

Mayor and Councillors
COUNCIL

23 JUNE 2016

Meeting Status: **Public**

Purpose of Report: For Decision

EXTENSION OF MAHARA GALLERY LEASE

PURPOSE OF REPORT

- 1 This report seeks approval to vary the existing lease between Kāpiti Coast District Council and the Mahara Gallery Trust, to provide for a further term of three years, plus a two year right of renewal.

DELEGATION

- 2 Council has the authority to make this decision.

BACKGROUND

Lease

- 3 In 1996, Council entered into a lease with the Mahara Gallery Trust, for the old Waikanae Library Building, for a three year term. In 1999 and 2002, Council entered into two further lease terms of three years each with the Mahara Gallery Trust. From 2005 to 2010, the lease was rolled over under the same terms and conditions.
- 4 A new lease was entered into in 2010, for a three year term, with a three year right of renewal. There was a rent review undertaken in 2013, with the lease rental set at \$32,000 per annum. The final expiry of the lease is 30 June 2016.

Mahara Gallery/Waikanae Library Upgrade

- 5 The Mahara Gallery Trust is seeking to provide a permanent home for the Field Collection in Waikanae. To achieve this, the Mahara Gallery needs additional space for exhibition, storage, workshops, administration etc. and needs to upgrade those spaces to museum standard to house the collection and to be able to attract and show significant touring exhibitions and collections from other galleries.
- 6 Separately, the Council had planned for the refurbishment and upgrade of the Waikanae Library. The close proximity of the buildings presented an opportunity for a joint project. In 2009, the Council agreed to support the Gallery project by advancing the timing of the upgrade of the Waikanae Library to meet the timing of the Gallery upgrade so that they could occur concurrently.
- 7 The joint project aimed to deliver an integrated facility, a distinctive, iconic building, and an improved built environment at Mahara Place. The design concept was that it would be constructed at the same time as the proposed upgrade to the adjacent Waikanae Library. It was envisaged that the two projects

could proceed independently if necessary, although this would require some change to the design.

- 8 In 2014/15, the Waikanae Town Centre Project was progressed, and individual building projects for the Town Centre have made allowance for the Mahara Gallery/Waikanae Library Project.
- 9 Given that the Mahara Gallery Trust has not secured its funding levels required at this point, this extension of three years, plus a two year right of renewal, to the lease is necessary to ensure time for the uncertainties to be resolved. The town centre project itself has created some of the uncertainty which is impacting on this upgrade project, and as the vision for the town centre is still in development, it is in all parties' interests for the Gallery Upgrade Project to pause until certainty is achieved.
- 10 The existing lease for the Mahara Gallery building includes clauses which set out the responsibilities should the upgrade be commenced during the term of the lease. These clauses allow Council to suspend business from the existing Mahara Gallery premises, ensure the building is made available to Council to carry out the necessary work, and to renegotiate the lease once the upgrade is completed. If Council agree to extend the lease by way of variation, these clauses would also be varied to incorporate flexibility in Council decision making, to allow for all future scenarios.
- 11 A separate report is being presented at the 23 June 2016 Council meeting regarding the renewal of the agreement for the upgrade of the Mahara Gallery.

ISSUES AND OPTIONS

Lease

Option 1

- 12 To vary the existing lease by three years before 30 June 2016, with a right of renewal of two years, making a final expiry of 30 June 2021. It is proposed to vary the lease clauses regarding allowance for the upgrade during the term of the lease extension. The intention of these changes would be to allow Council flexibility for a number of scenarios, including an option to surrender this lease and enter into a new lease, to align with the Agreement for the Upgrade of the Mahara Gallery.

Option 2

- 13 To enter into a new lease from 1 July 2016, for a three year term, with a two year right of renewal, making the final expiry 30 June 2021. Provision would be included in the lease for redevelopment or relocation options, as set out in point 10.
- 14 Officer's recommendation is for Option 1, to extend this lease by three years, plus a two year right of renewal, by varying the existing lease before 30 June 2016. The terms and conditions of the extended lease would largely remain the same as currently, with minor reworking of clauses to incorporate potential future scenarios regarding redevelopment. This option therefore has more appeal, due to a greater chance of a timely resolution to complete this lease signing. This extension of the existing lease would allow the Mahara Gallery Trust to continue its occupation of the building and extend the time to achieve funding goals. It

would also allow Council flexibility to assess a range of options that could eventuate. This extension of three years, plus two years, would also align the lease agreement with the Agreement for the Mahara Gallery Upgrade, as outlined in report Corp-16-1924.

CONSIDERATIONS

Policy considerations

15 There are no policy considerations.

Legal considerations

16 Should this extension to the existing lease be approved, Council's Solicitors would draft a variation to the existing lease for signing by both parties.

Financial considerations

17 There are no further financial considerations regarding this decision.

Tāngata whenua considerations

18 There are no Tāngata whenua considerations in this report.

SIGNIFICANCE AND ENGAGEMENT

Degree of significance

19 The proposed extension of the lease for three years, plus a two year right of renewal, is not considered to be significant under Council's Significance and Engagement Policy.

Engagement planning

20 An engagement plan is not needed to implement this decision.

Publicity

21 There are no publicity considerations at this stage.

RECOMMENDATIONS

22 That the Council approves the extension of the Mahara Gallery Lease for three years from 1 July 2016, plus a two year right of renewal, for the Mahara Gallery building as outlined in Appendix One of CS-16-1920 and authorises the Mayor, one Councillor and the Chief Executive to sign on behalf of Council.

Report prepared by

Approved for submission

Approved for submission

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ATTACHMENT

Appendix One – Aerial plan of Mahara Gallery building, 20 Mahara Place Waikanae

