

6. FORMER SHAW AVENUE/SCOPE WOMEN'S BOWLING CLUB BUILDING AND GROUNDS, RAWHITI DOMAIN

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The purpose of this report is to propose to the Board a process to appraise various options for the use of the area of 2420 square metres of Rawhiti Domain, formally leased to the Shaw Avenue/Scope Women's Bowling Club.

The site includes a pavilion, garage, shelters, bowling green and garden surrounds. The location of the property is shown in Appendix 1 (attached).

BACKGROUND

The Bowling Club surrendered the lease with the Council in September 2001 because of falling membership. The original deed of lease between the Club and the Council was signed on 10 May 1982 for a period of 21 years. The Club's membership at the time of the surrender was 13 fully paid up members and associates, less than the number required for incorporation under the Incorporated Societies Act 1908. At the time of surrender of the lease the Club was solvent, but the Club liquidated shortly after the surrender.

Section 20 of the former lease stated that the ownership of the assets of the Club that were not removed from the site after termination of the lease reverted to the Council at no cost to the Council. This is in accordance with the First Schedule of the Reserves Act 1977.

The site has been vacant since the surrender of the lease. In August 2002 the Council sought Requests for Proposals (RFP) through the public notification process for leasing the former Bowling Club site. The RFP indicated that the prospective lessees should indicate if they wished to lease the area upon which the clubhouse is situated only, or the total formerly leased area.

Initially there were nine enquiries but only one written application was received to use the site. This was from the New Brighton Residents' Association. Since this time the Association's needs appear to have been met elsewhere in the community.

EXECUTIVE SUMMARY

Ownership of the former pavilion, garage, shelters, and bowling green within the area of Rawhiti Domain which was leased to the Shaw Avenue/Scope Women's Bowling Club, has reverted to the Council following the Club's surrender of the lease. The garage and shelters are in a state of disrepair, and therefore officers are recommending that these buildings be demolished and removed.

The Council could enter into a new lease of the site (the pavilion and bowling green areas jointly or separately) with another party for a similar or another purpose, or clear the site and return it to park land for the general public to enjoy, consistent with the requirements of the Reserves Act 1977.

All proposals need to be evaluated in accordance with the requirements of Section 77 of the Local Government Act 2002. The proposal which is chosen should contribute towards the realisation of the Council's outputs. In making this decision it is necessary to be cognisant of the wider New Brighton community, including the New Brighton revitalisation process and the review of the Rawhiti Domain Management Plan.

Four options are proposed. The favoured option is based upon the integrated planning approach of working through the issues as part of the Management Plan Review process to reach a decision, which takes all the issues known in the New Brighton community into account.

ISSUES FOR CONSIDERATION

Legal Issues

Rawhiti Domain is a classified Recreation Reserve vested in the Council. This classification places restrictions upon the types of activities that can be undertaken. Any leases granted to third parties to use this part of the reserve must be for the purposes set out in Section 54 of the Reserves Act 1977. A copy of this section is attached as Appendix 2 for members' information.

The future use of the building for purposes other than the uses allowed for under Section 54 of the Reserves Act requires a change of classification to a Local Purpose Reserve Classification, most likely "Community Buildings", to allow the activity to proceed.

Section 77 of the Local Government Act 2002 sets out the following requirements of a local authority in relation to the decision-making process:

- (a) seek to identify all reasonable practical options for the achievement of the objective of a decision; and
- (b) assess those options by considering:
 - (i) The benefits and costs of each option in terms of the present and future social, economic, environmental, and cultural well-being of the district or region; and
 - (ii) The extent to which community outcomes will be promoted or achieved in an integrated and efficient manner by each option; and
 - (iii) The impact of each option on the local authority's capacity to meet present and future needs in relation to any statutory responsibility of the local authority; and
 - (iv) Any other matters that in the opinion of the local authority, are relevant; and
- (c) if any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Maori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and other taonga.

For the information of members, the Crown is party to the Ngai Tahu Settlement Agreement, which requires the Council to adhere to the requirements of Section 4 of the Conservation Act 1987. This section requires the administering body, in this case the Council, to have regard to the principles of the Treaty of Waitangi. One of the guiding principles is to consult with the local iwi about a proposal. This is the way in which the requirements of paragraph (c) above will be satisfied.

The purpose of Recreation Reserves is set out in Section 17 of the Reserves Act. Recreation reserves are to provide areas for the recreation and sporting activities and physical welfare and enjoyment of the public, and for the protection of the natural environment and beauty of the countryside, with emphasis on the retention of open spaces and on outdoor recreational activities, including recreational tracks in the countryside.

