

**Mayor and Councillors  
KAPITI COAST DISTRICT COUNCIL**

**11 NOVEMBER 2010**

Meeting Status : Public

Purpose of Report: For Decision

**CIVIC THEATRE BUILDING AT 16 MAIN STREET, ŌTAKI**

**PURPOSE OF REPORT**

- 1 To consider options in regards to the Council owned building at 16 Main Street, Ōtaki, currently leased by the Ōtaki Players Society Incorporated, including whether to grant a new lease to that group.

**SIGNIFICANCE OF DECISION**

- 2 The recommendations in this report do not trigger the Council's significance policy.

**BACKGROUND**

- 3 This Council owned building, located at 16 Main Street, Ōtaki is on land described as Pt Lot 61 & 62 Town of Ōtaki and was built in the mid 1930s. It is constructed of concrete and brick, timber floor, plastered exterior cladding and a galvanised iron roof.
- 4 This building was taken over by the Ōtaki Borough Council in 1955. From that point until 1990, the building was leased to various theatre groups. The Ōtaki Players Society Incorporated has leased this building from Council since 1990 till the present.
- 5 The Ōtaki Players Society Incorporated has written to Council's Property Asset Manager, indicating that they wish to seek a new lease of ten years for the building.

Current Lease

- 6 In December 1990, Council entered into a lease with the Ōtaki Players Society Incorporated, for a term of ten years for the Council owned building at 16 Main Street, Ōtaki. This was for a rental of \$1,000 per annum including GST.
- 7 In December 2000, both parties agreed to a variation of the lease, which renewed the lease term for a further period of ten years to December 2010. The current rental is \$1,395 including GST per annum, which is the result of consumer price index related rental reviews over the period of the lease.

Civic Theatre Building

- 8 In the years that this lease has been in place, the Ōtaki Players have undertaken improvements inside the building, including painting and decorating. A very good working relationship has evolved between the Ōtaki Players Society Incorporated and Council. In terms of the responsibilities as per the lease, Council itself has completed a number of works, as follows:

• Exterior painting: front entrance/doors/windows	\$2,395	2002/03
• Replacement of butynol roofing front veranda	\$3,598	2002/03
• Safety work on chimney	\$1,500	2002/03
• Spouting repairs	\$517	2002/03
• Installation of exit door on eastern wall of building	\$403	2003/04
• Installation of Hot Water Cylinder (Beauty salon)	\$483	2003/04
• Exterior lighting and wiring	\$966	2003/04
• Replacement of copper spouting (stolen)	\$5,388	2005/06
• Butynol repairs to internal guttering	\$867	2006/07
• Piling repairs	\$550	2008/09
• Concrete column repairs (western corner of building)	\$5,038	2008/09
• Replacement of exterior gate (at base of exterior steps)	\$1,474	2009/10
• Work on porch lighting/cabbling	\$1,598	2009/10
• Carpentry work (in preparation for exterior painting)	\$1,084	2009/10
• Exterior painting	\$7,467	2009/10
• Electrical rewiring	\$1,200	2009/10
<b>Total (2002 -2010)</b>	<b>\$34,528</b>	

#### Earthquake-prone policy implications

- 9 In 2006, Kapiti Coast District Council developed a policy document entitled “*Earthquake-prone, Dangerous and Insanitary Buildings Policy 2006*”. This was a new policy to reflect Council’s desire to reduce the risk to building users in a way that is acceptable in social and economic terms to its ratepayers.
- 10 As part of this policy, Kapiti Coast District Council committed to reviewing its whole building stock to identify buildings that fall within the scope of potential earthquake-prone buildings under the Building Act 2004.
- 11 The Civic Theatre is listed as a heritage building (Reference B116) in Council’s Heritage Register. This would mean any works undertaken on the building, including earthquake strengthening, would need to be completed taking into consideration any applicable heritage rules.
- 12 The Civic Theatre building has been assessed as a Category ‘D’ building, under the initial desktop review of the buildings that could be earthquake-prone. This indicates that this building has been deemed a lower priority for earthquake strengthening work. As such, the timeframe for completion for any earthquake strengthening work is likely to be approximately twenty to thirty years away. It is expected that confirmation will be received from Council’s Compliance Section outlining these timeframes in the next one to two years, as they work through the process. Within the next five years, the Property Team would compile a more detailed structural assessment of the building to determine

the requirements to meet earthquake-prone buildings policy. The recommendations that are identified will be costed. If appropriate, a business case for budget will be put forward as part of the future LTCCP process.

