

Mayor and Councillors
COUNCIL

16 JULY 2015

Meeting Status: **Public**

Purpose of Report: For Decision

ASSIGNMENT OF LEASE - WATERFRONT CAFÉ AND BAR

EXECUTIVE SUMMARY

- 1 The current lessee has put the Waterfront Café and Bar on the market for sale. There is a decision required to gain the Council's approval for the assignment of the lease from Tequila Sunset Limited to The Beach Limited.

BACKGROUND

- 2 The Waterfront Café and Bar is situated at Marine Gardens, Raumati.
- 3 The Council approved for the renewal of the lease with Tequila Sunset Limited for a further period of eleven years from 15 November 2013 to 15 November 2024 for the Waterfront Brasserie building.
- 4 The current owners of Waterfront Brasserie have put the business up for sale. Council has received a request on 12 June 2015 to reassign the lease to The Beach Limited.
- 5 Currently the prospective lessee is awaiting a decision from Council regarding the assignment, in order to complete the sale.

ISSUES AND OPTIONS

Assignment of Lease

- 6 The lease was originally entered into to enable the lessee to operate a restaurant and bar out of the premises. The current lessees have been operating the business since 2004 till the present.
- 7 Should the prospective lessees (purchasers) be successful in being assigned the lease, they would be keen to make improvements to the menu, but generally will be appealing to the same cross-sector of people.
- 8 The business would be operated under a limited liability company by the name of The Beach Limited.
- 9 The Council needs to be satisfied that the new lessees are of a sound financial situation and will operate a suitable business. Credit checks are being undertaken on the directors of this company, and a final assessment will be undertaken before the lease assignment is signed by all parties.

Earthquake Strengthening

- 10 In the report to Council on 11 December 2015, it was clarified to Councillors that the current owners of Waterfront Brasserie, Tequila Sunset Ltd did not agree to

the insertion of specific earthquake strengthening clauses into the Deed of Renewal of lease, and the renewal of the lease was approved for eleven years on the basis that the documents are unchanged.

- 11 The prospective owners have been fully notified of the implications of potential future earthquake strengthening works. Council, in its regulatory capacity, will manage this process as a project, and the Waterfront Brasserie will be one of a number of Council-owned buildings that will be incorporated into that project.

Redevelopment of the Raumati pool building

- 12 The prospective owners have also been notified of the redevelopment plans for the Raumati pool building, and have been fully briefed on the timeframes and the process for these works.

CONSIDERATIONS

Policy considerations

- 13 There are no policy implications related to this report.

Legal considerations

- 14 Should the decision be made by Council to approve the assignment of lease, the lease document will need to be created.

Financial considerations

- 15 There are no additional costs for the Council. All associated costs with the lease assignment will be the responsibility of the lessee. The existing rental level will be transferred as part of the lease assignment.
- 16 A guarantee from The Beach Limited is required as a condition of the Council approval to the proposed assignment.

Tāngata whenua considerations

- 17 There are no known issues for consideration relating to iwi or the Treaty of Waitangi.

Delegation

- 18 The Council has the authority to consider this matter.

SIGNIFICANCE AND ENGAGEMENT

Degree of significance

- 19 This decision is not considered significant under Council's Significance and engagement policy.

Consultation already undertaken

- 20 Consultation has taken place with the current owners and the prospective owners in relation to this lease assignment.

Engagement planning

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

Publicity

22 There is no publicity implications related to this report.

RECOMMENDATIONS

23 That the Council approve the assignment of the lease for the premises of Waterfront Brasserie to The Beach Limited, subject to the directors providing a guarantee.

24 That the Council notes that all associated costs relating to the reassignment of the lease are the lessee's responsibility.

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| Report prepared by | Approved submission | for | Approved for submission |
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ATTACHMENTS

Appendix 1: Aerial Plan of Waterfront Brasserie within Raumati Pool complex

