

**Mayor and Councillors
COUNCIL**

20 MARCH 2014

Meeting Status: **Public**

Purpose of Report: For Decision

**GRANTING OF A NEW LEASE FOR THE OTAKI MUSEUM
BUILDING AT 49 MAIN STREET ŌTAKI**

PURPOSE OF REPORT

- 1 This report is to seek landowner approval from Council to enter into a new lease agreement with the Otaki Heritage Bank Preservation Trust, for the Council-owned building at 49 Main Street, Ōtaki.

SIGNIFICANCE OF DECISION

- 2 This report does not trigger the Council's significance policy.

BACKGROUND

- 3 This Council-owned building, which is located at 49 Main Street Ōtaki is on land described as Lot 1 DP 91012. The building is a two-storied concrete structure, with polished wood floors, pressed steel ceilings and decorative windows. This is a heritage listed building under the District Plan. The building was built for the Bank of New Zealand in 1918. In 1965 the Otaki Borough Council purchased the building and it was used as the Borough's Council offices until the amalgamation of the Borough into the Kapiti Coast District Council in 1989.
- 4 In 2003, Council entered into a lease with the Otaki Heritage Bank Preservation Trust, for the occupation of this building. This was for a two year term, with a right of renewal of three years. In 2008, Council entered into another lease with the Trust, for two years and ten months, plus a right of renewal of three years. The final expiry for the current lease is 30 June 2014.
- 5 The current lessee, the Otaki Heritage Bank Preservation Trust, wrote to Council on 17 December 2013 seeking a new three year lease for their occupation of the Council-owned building at 49 Main Street, Ōtaki.

Otaki Museum lease

- 6 A very good working relationship exists between the Otaki Museum Heritage Bank Preservation Trust and Council staff.
- 7 Any new lease would be based on the same terms and conditions as the existing lease. The lessee would assume responsibilities for the interior of the building (the exception being structural works), and Council as lessor would be responsible for the exterior.
- 8 The lessee has fulfilled all responsibilities required under the current lease agreement.

CONSIDERATIONS

Issues

- 9 The main issue to be resolved is that of whether to grant a new lease. Over the next ten years, there are a small number of items listed in the Asset Management Plan for the building. It is also planned during the next five years to assess this building from an earthquake-prone buildings policy perspective.

Earthquake Strengthening

- 10 As a result of the Christchurch earthquakes, Central Government is currently reviewing how earthquake-prone buildings will be assessed and managed.
- 11 During the term of this lease, it is anticipated Council will need to undertake a structural assessment of this building, and will need to make decisions regarding the building once it has the results of that assessment. Should approval be granted to proceed with a new lease with the Otaki Heritage Bank Preservation Trust, an additional clause would need to be included in the lease document which states that the lessee acknowledges that Council may wish or be required to undertake earthquake strengthening works during the term of this lease. This clause would be drafted to allow Council to terminate the lease with six months written notice.
- 12 These additional clauses are a safeguard for Council to allow for a worst-case scenario. Namely, should the costs of bringing this building up to an acceptable percentage of code under the Government's new requirements be significant, Council is not obliged to repair it.

Asset Management Plan for the Otaki Museum building

- 13 In the Asset Management Plan for this building, the following items have been identified during the next ten years:

• Earthquake investigations (initial only) ¹	\$3,000	2014/15
• Exterior Painting/Roof replacement (Deferred from 2012)	\$51,440	2014/15
• Replacement of spouting	\$17,000	2018/19
• Exterior Painting	\$25,000	2019/20
• Rewiring	\$10,000	2021/22

- 14 The Otaki Heritage Bank Preservation Trust has been a long standing tenant at this site, has a good working relationship with Council staff, and has met the

¹ The requirement for more substantive investigation is expected to be known during 2014/15 and additional funding requirements will be addressed during the development of the 2015 Long Term Plan.

obligations under the existing lease. It is considered there is no reason not to grant a new three year lease for the rental of this building.

Financial Considerations

- 15 The Asset Management Plan for the Otaki Museum building has identified a number of items in the next ten years. These are listed in the Considerations section of this report.
- 16 If approval for a new lease is given, annual rent reviews would be included in the lease document based on consumer price index (CPI) movements over the period. The rental proposed for the new lease is based on a CPI increase on the rental in the current lease. The new rental would be \$10,216 excluding GST per annum from 1 July 2014.

Legal Considerations

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

Delegation

- 18 The Council may make a decision on this matter.

Consultation

- 19 The Otaki Heritage Bank Preservation Trust has written to the Ōtaki Community Board seeking their support for this new lease. Although this has not been formally discussed by the Ōtaki Community Board at this point, they have been supportive of the Otaki Museum in the past.

Policy Implications

- 20 There are no policy implications to be considered.

Tāngata Whenua Considerations

- 21 There are no tangata whenua issues to be considered.

Publicity Considerations

- 22 There are no publicity implications to be considered.

RECOMMENDATIONS

- 23 That the Council authorise the Chief Executive to enter into a new lease with the Otaki Heritage Bank Preservation Trust for three years from 1 July 2014 at a rental rate of \$10,216 excluding GST per annum, for the Otaki Museum building at 49 Main Street Otaki outlined in Appendix 2 to report CS-14-1109.

Report prepared by:

Approved for submission by:

Sean Hester

PROPERTY ASSET PLANNER

Tamsin Evans

GROUP MANAGER COMMUNITY SERVICES

ATTACHMENTS:

- Appendix 1 Photo of Otaki Museum building
Appendix 2 Aerial plan of Otaki Museum building

Appendix 1



APPENDIX 2