#### Small leased area in ground floor (Hairdressers)

- 13 For a number of years, a small area at the front of the Civic Theatre building (with a separate entrance on to Main Street) was leased separately as a Hairdressing Salon. This was vacated by the long term tenant in August 2008. This is a small area (approximately 25 square metres in size) that was leased for a modest rental on an as-is basis. Despite the fact that this space was used for a commercial business, there are a number of compliance deficiencies, which would prevent a further letting of this space unless considerable investment in an upgrade was contemplated. Due to the fact that this is a very small space and the rental very modest, there is no real advantage to leasing this space separately. In fact, there are distinct advantages to having just one tenant leasing this overall building, when contemplating the future of the whole building in the long term.

#### Asset Management Plan for the Civic Theatre building

- 14 In the Asset Management Plan for this building, the following items have been identified:

- Roof work                      \$15,000              2012/13

The Property team have received a quote on roof work required. This would involve a specialised rust kill and painting system. The expectation is that this would prolong the life of the roof by between six to ten years.

- Rewire – interior              \$13,000              2012/13
- Exterior Painting              \$23,000              2016/17

#### Ōtaki Players Society Incorporated: use of the Civic Theatre building

- 15 The Society has been leasing the building from Council for approximately twenty years. The following points have been raised by the group, in support of their request for a further lease term:
- The Civic Theatre, run by the Ōtaki Players Society Incorporated is a place of importance to the inhabitants of Ōtaki in developing a sense of community. The building itself has retained a presence in the town as a unique asset and has produced a sense of attachment to those frequenting it through a number of years. Ōtaki Players Society regards itself as an integral part of a vibrant cultural community, and takes pride this can be delivered in one of the community's foremost heritage buildings of the area.
  - The Ōtaki Players Society Incorporated takes a pro-active approach in involving the youth and involving wider community in its projects, and the continued improvements to the theatre itself allows the opportunity to attract a greater number and range of cultural, social and other events and helps promote a stronger sense of community to

those involved. Its aims include further developing and broadening the range of programmes and activities that can be offered the wider community, as well as to continue to form close links with organisations and businesses in Ōtaki.

- The Society prepares a number of productions each year, and often the scope of these require the involvement of an extensive community base. This contributes to the heart of the Ōtaki community.
- Ōtaki Players Society is one of the few theatres in the Wellington and Horowhenua regions which present major theatre musicals.
- Continuing theatre renovations by the Society have ensured that people entering the building are welcomed into an inviting space which is in good condition, and also in a unique and historic building.
- Currently, the Ōtaki Players are seeking external funding for the replacement of stage drapes and renovations of upstairs seating, should the lease approval be granted.

## CONSIDERATIONS

### Issues

- 16 The main issue to be resolved is that of whether to grant a new lease for the existing group, Ōtaki Players Society Incorporated, and if so, determining the length of lease that is appropriate, in relation to upcoming costs on the building over the long term.
- 17 There are costs identified as part of the long term asset management plan for the building. Also, further investigation will be required as a result of the earthquake-prone building policy, to identify long term strengthening requirements. Due to the listing of this building on Council's Heritage Register, any works would need to incorporate any applicable heritage rules. Should a new lease be entered into, these factors will need to be considered as part of that decision making.
- 18 Any new lease entered into would need to be drafted by Council's Solicitors, to incorporate the latest Property Law Act changes. The format for this would be the standard Auckland District Law Society Lease Agreement template.

### Options

- 19 There are three distinct options for the Council to consider. The various advantages and disadvantages are listed for each option.
- 20 Option One

#### ***Council to approve the granting of a new lease, for a term of ten years***

Summary: This would be a similar term that which the Ōtaki Players Society Incorporated currently has in place. This would allow the Society to have some certainty in leasing this building for a reasonably long term.

