdoor cooking area at their cost and this area would also be available for public use.
- 5.3.6 All furnishings to the leased area will be provided by the SRFC.
- 5.3.7 The SRFC will adhere to the current resource consent in place for the Centre.
- 5.3.8 SRFC will be responsible for all cleaning, rubbish removal and recycling from any event or use of the leased area.
- 5.3.9 SRFC will be solely responsible for all interior repairs and maintenance within the leased area during the term of the lease.

Proposed Annual Rent

- 5.4 Officers engaged Telfer Young to undertake a market rental valuation for the spaces utilised by the club at the Centre and to provide figures for a community rate. The rate was calculated on the same basis as the 2016 valuations as this is in line with the charging for the other community groups who have leases at the facility. Under this methodology the

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rental is based on a return to the underlying land and a return to the improvements assessed on the basis of the reinstatement cost less physical depreciation.

- 5.5 The figures in the tables below are for rent and operational costs as the annual charge is a gross rent. The first table shows figures for exclusive use of all areas year round and the second shows exclusive use of the Kārearea room from April to September only.

Exclusive Use (Year Round)	Area m2	Community Rate/m2	Total
Ground floor office	8	48	384
Office Store	4	48	192
Main Store	15.4	48	739
Kārearea Room	110	48	5,280
Deck	82.4	48	3,955
Opex			6,250
Total Gross Rent			\$16,800 + GST

Exclusive Use (April to September only)	Area m2	Community Rate/m2	Total
Ground floor office (year round use)	8	48	384
Office Store (year round use)	4	48	192
Main Store (year round use)	15.4	48	739
Kārearea Room (50% use)	110	48	2,640
Deck (50% use)	82.4	48	1,978
Opex			3,750
Total Gross Rent			\$9,683 + GST

6. Options

- 6.1 Three options are presented below. Option one is the preferred option.

Option 1: Approve year round exclusive use of the Kārearea room and downstairs office and stores with rent set at a community rate (preferred option)	
Advantages	<ul style="list-style-type: none"> • Gives SRFC flexibility and opportunity to grow. • Provides a secure full-time home base for the Club at the facility. • SRFC will have opportunity to collaborate with other sports and community groups in the space. • Provides a space for younger club members to meet after school year-round.

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	<ul style="list-style-type: none"> • Rent provides a constant income stream to Council and alleviates potential losses from other bookings. • Club will not look for other premises.
Risks and Disadvantages	<ul style="list-style-type: none"> • CLM will have reduced ability to manage future facility bookings as the Kārearea room is a popular space. • Potential loss of income from private bookings.
Option 2: Approve exclusive access to the Kārearea room from April to September only with an annual rent set at a community rate	
Advantages	<ul style="list-style-type: none"> • Gives SRFC more flexibility and space to operate throughout the season. • SRFC will be able to collaborate with other groups during the season. • Income streams from the lease rent and external bookings. • CLM has more flexibility to manage bookings outside the rugby season. • Retains the facilities purpose as a multi-use facility as bookable by other users outside of the rugby playing season.
Risks and Disadvantages	<ul style="list-style-type: none"> • SRFC has limited ability to grow the Club outside of the season. • Possible loss of income if user bookings outside of the season are low and do not generate as much as could be charged for a full-time lease. • Storage issues for SRFC outside of the season as privately owned furniture would need to be removed. • SRFC may look for alternative premises.
Option 3: Keep the status quo	
Advantages	<ul style="list-style-type: none"> • Gives CLM more flexibility to manage bookings throughout the year. • Does not restrict use of the Kārearea room for the wider community. • Commercial rent rate provides more income to Council.
Risks and Disadvantages	<ul style="list-style-type: none"> • SFRC will be restricted regarding growth of club and collaborating with other community/sports groups.

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	<ul style="list-style-type: none">• Past three seasons show hours-based lease not working for SRFC.• SRFC may look for alternative premises.
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7. Conclusion

- 7.1 If year round exclusive access to the leased area is approved SRFC will have the ability to grow the club, to work collaboratively with other sports and community groups and a steady income stream will be generated for Council.
- 7.2 The additional conditions to the Lease recognise that SRFC did not make a significant contribution to the development costs of the building. The additional charges incurred by the club due to these conditions allow for an annual rent at a community rate to be charged going forward in line with other not for profit sports and community groups.

8. Next Steps

- 8.1 If approved to make the appropriate changes to the Stoke Rugby Football Club Lease.

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Jules Read, Leases Officer**

Attachments

Attachment 1: 1655281707-22926 - Stoke Rugby - Previous Report to Council Meeting - 9Feb2023

Important considerations for decision making
Fit with Purpose of Local Government Approving the recommendation is consistent with the Local Government Act as it promotes the social, economic and cultural well-being of the Nelson Community and SRFC stakeholders.
Consistency with Community Outcomes and Council Policy The recommendations in this report fit with the community outcome: <i>Our communities have access to a range of social, educational and recreational facilities and activities where we have high quality and accessible recreation, education, health and community facilities.</i>
Risk Approving the recommendation secures the tenancy of SRFC at the facility for the long term. Not approving the recommendation poses the risk that the Club may choose to seek alternative premises.
Financial impact Approving the recommendation will result in a steady income stream for Council.
Degree of significance and level of engagement This matter is of low significance because this is an existing activity at the facility.
Climate Impact This decision will have no impact on the ability of Council to proactively respond to the impacts of climate change now or in the future.
Inclusion of Māori in the decision making process No engagement with Māori has been undertaken in preparing this report.
Delegations This decision is a matter for Council