

## 5. LEASING – SOCKBURN TESTING STATION

<b>Officer responsible</b> Rob Dally, Facility Assets Manager	<b>Author</b> Bill Binns, Property Leasing Advisor DDI 941 8504
------------------------------------------------------------------	--------------------------------------------------------------------

The purpose of this report is to seek approval for the early surrender and granting of a new lease under a different term to On Road New Zealand situated in the Sockburn Testing Station building at 149 Main South Road.

### BACKGROUND

In October 2001, the Council agreed to the assignment of the lease from Braig Enterprises Limited to Sockburn Testing Station Limited, which now trades as On Road New Zealand. At the same time a new lease was entered into for a term of five years (on the terms and conditions of the original lease), which expires in October 2006. The new term was provided, due to the fact that changes in the warrant of fitness industry, were requiring the Company to invest heavily in new equipment as required by the Performance Review Unit of the Land Transport Safety Authority. On Road has to date invested in excess of \$400,000 in equipment, property and improvements and the likes, since the business was purchased.

### TITLE OF THE LAND

The Sockburn Testing Station and Service Centre are situated on a reserve. This is held by the Council under Reserve 5161 and by proclamation 539227/1 (Gazette 1982 p1167) for Local Purpose (County Buildings) Reserve vested in the Christchurch City Council and contained in CTID/413. The land is a reserve in terms of the Reserves Act 1977, having been derived from the Crown's Estate.

### RESTRICTIONS UNDER THE RESERVES ACT

A lease under Section 61 of the Reserves Act is subject to the Public Bodies Leases Act. Under this Act, leases are required to be publicly tendered unless they are granted for a term which does not exceed five years or is terminable at any time on six months notice or less.

It is for this reason the original lease with the Sockburn Testing Station Limited (On Road New Zealand) was granted for five years. It is also appropriate that the lease term is restricted to five years whilst the Facility Assets Unit reviews Council's property holdings.

### LEASING

The current lessee, On Road New Zealand, has advised it wishes to further develop its relationship with the Land Transport Safety Authority by extending the services offered to include drivers licensing renewals and possibly establishing a driver testing base. The current administration area is unable to absorb these additional transactions. On Road New Zealand is prepared to invest money in providing a portable building that could link into the existing building. However, before they make this commitment, they would like some surety that the lease can be extended to take account of this investment. Therefore, On Road New Zealand is prepared to relinquish the remaining term of its current lease and enter into a new five year lease to gain this certainty. This timeframe would also provide the Council with an opportunity to undertake a review.

### CURRENT TERM

Term	Grant a lease for five years
Rental	\$69,500 plus GST per annum
Rent Review	Review to take place in 3 years time.

### MAINTENANCE

Internal and external maintenance will be the responsibility of the tenant. However, the landlord shall authorise any alterations or additions. The tenant shall ensure that all interior and exterior maintenance meets the Council's criteria.

The tenant agrees to a new rental valuation being carried out at the commencement of the new lease.

**Staff**

**Recommendation:** That the Facility Assets Manager be delegated authority to surrender the existing lease and enter into a new lease with On Road New Zealand for a term of five years as generally outlined.

**Chairman's**

**Recommendation:** That the officer's recommendation be adopted.