

QLDC Council

3 June 2015

Report for Agenda Item: 4

Department: Operations

New Lease - Glenorchy and Kingston Fire Station

Purpose

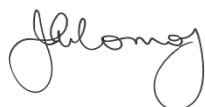
The purpose of this report is to consider granting a lease to the Otago Rural Fire Authority for the Glenorchy and Kingston Fire Stations.

Recommendation

That Council

1. **Approve** a new lease to the Otago Rural Fire Authority (ORFA) for the Glenorchy Fire Station over freehold land Section 11, Blk XIV TN of Glenorchy and the Kingston Fire Station over approximately 202 square metres of Lot 1 Sect 15 Blk I Kingston SD, subject to the following terms:
 - a. Rent pursuant to the Community Facility Pricing Policy and reviewed every two years;
 - b. Lease to commence 1 June 2015;
 - c. Term to be ten years, with two renewals subject to agreement of both parties;
 - d. Building and Public Liability Insurance to be provided;
 - e. ORFA to maintain the grounds, buildings and other improvements;
 - f. ORFA to pay 100% of outgoings, including rates, electricity, gas;
 - g. Improvements to land and buildings are to vest in the Council on the expiry or surrender of the leases;
 - h. Lease determinable by Council giving the Lessee six months notice;
 - i. Other terms and conditions to be confirmed at a later date;
2. **Delegate** to the Chief Executive the authority to negotiate final terms and conditions, together with the power to execute this agreement.

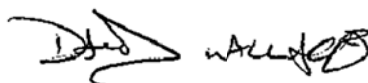
Prepared by: Joanne Conroy



Property Manager - APL

24/04/2015

Reviewed and Authorised by:



David Wallace
Senior Parks and Reserves
Planner

4/05/2015

Background

3. In June 2014, the Otago Rural Fire Association (ORFA) was gazetted and began operations on 1 July 2014. This replaced the separate rural fire authorities that were previously in existence. The new Authority was formed through the merger of the existing six Rural Fire Authorities managed by Otago's local authorities and the Department of Conservation.
4. Previous to the new entity being formed the Glenorchy and Kingston fire stations were effectively occupied by Council itself, as the Rural Fire Authority. ORFA began occupation of these Council owned buildings on 1 July but their occupation has not been formalised. Both the Glenorchy and Kingston Fire Station are situated on Council freehold land.
5. The Glenorchy Fire Station land is legally referred to as Section 11, Blk XIV TN of Glenorchy and is a freehold section. The fire station was built on site in October 1982, but was not formally issued with a resource or building consent. This matter is being investigated as part of a bigger project involving incomplete consents and should be resolved over the coming months.
6. The Kingston Fire Station land is legally referred to as Lot 1 Sect 15 Blk I Kingston SD with the fire station building and driveway occupying approximately 202 square metres. The fire station was built on site in October 2010, and a code of compliance was issued in February 2015.

Comment

7. Previous to the newly formed ORFA in 2014, both fire stations were managed by the Rural Fire Authority which was overseen in house by Council. Therefore there was no requirement for a lease to be in place.
8. Given the land is freehold, a lease of the land and buildings is appropriate for the site. As the land is not reserve, public notification of the intention to grant a lease is not required under the Reserves Act 1977. However the lease must be offered under a public auction or tender process pursuant to the Public Bodies Leases Act 1969, unless the lease contains provision for termination by Council with six months notice.

9. It is proposed that Council approves a 10 year lease to the applicants and in return all maintenance to the grounds buildings and other improvements are handled by the ORFA. As well as this, it is proposed that they pay 100% of the outgoings, including the rates, electrical, gas, tax or anything else of that nature, which we understand was agreed at earlier meetings between Council officers and ORFA.
10. The ORFA have sought a peppercorn rate of \$1.00 for both buildings. This is consistent with the Community Pricing Policy as ORFA is a not-for-profit entity.

Options

11. Option 1- To grant a lease to the Otago Rural Fire Authority for both Glenorchy and Kingston Fire Stations being Section 11, Blk XIV TN of Glenorchy and approximately 202 square metres of Lot 1 Sect 15 Blk I Kingston SD subject to the terms and conditions outlined in the recommendations above.
 12. Advantages: The current arrangement would be formalised, and maintenance responsibilities would be clarified. Council is also set to benefit from this lease financially by avoiding maintenance, rates and insurance costs. Council will also be able to meet its prior commitment to transfer the use of its fire response assets to ORFA.
 13. Disadvantages: Council will be required to administer the lease but that would require minimal resource.
14. Option 2 – To grant a lease to both Glenorchy and Kingston Fire Station over Section 11, Blk XIV TN of Glenorchy and approximately 202 square metres of Lot 1 Sect 15 Blk I Kingston SD subject to different terms and conditions.
 15. Advantages: The advantages are similar to those considered for option 1.
 16. Disadvantages: The disadvantages are similar to those considered for option 1, but any other terms and conditions omitted or introduced may result in other disadvantages that have not been identified in this report.
17. Option 3 – That the lease not be granted.
 18. Advantages: None identified.
 19. Disadvantages: Responsibilities around the costs of maintenance of the two buildings would remain with Council. The current buildings on site would not be entered into a formal lease, therefore Council cannot transfer its risks around maintenance obligations.
20. This report recommends Option 1 for addressing the matter as it reduces both costs and risk and provides a clear definition of each parties rights and obligations.

Significance and Engagement

- 21 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because it does not involve a Council strategic asset, is of low importance to the Queenstown Lakes District, is not of interest to the general community, is not inconsistent with policy and strategy and does not impact on Council's capability and capacity to perform its fire response duties.

Risk

- 22 This matter does not have significant risk.
- 23 The recommended option mitigates risk because it would result in transferring the risk to a separate entity which will be responsible for the ongoing costs of maintenance and management of the asset.

Financial Implications

- 24 The ORFA will pay for a new lease to be drafted. Rent will be pursuant to the Community Pricing Policy and will be set at \$1 (if demanded). ORFA will meet the occupancy costs for the duration of the lease.

Council Policies, Strategies and Bylaws

- 25 The following Council policies, strategies and bylaws were considered:
- Community Facility Pricing Policy – this proposal will bring the two Fire station's rent in line with the policy
- 26 This matter is not included in the 10-Year Plan/Annual Plan. Funding for the new lease to be drafted will be paid for by the ORFA.

Local Government Act 2002 Purpose Provisions

The recommended option:

- 27 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 formalising the existing arrangement and clarifying maintenance responsibilities.
- 28 Can be implemented through funding independent of the 10-Year Plan and Annual Plan;
- 29 Is otherwise consistent with the Council's plans and policies; and
- 30 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 No consultation is proposed. However this arrangement was agreed in principle between the Council and the ORFA during the establishment of the ORFA.

Attachments

1. Aerial photo of the Kingston fire station with the proposed lease area outlined in red.
2. Aerial photo of the Glenorchy fire station.

Kingston Station Proposed lease area



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Scale @A4 paper size - 1:345

0 15 30 Metres

Map produced by Queenstown Lakes District Council's Dekho GIS viewer

Map date:
04/05/2015