Financial Issues

The former Bowling Club building is built of concrete block with aluminium window joinery and a corrugated iron roof. It is subdivided into a clubroom with kitchen facilities, a cloakroom, and with amenities in two separate toilets. The building covers an area of approximately 99 square metres.

Simes and Company have valued the former Bowling Club building and determined the value of the building upon the basis of the depreciated replacement cost approach, and made the following points in determining the value:

- (a) That the building may have a value to another sports club or community group, or the building could be let to various clubs on different nights.
- (b) However, demand for this type of building will be limited, and any market rents would likely be significantly discounted reflecting the non-profit nature of the occupiers.
- (c) Due to the age and style of the building, the obsolescence factor of the building will be high.
- (d) Given the high level of obsolescence and depreciation, the economic life of the building was assessed to be approximately 50 years.

The approach to valuing the building assumed that any occupier would look at the cost to replace such a building and apply an appropriate depreciation factor to take into account physical depreciation and obsolescence.

On the basis of replacement cost, less depreciation and obsolescence, the current value was assessed to be \$30,000. This valuation is based upon the premise that the building is not at present used, and as such is not contributing towards the realisation of the Council's stated outputs. The building currently has a book value of \$52,000, based upon the building's value when in use and contributing towards the realisation of the Council's outputs.

Prudent financial management of Council assets requires that a return of approximately 10% (\$3,000 to \$5200) per annum should be expected on this type of asset, the amount depending upon whether sub-optimal or full use of the asset is being made. This reflects the risks involved and the true cost of the capital investment. Costs incurred in operating the building are on top of this 10% figure; for example, electricity, water, telephone, and building maintenance. The risk factors are as follows:

- (a) The asset cannot be sold at normal market rates because of the limited uses the building can be put to under the Reserves Act.
- (b) The above mentioned constraints mean that it is most likely the market rent will need to be significantly discounted to reflect the non-profit nature of the occupiers.
- (c) The building is approximately halfway through its life cycle, and because of the high obsolescence factor with this type of building, the risks borne by the property owner are higher.

There is also an old garage that was used for storing equipment and shelters around the bowling green that are in a state of disrepair. These buildings have no value and should be removed from the site.

EVALUATION OF PROPOSALS

The Council has a legal requirement under the Local Government Act 2002 to evaluate any proposal that comes forward in accordance with the requirements of Section 77 of the Act. This will require a detailed community needs analysis study of any proposal that is received prior to consideration by the Board.

This analysis will need to include an investigation into the possibility of housing any future proposed activity or group in an existing facility already in the community. There are three churches, two schools, a chartered club, bowling club, rugby club, Memorial Hall, and surf club within the central New Brighton area. Situated upon Rawhiti Domain, there are the St Johns Ambulance, Silver Band, cricket club, golf club, athletic club, scouts and former tennis club buildings. Some of these facilities may be suitable for other purposes, with the resident club willing to provide accommodation for other activities or clubs upon the payment of a fee.

It is likely that an organisation proposing to lease the former Bowling Club's pavilion will be a community-based organisation. It could not be expected to pay market rent for the facility in addition to the ongoing costs of running and maintaining the building. In these cases, it will be necessary to undertake an assessment of the value of the activities the organisation provides to the community as a whole to enable the Council to formally approve the organisation concerned paying a rent less than market value.

It is necessary when evaluating any proposal to determine if the organisation concerned does need leased premises to operate from, or should be hiring rooms when required to undertake their business. The application by the New Brighton Residents' Association may be considered as an example. It could be suggested that the Association's main purpose is to act as a spokesperson for the residents of the New Brighton community with regard to Council related matters, and to work with the Council to realise the aspirations of the community. The lease of a building is not strictly a requirement to undertake this role. If the Association leased the building, ongoing Council funding from rates may have been required to maintain the lease of the site. On the grounds of this analysis, the Association's tenancy of the building would not have been economically viable from the Council's perspective.

REVIEW OF MANAGEMENT PLAN

The Management Plan for Rawhiti Domain is presently being reviewed. It is expected that the Draft Management Plan will be ready to be advertised for public comment in September this year.

Rawhiti Domain is the main recreational open space in the New Brighton community. The Council is presently assisting the community with the proposed revitalisation of the New Brighton area, including the proposed Mall alterations, and a foreshore upgrade. These initiatives need to be taken into account when reviewing the Rawhiti Domain Management Plan as changes may result to the way Rawhiti Domain is used.

Officers therefore consider it prudent that the use of the former Bowling Club site and pavilion be considered as part of the Management Plan process, to ensure that an integrated approach is taken. This should include consideration of issues raised by the New Brighton revitalisation project. This will ensure that the community will have input into the decision for the use of this area, and that planning will be undertaken in a way that meets the requirements of both the Reserves Act 1977 and the Local Government Act 2002.

