

8. SOUTH NEW BRIGHTON CAMPING GROUND – LEASE EXPIRY

General Manager responsible:	General Manager Community Services, DDI 941-8607
Officer responsible:	Unit Manager Recreation and Sport
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PURPOSE OF REPORT

1. The purpose of this report is to obtain the approval of the Community Board, under delegated authority from the Council, to extend and vary the current lease of the South New Brighton Camping Ground which expires on 31 August 2011, until 31 August 2012. The extension will allow information to be gathered and assessed to compile an options report to the Council on the issues and process to allocate a new lease of the camping ground.

EXECUTIVE SUMMARY

2. The current lease of the South New Brighton Camping Ground to Lyndom Holdings Limited will finally expire on 31 August 2011 with no further rights of renewal. The present lessee and operators, Dominic Brownin and Lynda Pilling, acquired the lease in July 2005 which originally commenced on 1 September 1992.
3. The present operators have indicated they are keen to continue operating the camp. Prior to the February earthquake discussions were underway with the lessee on the process for granting a new lease. It is the general practice of the Council that upon final expiry of a commercial lease, to put the opportunity of a new lease out to competitive tender in the open market to ensure transparency and fairness moving forward. During the most recent discussions with the lessee they have been informed that this process will most likely be followed but they will have an opportunity to submit a tender for consideration as part of that process.
4. The disruption that followed the February earthquake and subsequent seismic events has meant that matters have not progressed sufficiently to be in a position to put the lease out to competitive tender by the time the current lease expires and consequently a 'holding position' is now sought to allow time to pull together the information that will be needed to make an informed decision on the options for a new lease. The extension will keep the camp operating and also let the incumbent tenant trade over the coming summer months to alleviate trade loss they have sustained through the disruption to their business.
5. The South New Brighton Camping Ground is a long standing well established coastal camping facility within South New Brighton Park. The South New Brighton Reserves Management Plan approved on 12 August 2010, recognises this and contemplates a further long term lease with the need for some upgrading of facilities including water and electricity reticulation. Both the Council and the current lessee have ownership interests in the camp improvements.
6. An independent building/improvements condition report is being called for to assess and formulate options on ownership and control of the camp's built assets including the financial implications for the Council in granting a new lease. Rapid assessment reports following the 13 June quakes note minor to moderate damage to the residence and the number two ablution block, with both buildings being posted as restricted use. The number two ablution block is not presently in use, while the rear of the dwelling is recommended for restricted use for short periods of time. The options for repair and/or replacement will need to be worked through to arrive at a situation where the camp improvements are fit for purpose under a new lease.
7. The present lease requires the Council to keep the camp built assets insured at the cost of the lessee. With Council assets not presently insured this clause will need to be varied to remove this obligation from the Lessor.

FINANCIAL IMPLICATIONS

8. The cost of an independent condition assessment report is estimated to be up to \$5,000. The financial implications for the Council in granting a new lease will be covered in the option report to come.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

9. Not applicable.

LEGAL CONSIDERATIONS

10. The Camping Ground is situated on Recreation Reserve subject to the Reserves Act 1977. Section 54 1(a) of that Act is the authority to grant leases for camping grounds. As the adopted Management Plan contemplates a further long term lease of this facility within its existing leased area, the proposal to extend the term for a short period as means of facilitating the process to reach a decision on a new lease is considered to conform with the objectives of the management plan and public notification is not required.
11. The Community Board has the delegated authority of the Council to grant leases and licences over reserves including the power to vary leases and licences. It is proposed the extension of the lease term be by way of variation to the lease in respect to the term expiry and the insurance provisions with all other terms and conditions remaining the same.

Have you considered the legal implications of the issue under consideration?

12. Yes.

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

13. Yes, business as usual asset and lease management.

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

14. Refer above.

ALIGNMENT WITH STRATEGIES

15. Not applicable.

Do the recommendations align with the Council's strategies?

16. Not applicable.

CONSULTATION FULFILMENT

17. Not required. Refer comment at paragraphs 5 and 10 on the Management Plan.

STAFF RECOMMENDATION

It is recommended that the Burwood/Pegasus Community Board:

- (a) Vary the lease to Lyndom Holdings Ltd to:
 - (i) Extend the term of the lease so it will finally expire on 31 August 2012.
 - (ii) Vary Clause 10 of the lease (insurance provisions) to provide that during the term of the extended lease the Council will not be responsible to insure the Camp built assets (the variation to be worded by the Council's legal Services Unit).
- (b) Receive a further report from staff by the end of 2011 on the options for the granting of a new lease of the South New Brighton Motor Camp.