

5. WAIMAIRI ARTIFICIAL SURFACE TRUST BOARD - RENT REVIEW

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Corporate Plan Output: Consents, leases (9.4.8)	

The purpose of this report is to consider an application from the Waimairi Artificial Surface Trust Board for a review of its lease with the Christchurch City Council, in accordance with clause 22 of the lease document.

An application was made by the trust in March 1988 requesting a review of its lease for part of Nunweek Park, specifically for a rent review. This letter was passed to the appropriate officer for reply. The applicant was informed that the Council may consider a reduction in the rent for the leased area subject to the trust putting forward a case for such a reduction. The trust was informed that before the request could be considered, it would need to provide accounts showing cashflow, two years' balance sheets, and other information to support its application for a reduction in rent. The additional information provided in July 1999.

Officers discussed this issue, and decided to allow the WASP organisation to pay half the rent owing in the interim. The trust was informed that once the Council decision regarding the rent review was known, adjustments would then be made to the half-paid rent to reflect the Council's decision. The trust has agreed to this.

LEASE CHARGES

The trust leases a total of approximately 1.011 hectares from the Council at Nunweek Park, of which 180m² is occupied by building. Approximately a further 190m² in the same complex is leased to the Harewood Hockey Club. The agreement allows for three-yearly reviews of the lease as set out in Clause 1c of the document. The review was due to be undertaken in October 1988.

The reason for the review not being undertaken to date is that there is not a uniform lease charging policy for sports clubs and community groups leasing Council-owned park and reserve land, for the enlarged Christchurch City Council. Councillors will be aware that work is continuing presently to try to put such a policy in place. This lease is one of many ground-only leases, the payments for which vary from peppercorn rentals to some paying a substantial amount, and reflect the policies adopted by the former local authorities prior to amalgamation. Some sporting organisations with ground-only leases in the former Waimairi District Council area are paying only 10 cents a year, while others such as the trust are paying thousands of dollars. Although the trust's lease agreement specifies that any rent review will be undertaken by way of independent valuation, as set out in the Local Bodies Leases Act 1969, it is intended that nearly all other ground-only leases will be assessed using a different methodology. Councillors will recall that this issue was reported to the Committee last month. It is probable that the rent amount arrived at using the independent valuation method for the lease area will be significantly more than the ground rent arrived at when the policy, which it appears will be based upon a variation of the independent valuation method, is put in place. This will raise further equity issues between different sporting organisations with ground-only leases on Christchurch City Council park and reserve land. The methodology being proposed for the assessment of rent for leased bare land on Council-owned parks and reserves, if based on 1995 valuation figures, equates to 0.025 cents per square metre of playing surface area, and 19 cents per square metre for buildings. If the new methodology is adopted by the Council, the trust would pay approximately \$690 per year.

Officers wish to wait until the policy is put in place before formally reviewing the rent, which will in all probability result in the trust and the Council agreeing to vary the lease. This will ensure that there is equity between the rent the trust pays for the unimproved site and that of other like organisations. The lease charging policy for sports clubs which lease Council-owned park and reserve land should be resolved by July this year at the end of the Annual Plan consultation process, during which the issues of lease and rate charging for sports clubs which lease Council-owned park and reserve land will be addressed. At the time of preparing this report, these issues were being deliberated on by the Committees of the Council.

LEASE REVIEW APPLICATION

The WASP Trust Board is a non-profit organisation which exists to enhance the sport of hockey in Canterbury. The complex provides facilities for around 40 games per week, involving 600 players plus coaches, managers, and supporters. In addition to this, approximately 450 players spend 15 hours training time each week. There is also mini-hockey for the very young on Saturdays, involving approximately 100 children. The artificial surface is used for Canterbury Hockey competitions, secondary school competitions, visiting association and school clubs around Waimairi for training, as well as major tournaments.

The surface allows play to occur during most weather conditions. The provision of this surface has released grounds around Christchurch, including Nunweek Park, for other purposes, thus reducing the Council's sports grounds maintenance costs. When the turf is converted to water turf, other sports including touch and soccer will be able to use it, which will allow for a further reduction in Council's costs of maintaining grass fields. The trust submits that the Porritt Park facility has had its lease cost reduced, although the facility buildings are Council-owned. The facility buildings have been entirely funded by the Trust Board over the past ten years at no cost to the City Council. The grounds inside the facility are maintained by the Trust, not the City Council as is the case at Porritt Park. This costs the trust approximately \$360 each month during the grass cutting season. The trust submits that, in its opinion, the cost of the lease is excessive, because it provides a sports facility and playing surface which allows 1,200 - 1,500 adults and children to enjoy hockey each week, at no cost to the Council. The trust returns all surplus monies to complex improvements. It submits that it should not be paying the top lease rate, especially when compared with other organisations. The trust board is of the opinion that it has provided an excellent sports facility in the corner of Nunweek Park for future generations. It also submits that some of the \$40,000 they have paid in lease payments over the previous ten years could have been well-utilised in further improving the facilities at Nunweek Park. It therefore seeks a favourable review of its current lease for the Nunweek Park hockey complex.

Officers have visited the complex and would endorse the Trust Board's belief that it has provided an excellent, well-run sports facility for the hockey community of Christchurch.

CONCLUSION

Officers believe it is probable that the rent amount arrived at using the independent valuation method, as set out in the lease, will be somewhat more than the amount if the proposed rent evaluation method presently before the Council is adopted. Officers consider there should be equity, in terms of rental levels for the site, between the trust, or, subsequently, the Canterbury Hockey Foundation, and other like organisations.

- Recommendation:**
1. That the Council reduce the rent payable by the Waimairi Artificial Surface Trust Board to \$2,000 per annum as from October 1998.
 2. That officers present a further report for Council consideration concerning the trust's lease agreement, once the rents charging policy for the leasing of Council park and reserves land to sports clubs and community groups has been decided by the Council.

Chairman's

Recommendation: That the above recommendation be adopted.