The Rover Scout Troop presently leases a building at Rawhiti Domain to the north of the fifth fairway of the golf course. This building is located within the boundaries of the golf course and has been hit numerous times by sliced golf balls hit off the fifth tee. The scouts have a lease of this site until 2009, however the Management Plan process is an opportunity to explore the possibility of shifting them to a more suitable location within the park, where better vehicle access is available away from the golf course. The pavilions of the former tennis club and the Bowling Club may be suitable for this purpose.

OPTIONS

1. Seek Requests for Proposals

Advertise for Requests for Proposals to use the former Bowling Club pavilion and bowling green area.

This process has been tried unsuccessfully, as outlined above.

2. Community Garden Proposal

Undertake an evaluation of a current proposal to site a community garden on the former bowling green, and use the former pavilion for storage, and tea-making facilities.

The former bowling green is potentially hazardous for the production of food crops that may be used for human consumption. It is not known what types of chemicals were used to maintain the green during the last 21 years. It will be necessary for money to be found to undertake soil tests. Estimates have been obtained that suggest that the tests required will cost about \$2,000. If a potential health hazard is substantiated it will be necessary to replace the contaminated soil as recommended by the consultants engaged to undertake the testing.

The site is not dangerous for people to use for recreation purposes, the only concerns being if the ground is used to grow crops for human consumption.

The use of the pavilion solely for people working in the gardens would be seen as a sub-optimal use of this building. Up to \$22,000 would be written off the value of this building to reduce the risk that the Council's capital is exposed to, reflecting the lower value of the proposed use.

3. Proposals to be Assessed within Management Plan Review

That the community garden proposal and any other proposals that come forward be evaluated as outlined in the Evaluation of Proposals section above. If assessed as viable and assisting towards the fulfilment of the Council's stated outputs, the proposals be included as part of the Rawhiti Domain Management Plan review process, for the reasons outlined in the Review of Management Plan section above.

4. Returning Area to Public Park

Demolish the pavilion, garage, shelters, and remove the fences around the former leased area, returning the area to the park for the general public to enjoy as informal public open space.

Taking this action would be in accordance with the thrust of Section 17 of the Reserves Act. The leasing provisions of Section 54 of the Reserves Act enable specialised recreation pursuits to be domiciled upon Recreation Reserves where the playing surface is provided by a third party (for example, tennis court, bowling green, croquet green) or the necessary ancillary facilities are provided by third parties (for example, pavilions for associated social facilities, changing sheds, equipment storage sheds). Once the necessity for the provision of these facilities by third parties is no longer there, it makes good sense to remove these facilities and return the area to general park land for all users to enjoy, especially if no suitable uses can be found for the facilities.

CONCLUSION

There is a need to evaluate any option that is put forward for the use of the former Bowling Club site in terms of what is allowed under the Reserves Act 1977, and the evaluation requirements as set out in Section 77 of the Local Government Act 2002. Any future use of the site should contribute towards the realisation of the Council's objectives. The Council is assisting the community with other initiatives to revitalise the New Brighton community. The Parks and Waterways Unit is currently in the process of undertaking a review of the current Management Plan for Rawhiti Domain, as requested by the Community Board.

In view of the above, and to ensure that there is wide public input and discussion into possible uses of the former Bowling Club site, officers recommend that the matter be considered as part of the Management Plan review process.

Staff

- Recommendations:**
1. That the old garage and shelters located upon the former Bowling Club site on Rawhiti Domain be demolished and removed.
 2. That a proper evaluation of the current proposal to use the former Bowling Club site for a community garden and of any other possible uses that are identified, be undertaken as required by Section 77 of the Local Government Act 2002; and those proposals that are identified as having merit and assisting with the achievement of the Council outcomes, be advertised as part of the Rawhiti Domain Management Plan review process.
 3. That a further report be prepared for the Board following the Management Plan process, detailing the outcome, and if appropriate a specific lease/licence proposal.
 4. That, should no viable use for the site be found or agreed to as part of the Management Plan review process, the former Bowling Club pavilion be written off and demolished, the fences around the site removed, and the area returned to park by being levelled and grassed down.

Chairperson's

- Recommendations:**
1. That the abovementioned recommendations be adopted.
 2. That actioning of the recommendations be delayed until the Management Plan is completed.
 3. That expressions of interest be sought again in the intervening period.
 4. That the Board convene a working party to liaise with staff on the options for Rawhiti Domain, including community garden proposals.