Advantages:

- The building would be an established venue for the Society to operate out of, in the medium to long term;
- The group would be able to continue with productions and maintain their strong links and involvement in the Ōtaki community.

Disadvantages:

- Council would be committed to longer term costs on this building, including any earthquake strengthening required under the Building Act, and any heritage rules that would apply to works undertaken.

21 Option Two

***Council to approve the granting of a new lease, for a term of five years***

Summary: This option would involve entering into a lease for a shorter period than the Society's preference of ten years.

Advantages:

- Opting for the five year lease would enable Council to gather all the information required to make decisions in the long term for this building. This would provide time for Council to gather more critical information relating to the earthquake strengthening which will be required under the Building Act. This would leave open the option to either extend the lease or opt to sell the property. Entering into this five year lease option would still mean a longer term lease could be considered at the end of the five year term.

Disadvantages:

- The Society would prefer a longer term lease, particularly in relation to improvements they have undertaken internally in the building, or any further improvements they would consider.

22 Option Three

***Council declines to approve the granting of a new lease***

Summary: This would involve the current lease ending on 12 December 2010. Council would then need to make decisions about the building's future.

Advantages:

- Council may be able to consider wider options with this building, including potential commercial use or sale of the building.

Disadvantages:

- The Society is an active group with strong links in the Ōtaki Community. Any decision to not renew the lease would likely curtail their ability to put on productions of the scale they currently do and it may force a rethink on whether the Society continue.
- Any options that were available to Council with the ending of this current lease, would still be subject to the vagaries of the marketplace, including any new lease or sale of the building. It is unknown what demand, if any, there would be for an old building of this nature.

### **Financial Considerations**

- 23 Any financial considerations would be dependent on the option which is adopted. If a lease were to be entered into, annual rent reviews should be inserted into the lease document based on consumer price index (CPI) movements over the period. The insured value of the building is \$1,329,300 which is the replacement cost, and an excess on any claims of \$10,000.

### **Legal Considerations**

- 24 Should approval to grant a new lease be approved, a new lease document would need to be drawn up by Council's Solicitors.

### **Delegation**

- 25 This report would ordinarily be considered by the Corporate Business Committee. However, as this lease expires in early December, this report is to be considered by Council at this scheduled meeting of 11 November 2010.

### **Consultation**

- 26 Consultation has taken place with the existing lessee, the Ōtaki Players Society Incorporated. The Society have presented their proposal of a request for a new lease to the Ōtaki Community Board, who have been supportive of their plans.

### **Policy Implications**

- 27 There are no policy implications to be considered.

### **Publicity Considerations**

- 28 If approval is given to enter into a new lease, this should be publicised as a positive media story.

### **Conclusions**

- 29 Investigations will be required to determine the impact of the earthquake-prone buildings policy on the Civic Theatre building. A structural assessment is highly likely to be required within the next five years. Due to the timing of how this policy will be rolled

out, the Property Team recommend that the most logical approach is to enter into a five year lease with the Ōtaki Players Society Incorporated. At the end of that term, Council would be in a good position to know the long term implications of the earthquake-prone buildings policy and how it applies to the Civic Theatre building, and the longer term costs on the building including roof replacement. A longer term lease could then be entered into should Council decide to do so.

## **RECOMMENDATIONS**

- 30 That the Council gives approval for a new lease with the Ōtaki Players Society Incorporated for the Civic Theatre building, for a term of five years at a rental rate of \$1,400 including GST per annum. The new lease is to also include provision for annual rental reviews, based on consumer price index increases.

**Report prepared by:**

**Approved for submission by:**

**Ken Price**  
**PROPERTY ASSET MANAGER**

**Sean Mallon**  
**ACTING GROUP MANAGER, ASSETS & SERVICES**

## **ATTACHMENTS:**

Appendix 1: Aerial Plan of Civic Theatre (Council-owned building) at 16 Main Street Ōtaki

Appendix 2: Photo of Civic Theatre (Council-owned building) at 16 Main Street Ōtaki